

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

S

3

SENATE BILL 848  
Finance Committee Substitute Adopted 6/11/20  
Appropriations/Base Budget Committee Substitute Adopted 6/17/20

Short Title: COVID-19 Economic Recovery Grants.

(Public)

Sponsors:

Referred to:

May 27, 2020

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE ECONOMIC SUPPORT TO BUSINESSES FOR JOB RETENTION,  
3 RECRUITMENT, AND REPATRIATION DURING AND AFTER THE COVID-19  
4 PANDEMIC.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** The purpose of this act is to use funds from the Coronavirus Relief  
7 Fund to help businesses in North Carolina during the COVID-19 pandemic and to grow business  
8 investments in North Carolina after the COVID-19 pandemic by doing the following:

- 9 (1) Providing economic support to businesses and nonprofits who experienced  
10 business interruption in connection with the COVID-19 pandemic and who  
11 did not participate in either the federal Paycheck Protection Program or Main  
12 Street Lending Program.  
13 (2) Providing economic support to businesses who increase their investments in  
14 North Carolina during and after the COVID-19 pandemic.  
15 (3) Providing economic support to local governments for use in connection with  
16 securing commitments for the recruitment, expansion, or retention of new and  
17 existing businesses during and after the COVID-19 pandemic.

18 **SECTION 2.(a)** The State Controller shall transfer the sum of two hundred million  
19 dollars (\$200,000,000) from the Coronavirus Relief Reserve created in Section 2.1 of S.L. 2020-4  
20 to the General Fund, Coronavirus Relief Fund, established in Section 2.2 of that act.

21 **SECTION 2.(b)** There is appropriated from the Coronavirus Relief Fund to the  
22 General Fund the sum of two hundred million dollars (\$200,000,000) for the 2020-2021 fiscal  
23 year to be used as provided in this act for job retention, recruitment, and repatriation.

24 **SECTION 2.(c)** These funds shall be expended only as allowed under the federal  
25 Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, and in accordance  
26 with Treasury's Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal  
27 Governments, dated April 22, 2020, and supplemented by its "Frequently Asked Questions." The  
28 appropriations set forth in Sections 3(g), 4(h), and 5(c) of this act do not become effective unless  
29 funds are allowed to be expended pursuant to the requirement set forth in this subsection.

30 **SECTION 2.(d)** The requirements and limitations set forth in Part I of S.L. 2020-4  
31 shall apply to the funds appropriated by this act. The Office of State Budget and Management  
32 shall include the funds transferred and appropriated under this act in the report required under  
33 Section 1.7 of S.L. 2020-4.

34 **SECTION 3.(a)** Job Retention Program. – There is created the COVID-19 Job  
35 Retention Program to be administered by the Economic Investment Committee. The Committee



1 may provide a one-time grant to a business or nonprofit that retained jobs during and after the  
2 COVID-19 pandemic and meets the conditions of this section.

3 **SECTION 3.(b) Eligibility.** – A business or nonprofit is eligible for a grant under  
4 this Program if it meets all of the following conditions:

- 5 (1) It employs at least ninety percent (90%) of the number of full-time employees,  
6 or full-time equivalent employees, during the COVID-19 period in North  
7 Carolina as it employed in North Carolina for the pay period ending on or  
8 about February 28, 2020.
- 9 (2) It demonstrates that it experienced an economic loss in connection with the  
10 COVID-19 pandemic as follows:
  - 11 a. For a business, its sales for the COVID-19 period are at least ten  
12 percent (10%) below its sales for the same period in the preceding  
13 calendar year.
  - 14 b. For a nonprofit, its gross receipts for the COVID-19 period are at least  
15 ten percent (10%) below its gross receipts for the same period in the  
16 preceding calendar year.
- 17 (3) It did not participate in the Paycheck Protection Program or the Main Street  
18 Lending Program.

19 **SECTION 3.(c) Maximum Grant Amount.** – The grant amount may be up to two  
20 months of the eligible entity's average monthly payroll costs from the last year plus an additional  
21 twenty-five percent (25%) of that amount. The grant amount may not exceed five hundred  
22 thousand dollars (\$500,000).

