A BILL TO BE ENTITLED

AN ACT TO PROVIDE LOANS TO QUALIFYING BUSINESSES THAT DID NOT RECEIVE COVID-19 FINANCIAL ASSISTANCE AND GRANTS TO NONPROFIT CORPORATIONS AND LOCAL SCHOOL ADMINISTRATIVE UNITS LOCATED IN TIER ONE COUNTIES.

The General Assembly of North Carolina enacts:

PART I. LOAN ASSISTANCE FOR HISTORICALLY UNDERUTILIZED BUSINESSES

SECTION 1.(a) Appropriation of Funds; Program. – There is appropriated from the General Fund to the Department of Commerce the sum of sixty million dollars ($60,000,000) in nonrecurring funds to be used to provide grants to entities for the purpose of making loans to assist qualifying businesses with business needs during periods of economic hardship occasioned by the COVID-19 pandemic.

SECTION 1.(b) Allocation of Funds to Carolina Small Business Development Fund. – Ten million dollars ($10,000,000) of the funds appropriated in Section 1(a) of this act shall be allocated to the Carolina Small Business Development Fund to provide loans to qualifying businesses. The Carolina Small Business Fund shall develop policies and procedures to administer the loans distributed consistent with this act.

SECTION 1.(c) Allocation of Funds to Golden LEAF. – Fifty million dollars ($50,000,000) of the funds appropriated in Section 1(a) of this act shall be allocated to Golden LEAF to provide loans to qualifying businesses. Golden LEAF shall develop policies and procedures to administer the loans distributed consistent with this act.

SECTION 1.(d) Requirements. – The following shall apply to the program and loans made under the programs by Golden LEAF and the Carolina Small Business Development Fund:

1. Golden LEAF and the Carolina Small Business Development Fund shall work with the N.C. Small Business Center Network, the Office of Historically Underutilized Businesses within the Department of Administration, the N.C. Small Business and Technology Development Center, the North Carolina Institute of Minority Economic Development, Inc., and other similar entities with the goal of ensuring all qualifying businesses are aware of the program.

2. A qualifying business shall certify in writing that it will use a grant provided under the program for the approved uses as described in Section 1(a) of this act.

3. A loan provided under the program shall not exceed one million dollars ($1,000,000) per qualifying business.
Golden LEAF may use up to one million dollars ($1,000,000) and the Carolina Small Business Development Fund may use up to two hundred thousand dollars ($200,000) to provide grants for the purpose of providing technical assistance to businesses working to apply for a loan from the program authorized by this section or for federal assistance programs.

The loan shall have an interest rate of one percent (1%) below market rate.

The term of the loan shall not exceed 120 months and shall be amortized over the term of the loan.

Loans to qualifying businesses made under the program shall be used for the following:

- Renovation and repair of existing facilities.
- Expansion of current programs.
- Establishment of new initiatives, including education, community outreach, and health.
- Scholarships for minority students.
- Minority uplift initiatives.
- Youth mentorship programs.
- Tutorial programs.
- Small business incubation.
- Free health clinics.
- Temporary housing for needy individuals.
- Provision of clothing or food assistance.
- Community gardens.
- Vocational education or certification.
- Distribution of assistance to individuals in need of financial assistance due to the COVID-19 pandemic.

Loans are made pursuant to an agreement with a qualifying business that includes at least the following:

- A provision requiring a qualifying business to certify in writing that it will use a loan provided under the program for employee compensation, mortgage, rent, utilities, and other operating costs and expenses incurred on behalf of a business located in this State.
- A provision establishing the method for determining compliance with the program.
- A provision requiring the qualifying business to first repay the loan amount with any federal assistance received by the business that represents a duplication of benefits; provided that the repayment does not disqualify or impair the federal assistance available to the business.
- A provision requiring the loan is secured through a Uniform Commercial Code financing statement.
- A provision requiring recapture of loan funds if a business fails to comply with the requirements of the program. The lender shall recapture loan funds only if the lender determines there is a reasonable expectation that the recovery of funds will exceed the cost of recovery.
- A provision requiring a qualifying business to certify in writing that it did not receive any funds pursuant to the CARES Act, P.L. 116-136, an Economic Injury Disaster Loan, or a Paycheck Protection Program loan.

