

April 3, 2001

S 832. SMALL BUSINESS CONTRACTOR INITIATIVE. RELATING TO A SMALL BUSINESS CONTRACTOR INITIATIVE. Blank bill.

Intro. by Rand.

Ref. to Rules	UNCODIFIED
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December 5, 2001

S 832. SMALL BUSINESS CONTRACTOR INITIATIVE/FUNDS. Intro. 4/3/01. Senate committee substitute makes the following changes to 1st edition. Replaces blank bill with bill creating new GS Ch. 143, Art. 10, Part 18, Small Business Contractor Act. Stated purpose of law is to foster economic development and creation of jobs by providing financial assistance to financially responsible small businesses that are unable to obtain adequate financing and bonding assistance in connection with contracts. Bill creates NC Small Business Contractor Authority, with 11 members, 4 appointed by the General Assembly on the recommendation of the President Pro Tempore of the Senate, 4 appointed by the General Assembly on the recommendation of the Speaker of the House, and 3 appointed by the Governor. Specifies terms of office, and groups from which certain members must come, and sets some of Authority's operating procedures. Authority is housed in Dep't of Commerce.

Empowers Authority to accept grants and loans; to employ staff, procure supplies, enter into contracts, including buying reinsurance, to carry out Authority's purposes; to acquire and otherwise broadly deal with property; to specify forms; to take assignments of documents; to fix and collect premiums, and fees; to adopt rules under GS Ch. 150B; to take other necessary actions; and requires it to report quarterly to Joint Legislative Comm'n on Governmental Operations on Authority's activities.

To qualify to receive assistance, applicant must be a small business concern that meets applicable size standards of US Small Business Administration (SBA). If application is for bonding assistance, applicant may not have receipts for construction and service contracts in excess of SBA maximum for surety bond guarantee assistance. All assistance applicants must be individuals, or the business must be at least 70% owned by individuals, with a reputation for financial responsibility. All applicants must be state residents or incorporated in state and have principal place of business in state, and must demonstrate that they have been unable to obtain adequate financing or bonding on reasonable terms through an authorized company. If applicant is applying for a loan guarantee, applicant must have applied for and been denied a loan by a financial institution. Bonding applicants must also meet other eligibility requirements; for example, that they will not subcontract more than 75 % of the face value of the contract.

Authority may make direct loans and guarantee loan payments, using Small Business Contract Financing Fund established by bill. It may also guarantee a surety for losses incurred under a bid bond, payment bond, or performance bond on an applicant's contract of which the majority of the funding is provided by a government agency or a combination of government agencies, up to 90% of the surety's losses or \$900,000, whichever is less. Guaranty term may not exceed contract term. Authority may itself execute and perform cited types of bonds as a surety for the benefit of an applicant in connection with a contract that is majority government-funded. Surety activities are conducted using Small Business Surety Bond Fund also set up by act.

Specifies funding sources for the two Funds, including state appropriations; investment income; proceeds from sales of any property Authority holds; premiums, and loan repayments. Specifies other requirements for loans, including limit on how much one business may borrow from fund annually, requirement for geographic diversity, and requirements concerning how money is to be dispersed. Says that new loans or bonds after default may be obtained in limited circumstances.

Before issuing a guaranty or bond, Authority must determine that the contract has a substantial economic effect. It must consider the amount of the guaranty, the bond terms, the number of new jobs the contract will create, and any other factor it considers relevant.

Makes it a Class 2 misdemeanor to knowingly make or cause any false statement or report to be made in any application or document submitted to the Authority, or to make or cause any false statement or report to be made to the Authority for the purpose of influencing the action of

the Authority on an application for assistance or offering assistance, whether or not assistance has been previously extended. Effective Jan. 1, 2002; applies to offenses or causes of action arising on or after that date. Expires June 30, 2005. Expiration of act does not affect prosecutions for offenses committed before that date, and the statutes that would be applicable but for this act remain applicable to those prosecutions. Expiration of act does not affect any guarantees or bonds executed prior to the expiration.

December 6, 2001

S 832. SMALL BUSINESS CONTRACTOR INITIATIVE/FUNDS. Intro. 4/3/01. Senate amendment makes the following changes to 2nd edition. Adds new G.S. 143B-472.77(k) providing that NC Small Business Contractor Authority created by act may not provide financial assistance that constitutes raising money on the credit of the state or pledging the faith of the state for the payment of any debt. Requires Authority to obtain written certification of State Treasurer that proposed financial assistance does not constitute those things.

September 30, 2002

S 832. SMALL BUSINESS CONTRACTOR INITIATIVE/FUNDS. Intro. 4/3/01. House committee substitute makes the following changes to 3rd edition. Provides that when the proposed Authority makes loans, the rate of interest is not to exceed any applicable statutory limit on loans of same type (formerly provided that rate of interest not to exceed market rate for conventional loan of same level of risk). Changes effective date from January 1, 2002, to January 1, 2003; and changes sunset date from June 30, 2005, to June 30, 2006.

October 1, 2002

S 832. SMALL BUSINESS CONTRACTOR INITIATIVE/FUNDS. Intro. 4/3/01. House amendment makes the following changes to 4th edition. Deletes proposed GS 143B-472.79(c) which would have permitted the NC Small Business Contractor Authority and the Secretary of Commerce to request funding from the Contingency and Emergency Fund if the Small Business Contract Financing Fund did not have adequate funds.