23 **SECTION 3.(d) Grant Program Limit.** – The total of all funds granted under this  
24 Program may not exceed fifty million dollars (\$50,000,000). The Economic Investment  
25 Committee must calculate the total amount of grants requested from the applications timely filed  
26 under subsection (e) of this section. If the total amount of grants requested exceeds the maximum  
27 amount of funds available under this subsection, the Committee must reduce each grant award  
28 on a proportionate basis. The Committee's grant determinations based on applications timely  
29 filed are final.

30 **SECTION 3.(e) Application.** – A business must apply to the Economic Investment  
31 Committee for a grant on a form prescribed by the Committee and must include any supporting  
32 documentation required by the Committee. The application must be filed with the Committee on  
33 or before September 1, 2020. The Committee may not accept late applications.

34 **SECTION 3.(f) Definitions.** – The following definitions apply in this section:

- 35 (1) **Business.** – An entity subject to income tax under Article 4 of Chapter 105 of  
36 the General Statutes.
- 37 (2) **CARES Act.** – The federal Coronavirus Aid, Relief, and Economic Security  
38 Act, P.L. 116-136.
- 39 (3) **COVID-19 period.** – The period beginning on March 1, 2020, and ending on  
40 May 31, 2020.
- 41 (4) **Economic Investment Committee.** – Defined in G.S. 143B-437.51.
- 42 (5) **Full-time employee.** – Defined in G.S. 143B-437.51.
- 43 (6) **Main Street Lending Program.** – Defined in Section 4027 of the CARES Act.
- 44 (7) **Nonprofit.** – An entity exempt from income tax under G.S. 105-130.11(a)(3)  
45 or G.S. 105-130.11(a)(6).
- 46 (8) **Paycheck Protection Program.** – Defined in Sections 1102 and 1106 of the  
47 CARES Act.
- 48 (9) **Payroll costs.** – Same meaning as defined for purposes of the Paycheck  
49 Protection Program, including the one hundred thousand dollars (\$100,000)  
50 annualized cap amount for each employee.
- 51 (10) **Sales.** – Defined in G.S. 105-130.4.

1           **SECTION 3.(g)** Appropriation. – Subject to the contingency set forth in Section 2(c)  
2 of this act, there is appropriated from the General Fund to the Department of Commerce the sum  
3 of fifty million dollars (\$50,000,000) in nonrecurring funds for the 2020-2021 fiscal year to be  
4 used for the COVID-19 Job Retention Program, established under this section. Any amount not  
5 expended under this section by December 30, 2020, is transferred to the COVID-19 Increased  
6 Investment in North Carolina Program, established under Section 4 of this act, to be used for  
7 grants under that program.

8           **SECTION 4.(a)** Increased Investment Program. – There is created the COVID-19  
9 Increased Investment in North Carolina Program to be administered by the Economic Investment  
10 Committee. The Committee may provide a grant to a business that increases its investment in the  
11 State to help the economy of the State recover from the economic losses sustained during and  
12 after the COVID-19 pandemic. The purpose of the grant program is to incent increased  
13 investment in the State in 2020 and 2021. This program recognizes the national initiative and  
14 facilitates the repatriation of manufacturing to North Carolina.

15           **SECTION 4.(b)** Definitions. – The definitions in Section 3 of this act apply to this  
16 section, except that the term "business" is defined as a corporation subject to franchise tax under  
17 Article 3 of Chapter 105 of the General Statutes.

18           **SECTION 4.(c)** Investment. – A business is eligible for a grant under this section if  
19 (i) the business increases its actual investment in tangible property in this State from the previous  
20 taxable year, as determined under G.S. 105-122(d)(3), and (ii) the Economic Investment  
21 Committee finds that the total benefits of the investment to the State render the grant appropriate  
22 for the investment. The amount of the increase attributable to the investment, as determined under  
23 this subsection, is the increased investment amount for purposes of this section.

24           **SECTION 4.(d)** Grant Amount. – The maximum grant amount available to a  
25 business is equal to five times the increased investment amount determined under subsection (c)  
26 of this section multiplied by fifteen hundredths of one percent (0.15%). The grant amount is  
27 payable to the business in five equal installments over a five-year period.

