

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 848
Finance Committee Substitute Adopted 6/11/20

Short Title: COVID-19 Economic Recovery Grants.

(Public)

Sponsors:

Referred to:

May 27, 2020

A BILL TO BE ENTITLED

AN ACT TO PROVIDE ECONOMIC SUPPORT TO BUSINESSES FOR JOB RETENTION,
RECRUITMENT, AND REPATRIATION DURING AND AFTER THE COVID-19
PANDEMIC.

The General Assembly of North Carolina enacts:

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

- (1) Providing economic support to businesses who experienced business interruption in connection with the COVID-19 pandemic and who did not participate in either the federal Paycheck Protection Program or Mainstreet Loan Program.
- (2) Providing economic support to businesses who increase their investments in North Carolina during and after the COVID-19 pandemic.
- (3) Providing economic support to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses during and after the COVID-19 pandemic.

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

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

SECTION 2.(c) These funds shall be expended only as allowed under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, and in accordance with Treasury's Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, dated April 22, 2020, and supplemented by its "Frequently Asked Questions."

SECTION 3.(a) Job Retention Program. – There is created the COVID-19 Job Retention Program to be administered by the Economic Investment Committee. The Committee may provide a one-time grant to a business that retained jobs during and after the COVID-19 pandemic and meets the conditions of this section.

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

- (1) It employs at least ninety percent (90%) of the number of full-time employees, or full-time equivalent employees, during the COVID-19 period in North



1 Carolina as it employed in North Carolina for the pay period ending on or
2 about February 28, 2020.

3 (2) Its sales for the COVID-19 period are at least ten percent (10%) below its sales
4 for the same period in the preceding calendar year.

5 (3) It did not participate in the Paycheck Protection Program or the Mainstreet
6 Loan Program.

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

11 **SECTION 3.(d) Grant Program Limit.** – The grants will be allocated on a first-come,
12 first-served basis and are subject to the availability of funds. The Committee's grant
13 determinations are final.

14 **SECTION 3.(e) Application.** – A business must apply to the Economic Investment
15 Committee for a grant on a form prescribed by the Committee and must include any supporting
16 documentation required by the Committee.

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

18 (1) **Business.** – An entity subject to income tax under Article 4 of Chapter 105 of
19 the General Statutes.

20 (2) **CARES Act.** – The federal Coronavirus Aid, Relief, and Economic Security
21 Act, P.L. 116-136.

22 (3) **COVID-19 period.** – The period beginning on March 1, 2020, and ending on
23 May 31, 2020.

24 (4) **Economic Investment Committee.** – Defined in G.S. 143B-437.51.

25 (5) **Full-time employee.** – Defined in G.S. 143B-437.51.

26 (6) **Mainstreet Loan Program.** – Defined in Section 4027 of the CARES Act.

27 (7) **Paycheck Protection Program.** – Defined in Sections 1102 and 1106 of the
28 CARES Act.

29 (8) **Payroll costs.** – Same meaning as defined for purposes of the Paycheck
30 Protection Program, including the one hundred thousand dollar (\$100,000)
31 annualized cap amount for each employee.

32 (9) **Sales.** – Defined in G.S. 105-130.4.

33 **SECTION 3.(g) Appropriation.** – There is appropriated from the General Fund to
34 the Department of Commerce fifty million dollars (\$50,000,000) to be used for the COVID-19
35 Job Retention Program, established under this section. Any amount not expended under this
36 section by December 30, 2020, is transferred to the COVID-19 Increased Investment in North
37 Carolina Program, established under Section 4 of this act, to be used for grants under that
38 program.

39 **SECTION 4.(a) Increased Investment Program.** – There is created the COVID-19
40 Increased Investment in North Carolina Program to be administered by the Economic Investment
41 Committee. The Committee may provide a grant to a business that increases its investment in the
42 State to help the economy of the State recover from the economic losses sustained during and
43 after the COVID-19 pandemic. This program recognizes the national initiative and also facilitates
44 the repatriation of manufacturing to North Carolina.

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

48 **SECTION 4.(c) Investment.** – A business is eligible for a grant under this section if
49 the business increases its actual investment in tangible property in this State from the previous
50 taxable year, as determined under G.S. 105-122(d)(3). The amount of the increase attributable to

1 the investment, as determined under this subsection, is the increased investment amount for
2 purposes of this section.

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

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

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

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

17 **SECTION 4.(h)** Appropriation. – There is appropriated from the General Fund to
18 the Department of Commerce fifty million dollars (\$50,000,000) to be used for the COVID-19
19 Increased Investment Program, established under this section. Any amount not committed to
20 satisfy grant obligations under this section by December 30, 2022, is transferred to the COVID-19
21 Local Government New Infrastructure Program, established under Section 5 of this act, to be
22 used as provided under Section 5 of this act.

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

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

30 **SECTION 5.(c)** There is appropriated from the General Fund to the Department of
31 Commerce one hundred million dollars (\$100,000,000) to be allocated as follows:

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

41 **SECTION 6.** The Department of Commerce is directed to notify the Office for
42 Historically Underutilized Businesses, Department of Administration, as soon as practicable
43 about the programs created under this act. The Office of Historically Underutilized Businesses,
44 Department of Administration, is directed to identify minority-owned businesses that may be
45 eligible to apply for the grants provided by these programs and to inform and educate those
46 businesses as soon as practicable so they may have the opportunity to access the grants provided
47 under these programs.

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

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