A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE CRITICAL TECHNOLOGIES MANUFACTURING FUND.

The General Assembly of North Carolina enacts:

SECTION 1. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:


(a) Fund; Purpose. – There is established the Critical Technologies Manufacturing Fund as a special revenue fund in the Department of Commerce to provide funds to support the manufacture of critical technology by eligible businesses to enhance the economic competitiveness of this State and to promote the national security and energy independence from foreign energy sources. The funds in the Fund do not revert but remain available to the Department for these purposes. The Department shall adopt rules in accordance with this Part providing for the administration of the Fund. The Department may use up to five percent (5%) of the funds for administrative costs in operating the Fund.

(b) Use of Funds; Eligibility. – Funds shall be used to provide grants to eligible businesses that manufacture critical technologies or components and materials essential to critical technologies. The Department shall prioritize grants for applicants in accordance with subsection (e) of this section. Each grant shall have a maximum of two hundred thousand dollars ($200,000). The Department may allocate up to ten percent (10%) of the balance of the Fund each fiscal year for businesses located in this State for any other purpose the Department determines to be in alignment with the purpose of the Fund.

(c) Definitions. – The following definitions apply in this Part:

(1) Business. – A corporation, sole proprietorship, cooperative association, partnership, S corporation, limited liability company, nonprofit corporation, or other form of business organization, located either within or outside this State.

(2) Critical technology. – Any of the following:

a. A clean energy or clean transportation technology, including the manufacturing of semiconductors.

b. Cybersecurity technology.

c. Technology essential to supporting, maintaining, or constructing the domestic electrical grid, or for proper handling or management of recycling or reusing decommissioned renewable energy equipment.

d. Drinking water infrastructure.
e. Any materials or components directly used in the technologies listed in this subdivision.

(3) Department. – The Department of Commerce.

(4) Eligible business. – A business primarily engaged in the manufacturing sector, as defined by NAICS, sectors 31 through 33, that manufactures or agrees to manufacture critical technology in this State.

(5) Fund. – Critical Technologies Manufacturing Fund.

(6) NAICS. – North American Industry Classification System.

(d) Grant Conditions. – Grants are made pursuant to an agreement with an eligible business that includes, at a minimum, all of the following:

(1) A provision requiring an eligible business to certify in writing that it will use the grant provided from the Fund for the manufacturing of critical technology or, if for another purpose as determined by the Department, the agreed purpose reflected in the grant application.

(2) A provision establishing the number and duration of jobs the eligible business must create and maintain.

(3) A provision establishing the method for determining compliance with the grant conditions.

(4) A provision requiring recapture of the grant funds if the eligible business fails to comply with the requirements of the grant.

(e) Prioritization. – The factors for priority in this subsection apply to applications for grants from the Fund. The Department must prioritize the following factors when evaluating applications:

(1) If the grant applicant is not currently manufacturing critical technologies but would manufacture critical technologies using the grant received.

(2) The grant applicant would use the funds as a required cost-share for federal manufacturing grants.

(f) Failure to Comply with Grant Requirements. – If an eligible business receiving a grant fails to meet or comply with any condition or requirement set forth in an agreement or with criteria developed by the Department, the Department may reduce the amount of the grant or may terminate the agreement, or both. The reduction in the amount of the grant must, at a minimum, be proportional to the failure to comply measured relative to the condition or criterion with respect to which the failure occurred. The Department shall notify an affected business of the reduction to its grant payment.

(g) Report. – No later than March 1 of each year in which grants are disbursed or there is a cash balance remaining in the Fund, the Department shall submit a report to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division. Each report shall contain, at a minimum, all of the following:

(1) The number of grants awarded.

(2) The average grant amount.

(3) The total amount granted to date.

(4) The businesses that have received a grant and a summary and description of each grant.

(5) The total amount of grants that have been recaptured."

SECTION 2. There is appropriated from the General Fund to the Department of Commerce the sum of four million dollars ($4,000,000) in nonrecurring funds for the 2022-2023 fiscal year for the Critical Technologies Manufacturing Fund.

SECTION 3. This act becomes effective July 1, 2022.