

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 967*
Appropriations/Base Budget Committee Substitute Adopted 5/18/05
Third Edition Engrossed 5/24/05

Short Title: One North Carolina Small Business Fund/JDIG.

(Public)

Sponsors:

Referred to:

March 24, 2005

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE ONE NORTH CAROLINA SMALL BUSINESS
FUND AND TO EXTEND THE SUNSET ON THE JOB DEVELOPMENT
INVESTMENT GRANT PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143B-437.71(b) reads as rewritten:

"(b) Purposes. – Moneys in the One North Carolina Fund may be allocated only to the One North Carolina Small Business Fund created pursuant to G.S. 143B-437.80 and to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses. Moneys in the One North Carolina Fund allocated to local governments shall be used for the following purposes only:

- (1) Installation or purchase of equipment.
- (2) Structural repairs, improvements, or renovations to existing buildings to be used for expansion.
- (3) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.
- (4) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations.
- (5) Any other purposes specifically provided by an act of the General Assembly."

SECTION 2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2I. One North Carolina Small Business Fund.

"§ 143B-437.80. One North Carolina Small Business Fund established.

The One North Carolina Small Business Fund is established as a special revenue fund in the Department of Commerce to be administered by the North Carolina Board of

1 Science and Technology. Moneys in the One North Carolina Small Business Fund may
2 be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina
3 SBIR/STTR Matching Funds Program, as specified in this Part, only.

4 **"§ 143B-437.81. North Carolina SBIR/STTR Incentive Program.**

5 (a) Program. – There is established the North Carolina SBIR/STTR Incentive
6 Program to be administered by the North Carolina Board of Science and Technology. In
7 order to foster job creation and economic development in the State, the Board may
8 provide grants to eligible businesses to offset costs associated with applying to a
9 participating federal agency for Small Business Innovative Research (SBIR) grants or
10 Small Business Technology Transfer Research (STTR) grants.

11 (b) Eligibility. – In order to be eligible for a grant under this section, a business
12 must satisfy all of the following conditions:

13 (1) The business must be a for-profit, North Carolina-based business. For
14 the purposes of this section, a North Carolina-based business is one
15 that has its principal place of business in this State.

16 (2) The business must have submitted a qualified SBIR/STTR Phase I
17 proposal to a participating federal agency in response to a specific
18 federal solicitation.

19 (3) The business must satisfy all federal SBIR/STTR requirements.

20 (4) The business may not receive concurrent funding support from other
21 sources that duplicates the purpose of this section.

22 (5) The business must certify that at least sixty percent (60%) of the
23 research described in the federal SBIR/STTR Phase I proposal will be
24 conducted in this State and that the business will remain a North
25 Carolina-based business for the duration of the SBIR/STTR Phase I
26 project or for at least one year following disbursement of the grant
27 awarded under this section, whichever is longer.

28 (6) The business must demonstrate its ability to conduct research in its
29 SBIR/STTR Phase I proposal.

30 (c) Grant. – The North Carolina Board of Science and Technology may award
31 grants to reimburse an eligible business for up to fifty percent (50%) of the costs of
32 preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three
33 thousand dollars (\$3,000). A business may receive only one grant under this section per
34 year. A business may receive only one grant under this section with respect to each
35 federal proposal submission. Costs that may be reimbursed include costs incurred
36 directly related to preparation and submission of the grant such as word processing
37 services, proposal consulting fees, project-related supplies, literature searches, rental of
38 space or equipment related to the proposal preparation, and salaries of individuals
39 involved with the preparation of the proposals. Costs that may not be reimbursed
40 include travel expenses, large equipment purchases, facility or leasehold improvements,
41 and legal fees.

42 (d) Application. – A business shall apply, under oath, to the North Carolina
43 Board of Science and Technology for a grant under this section on a form prescribed by
44 the Board that includes at least all of the following:

- 1 (1) The name of the business, the form of business organization under
2 which it is operated, and the names and addresses of the principals or
3 management of the business.
- 4 (2) An acknowledgement of receipt of the Phase I proposal by the relevant
5 federal agency.
- 6 (3) An itemized statement of the costs that may be reimbursed.
- 7 (4) The primary business or industry sector of the business seeking the
8 grant.
- 9 (5) The county in which the business expects to conduct the research with
10 respect to the SBIR/STTR proposal with respect to which the business
11 is applying for a grant.
- 12 (6) Any other information necessary for the Board to evaluate the
13 application.