**SECTION 1.(e)** If a qualifying business is an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, the qualifying business may apply for a grant not to exceed fifty thousand dollars ($50,000) under the programs authorized...
by this act to be used for community development purposes in development tier one areas, as
defined in G.S. 143B-437.08, to aid persons of low and moderate income affected by the
COVID-19 pandemic, including employment, economic development, crime prevention, child
care, health, drug abuse, education, and welfare needs.

**SECTION 1.(f) Definitions.** – For purposes of this section, the following definitions apply:

2. **Qualifying business.** – A historically underutilized business or nonprofit corporation with a physical presence in a development tier one area, as defined in G.S. 143B-437.08, that is able to show no State or federal financial assistance from the CARES Act, P.L. 116-136, an Economic Injury Disaster Loan, or a Paycheck Protection Program loan, and suffered economic losses as a result of COVID-19.

**SECTION 1.(g) Report.** – Every six months, Golden LEAF and the Carolina Small Business Development Fund shall submit a report on the respective programs to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division. The duty to report pursuant to this section shall cease after the submission of the report following when the funds appropriated in this act are disbursed. Each report shall contain, at a minimum, all of the following:

1. The number of loans and grants awarded.
2. The average loan and grant amount.
3. The total amount loaned and granted to date.
4. The total amount of loans repaid to date.
5. The total amount of loans defaulted on to date.
6. The total amount of loans defaulted that have been recaptured.

**PART II. EDUCATION ASSISTANCE IN TIER ONE COUNTIES**

**SECTION 2.(a) Appropriation of Funds to Department of Public Instruction.** – There is appropriated from the General Fund to the Department of Public Instruction the sum of forty million dollars ($40,000,000) to award funds for new or existing eligible programs for at-risk students operated by nonprofit corporations working in collaboration with local school administrative units located in a county designated as a development tier one area pursuant to G.S. 143B-437.08. The total amount of grants allocated within a county in accordance with this section shall not exceed one million dollars ($1,000,000).

**SECTION 2.(b) Requirements.** – Programs should focus on serving (i) at-risk students not performing at grade level as demonstrated by statewide assessments or not on-track to meet year-end expectations, as demonstrated by existing indicators, including teacher identification, (ii) students at risk of dropout, and (iii) students at risk of school displacement due to suspension or expulsion as a result of antisocial behaviors. A nonprofit corporation may act as its own fiscal agent for the purposes of receipt of these funds. The purpose of the program is to fund high-quality, independently validated extended learning and integrated student support service programs for at-risk students whose learning has been negatively affected by COVID-19 impacts. The programs funded should raise standards for student academic outcomes by focusing on the following:

1. Use of an evidence-based model with a proven track record of success.
2. Inclusion of rigorous, quantitative performance measures to confirm effectiveness of the program.
3. Deployment of multiple tiered supports in schools to address student barriers to achievement, such as strategies to improve chronic absenteeism, antisocial
behaviors, academic growth, and enhancement of parent and family engagement.

(4) Alignment with State performance measures, student academic goals, and the North Carolina Standard Course of Study.

(5) Prioritization in programs to integrate clear academic content, in particular, science, technology, engineering, and mathematics (STEM) learning opportunities or reading development and proficiency instruction.

(6) Minimization of student class size when providing instruction or instructional supports and interventions.

(7) Expansion of student access to high-quality learning activities and academic support that strengthen student engagement and leverage community-based resources, which may include organizations that provide mentoring services and private sector employer involvement.

(8) Utilization of digital content to expand learning time, when appropriate.

SECTION 2.(c) Report. – Grant recipients shall report to the Department of Public Instruction for the year in which grant funds were expended on the progress of the assistance program, including alignment with State academic standards, data collection for reporting student progress, the source and amount of matching funds, and other measures. Grant recipients shall also submit a final report on key performance data, including statewide test results, attendance rates, graduation rates and promotion rates, and financial sustainability of the program. The Department of Public Instruction shall provide a report on the program to the Joint Legislative Education Oversight Committee by February 15, 2023. The report shall include the results of the program and recommendations regarding effective program models, standards, and performance measures based on student performance; leveraging of community based resources to expand student access to learning activities; academic and behavioral support services; and potential opportunities for the State to invest in proven models for future grants programs.

PART III. EFFECTIVE DATE

SECTION 3. This act becomes effective July 1, 2021.