28           **SECTION 4.(e)** Grant Program Limit. – The grants will be allocated on a first-come,  
29 first-served basis and are subject to the availability of funds. The Committee's grant  
30 determinations are final.

31           **SECTION 4.(f)** Application. – A business must apply to the Economic Investment  
32 Committee for a grant on a form prescribed by the Committee and must include any supporting  
33 documentation required by the Committee.

34           **SECTION 4.(g)** Forfeiture. – A grant recipient must agree to maintain operations in  
35 the State for the term of the grant. If a business receiving a grant fails to comply with this  
36 condition, the Committee shall immediately terminate the grant agreement and act to recapture  
37 any grant funds disbursed in any year. The provisions of G.S. 143B-437.59 apply to this section.

38           **SECTION 4.(h)** Appropriation. – Subject to the contingency set forth in Section 2(c)  
39 of this act, there is appropriated from the General Fund to the Department of Commerce the sum  
40 of fifty million dollars (\$50,000,000) in nonrecurring funds for the 2020-2021 fiscal year to be  
41 used for the COVID-19 Increased Investment Program, established under this section. Any  
42 amount not committed to satisfy grant obligations under this section by December 31, 2023, is  
43 transferred to the COVID-19 Local Government New Infrastructure Program, established under  
44 Section 5 of this act, to be used as provided under Section 5 of this act.

45           **SECTION 5.(a)** Local Government New Infrastructure Program. – There is created  
46 the COVID-19 Local Government New Infrastructure Program to expedite the recovery of the  
47 State from the economic losses sustained during and after the COVID-19 pandemic. The Program  
48 will be administered in accordance with Part 2H of Article 10 of Chapter 143B of the General  
49 Statutes, the One North Carolina Fund, with the exception that no local match is required.

50           **SECTION 5.(b)** Grant Program Limit. – The grants committed under this Program  
51 may not exceed the amount of funds available under subdivision (c)(2) of this section.

1           **SECTION 5.(c)** Subject to the contingency set forth in Section 2(c) of this act, there  
2 is appropriated from the General Fund to the Department of Commerce the sum of one hundred  
3 million dollars (\$100,000,000) in nonrecurring funds for the 2020-2021 fiscal year to be allocated  
4 as follows:

- 5           (1) Up to six million dollars (\$6,000,000) may, upon the recommendation of the  
6 Economic Investment Committee, be allocated to one or more of the eight  
7 prosperity zones created under G.S. 143B-28.1. The maximum amount that  
8 may be allocated to any one prosperity zone is seven hundred fifty thousand  
9 dollars (\$750,000), and the funds may only be used as a match to receive  
10 federal funds for economic development in those zones.  
11           (2) The remainder of the funds appropriated by this subsection are to be used for  
12 the COVID-19 Local Government New Infrastructure Program, established  
13 under this section.

14           **SECTION 5.1.** The Department of Commerce may use up to five percent (5%) of  
15 the amount of funds appropriated to each program created pursuant to this act for the  
16 administration of each program, respectively.

17           **SECTION 6.** The Department of Commerce is directed to notify the Office for  
18 Historically Underutilized Businesses, Department of Administration, as soon as practicable  
19 about the programs created under this act. The Office of Historically Underutilized Businesses,  
20 Department of Administration, is directed to identify minority-owned businesses that may be  
21 eligible to apply for the grants provided by these programs and to inform and educate those  
22 businesses as soon as practicable so they may have the opportunity to access the grants provided  
23 under these programs.

24           **SECTION 7.** The Economic Investment Committee must report to the Joint  
25 Legislative Economic Development Oversight Committee by January 1, 2021, on the number of  
26 grants awarded under the programs created by this act, the amount of the grants awarded, and the  
27 percentage of grants awarded to historically underutilized businesses.

28           **SECTION 7.1.(a)** The provisions of the State Budget Act, Chapter 143C of the  
29 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
30 this act by reference.

31           **SECTION 7.1.(b)** Except where expressly repealed or amended by this act, the  
32 provisions of any other legislation enacted during the 2019 Regular Session of the General  
33 Assembly expressly appropriating funds to an agency, a department, or an institution covered  
34 under this act shall remain in effect.

35           **SECTION 8.** This act is effective when it becomes law.