14 **"§ 143B-437.82. North Carolina SBIR/STTR Matching Funds Program.**

15 (a) Program. – There is established the North Carolina SBIR/STTR Matching
16 Funds Program to be administered by the North Carolina Board of Science and
17 Technology. In order to foster job creation and economic development in the State, the
18 Board may provide grants to eligible businesses to match funds received by a business
19 as a SBIR or STTR Phase I award and to encourage businesses to apply for Phase II
20 awards.

21 (b) Eligibility. – In order to be eligible for a grant under this section, a business
22 must satisfy all of the following conditions:

- 23 (1) The business must be a for-profit, North Carolina-based business. For
24 the purposes of this section, a North Carolina-based business is one
25 that has its principal place of business in this State.
- 26 (2) The business must have received a SBIR/STTR Phase I award from a
27 participating federal agency in response to a specific federal
28 solicitation. To receive the full match, the business must also have
29 submitted a final Phase I report, demonstrated that the sponsoring
30 agency has interest in the Phase II proposal, and submitted a Phase II
31 proposal to the agency.
- 32 (3) The business must satisfy all federal SBIR/STTR requirements.
- 33 (4) The business may not receive concurrent funding support from other
34 sources that duplicates the purpose of this section.
- 35 (5) The business must certify that at least sixty percent (60%) of the
36 research described in the federal SBIR/STTR Phase II proposal will be
37 conducted in this State and that the business will remain a North
38 Carolina-based business for the duration of the SBIR/STTR Phase II
39 project or for at least one year following disbursement of the grant
40 awarded under this section, whichever is longer.
- 41 (6) The business must demonstrate its ability to conduct research in its
42 SBIR/STTR Phase II proposal.

43 (c) Grant. – The North Carolina Board of Science and Technology may award
44 grants to match the funds received by a business through a SBIR/STTR Phase I proposal

1 up to a maximum of one hundred thousand dollars (\$100,000). Seventy-five percent
2 (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR
3 Phase I award and application for funds under this section. Twenty-five percent (25%)
4 of the total grant shall be remitted to the business upon submission by the business of
5 the Phase II application to the funding agency and acceptance of the Phase I report by
6 the funding agency. A business may receive only one grant under this section per year.
7 A business may receive only one grant under this section with respect to each federal
8 proposal submission. Over its lifetime, a business may receive a maximum of five
9 awards under this section.

10 (d) Application. – A business shall apply, under oath, to the North Carolina
11 Board of Science and Technology for a grant under this section on a form prescribed by
12 the Board that includes at least all of the following:

- 13 (1) The name of the business, the form of business organization under
14 which it is operated, and the names and addresses of the principals or
15 management of the business.
- 16 (2) An acknowledgement of receipt of the Phase I report and Phase II
17 proposal by the relevant federal agency.
- 18 (3) The primary business or industry sector of the business seeking the
19 grant.
- 20 (4) The county in which the business expects to conduct the research with
21 respect to the SBIR/STTR proposal with respect to which the business
22 is applying for a grant.
- 23 (5) Any other information necessary for the Board to evaluate the
24 application.

25 "**§ 143B-437.83. Program guidelines.**

26 The Department of Commerce shall develop guidelines related to the administration
27 of the One North Carolina Small Business Fund. At least 20 days before the effective
28 date of any guidelines or nontechnical amendments to guidelines, the Department of
29 Commerce must publish the proposed guidelines on the Department's Web site and
30 provide notice to persons who have requested notice of proposed guidelines. In addition,
31 the Department must accept oral and written comments on the proposed guidelines
32 during the 15 business days beginning on the first day that the Department has
33 completed these notifications. For the purpose of this section, a technical amendment is
34 either of the following:

- 35 (1) An amendment that corrects a spelling or grammatical error.
- 36 (2) An amendment that makes a clarification based on public comment
37 and could have been anticipated by the public notice that immediately
38 preceded the public comment.

39 "**§ 143B-437.84. Reports.**

40 The Department of Commerce shall publish a report on the use of funds in the One
41 North Carolina Small Business Fund at the end of each fiscal quarter. The report shall
42 contain information on the disbursement and use of funds allocated under the One North
43 Carolina Small Business Fund. The report is due no later than one month after the end
44 of the fiscal quarter and must be submitted to the following:

- 1 (1) The Joint Legislative Commission on Governmental Operations.
- 2 (2) The chairs of the House of Representatives and Senate Finance
- 3 Committees.
- 4 (3) The chairs of the House of Representatives and Senate Appropriations
- 5 Committees.
- 6 (4) The Fiscal Research Division of the General Assembly."

7 **SECTION 3.** G.S. 143B-437.62 reads as rewritten:

8 "**§ 143B-437.62. Expiration.**

9 The authority of the Committee to enter into new agreements expires January 1,
10 ~~2006.~~2008."

11 **SECTION 4.** This act becomes effective July 1, 2005.