

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 1997

Short Title: Nonprofits/Criteria to Receive State Funds. (Public)

Sponsors: Representatives Cleveland, Brown (Primary Sponsors); Blackwood, Blust, Burr, Burris-Floyd, Current, Daughtry, Dockham, Gill, Gulley, Killian, McGee, Sager, Starnes, and Tillis.

Referred to: State Government/State Personnel, if favorable, Appropriations.

May 26, 2010

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT A NONPROFIT CORPORATION IS ELIGIBLE TO
3 RECEIVE A STATE-FUNDED GRANT ONLY IF IT MEETS CERTAIN CRITERIA.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Part 3 of Article 6 of Chapter 143C of the General Statutes is
6 amended by adding a new section to read:

7 "**§ 143C-6-24. Criteria establishing eligibility of nonprofit to receive State funds.**

8 (a) Eligibility of Nonprofit to Receive State Grant. – Notwithstanding any other
9 provision of law, no State funds shall be awarded as a grant to a non-State entity that is a
10 nonprofit corporation unless the nonprofit corporation satisfies all of the following criteria
11 during the fiscal year for which the grant is made:

12 (1) At least thirty-five percent (35%) of the funding for the nonprofit
13 corporation is from private sources.

14 (2) The administrative expenses of the nonprofit corporation do not exceed
15 fifteen percent (15%) of the total budget or receipts for the nonprofit
16 corporation.

17 (b) Suspension and Recovery of Funds for Noncompliance. – If a nonprofit corporation
18 that receives a State grant violates subsection (a) of this section, then the Office of State Budget
19 and Management may suspend further disbursement of funds to the nonprofit corporation and
20 try to recover grant funds already disbursed pursuant to G.S. 143C-6-23(f).

21 (c) Certification of Compliance. – A non-State entity that is a nonprofit corporation that
22 receives a State grant shall certify annually whether it is in compliance with this section
23 pursuant to G.S. 143C-6-23(d)."

24 **SECTION 2.** G.S. 143C-6-23(d)(6) reads as rewritten:

25 "(6) Establish mandatory periodic reporting requirements for grantees and
26 subgrantees, including methods of reporting, to provide financial and
27 program performance information. The mandatory periodic reporting
28 requirements shall require grantees and subgrantees to file with the State
29 Auditor copies of reports and statements that are filed with State agencies
30 pursuant to this subsection. Compliance with the mandatory periodic
31 reporting requirements of this subdivision shall not require grantees and
32 subgrantees to file with the State Auditor the information described in
33 subsections (b) and (c) of this section. The mandatory periodic reporting
34 requirements shall require that a grantee or subgrantee that is a nonprofit



1 corporation certify annually whether it is in compliance with
2 G.S. 143C-6-24."

3 **SECTION 3.** This act becomes effective July 1, 2010, and applies to grants of
4 State funds awarded on or after that date.