

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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BILL DRAFT 2019-MCa-210B [v.7]

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
4/20/2020 11:23:53 AM

Short Title: Small Business Emergency Loans.

(Public)

Sponsors: Representative Ross.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE EMERGENCY LOANS FOR SMALL BUSINESSES AFFECTED BY  
3 THE COVID-19 EPIDEMIC.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Program. – The Office of State Budget and Management shall make  
6 available funds appropriated in this act for the Golden L.E.A.F. (Long-Term Economic  
7 Advancement Foundation), Inc., ("Golden L.E.A.F.") to provide grants to entities capable of  
8 making emergency loans to assist small businesses with business needs during periods of  
9 economic hardship occasioned by the COVID-19 epidemic. The following shall apply to the  
10 program and loans made under the program:

- 11 (1) Golden LEAF shall require a lender to provide assistance to, or direct to an  
12 appropriate entity that provides assistance to, a qualifying business with  
13 applying for available federal assistance.
- 14 (2) Golden LEAF shall require a lender to prioritize loans for establishments (i)  
15 with 100 or fewer full-time equivalent employees determined as of the State  
16 of Emergency (ii) that are independently owned by a qualifying business.
- 17 (3) The loan shall have an interest rate of up to four percent (4%) before the date  
18 of a triggering event and an interest rate of at least five and one-half percent  
19 (5.5%) on and after the date of a triggering event.
- 20 (4) The term of the loan shall not exceed 66 months and shall be amortized over  
21 the term of the loan.
- 22 (5) A qualifying business shall certify in writing that it will use a loan provided  
23 under the program for employee compensation, mortgage, rent, utilities, and  
24 other operating costs and expenses incurred on behalf of a business located in  
25 this State.
- 26 (6) A loan provided under the program is limited to no more than fifty thousand  
27 dollars (\$50,000) per qualifying business.
- 28 (7) Upon the occurrence of a triggering event, repayment of the loan shall  
29 commence. A triggering event occurs six months following the closing of a  
30 loan made under the program.
- 31 (8) Loans are made pursuant to an agreement with a qualifying business that  
32 includes at least the following:
- 33 a. A provision requiring a qualifying business to certify in writing that it  
34 will use a loan provided under the program for employee



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1 compensation, mortgage, rent, utilities, and other operating costs and  
2 expenses incurred on behalf of a business located in this State.

3 b. A provision establishing the method for determining compliance with  
4 the program.

5 c. A provision requiring the qualifying business to first repay the loan  
6 amount with any federal assistance received by the business that  
7 represents a duplication of benefits; provided that, the repayment does  
8 not disqualify or impair the federal assistance available to the business.

9 d. A provision requiring the loan is secured through a Uniform  
10 Commercial Code financing statement.

11 e. A provision requiring recapture of loans funds if a business fails to  
12 comply with the requirements of the program. The lender shall  
13 recapture loan funds only if the lender determines there is a reasonable  
14 expectation that the recovery of funds will exceed the cost of recovery.

15 (9) The awarding of new loans using State funds appropriated in this act shall  
16 cease upon six months following the date the state of emergency ends.

17 **SECTION 2.** Definitions. – For purposes of this act, the following definitions apply:

18 (1) Compensation. – Defined in G.S. 105-163.1.

19 (2) Employee. – Defined in G.S. 143B-437.02A.

20 (3) Golden LEAF. – The Golden L.E.A.F. (Long-Term Economic Advancement  
21 Foundation), Inc.

22 (4) Net loan funds. – The total loan fund appropriation authorized by this act less  
23 (i) the cost of administering the loans made under the program, not to exceed  
24 five percent (5%) of the total amount loaned under the program and (ii) the  
25 State's proportionate share of loan funds that are not recaptured.

26 (5) Office. – The Office of State Budget and Management.

27 (6) Qualifying business. – A business with a physical presence in the State that is  
28 able to show economic losses as a result of COVID-19.

29 (7) State of Emergency. – Executive Order No. 116 issued March 10, 2020, by  
30 Governor Roy A. Cooper, including any amendments issued by Executive  
31 Order.

32 **SECTION 3.** Miscellaneous. – In order to receive the funds appropriated under this  
33 act, Golden LEAF shall provide matching funds from other non-State funds for such funds in the  
34 amount of fifteen dollars (\$15.00) of non-State funds for every seventy-five dollars (\$75.00) of  
35 State funds appropriated under this act. State funds provided in this act may be matched with  
36 any prior expenditure by Golden LEAF of non-State funds for entities making short-term loans  
37 to businesses during periods of economic hardship occasioned by the COVID-19 epidemic. Six  
38 months following the date the state of emergency ends and every six months thereafter, Golden  
39 LEAF shall remit the net loan funds that have been received to the Office, which shall deposit  
40 the funds into the General Fund.

41 **SECTION 4.** Appropriation. – There is appropriated from the General Fund to the  
42 Office of State Budget and Management for the 2019-2020 fiscal year the sum of seventy-five  
43 million dollars (\$75,000,000), for purposes consistent with this act.

44 **SECTION 5.** Reporting. – Every six months, Golden LEAF shall submit a report on  
45 the program to the Joint Legislative Economic Development and Global Engagement Oversight  
46 Committee and the Fiscal Research Division. The duty to report pursuant to this section shall  
47 cease after the submission of the report following when Golden LEAF has remitted the entirety  
48 of the net loan funds to the Office. Each report shall contain all of the following:

49 (1) The number of recipients of loans for each represented North American  
50 Industry Classification System Code.

51 (2) The number of jobs retained.

- 1           (3)    The number of loans awarded.
- 2           (4)    The average loan amount.
- 3           (5)    The total amount loaned to date.
- 4           (6)    The total amount of loans repaid to date.
- 5           (7)    The total amount of loans defaulted on to date.
- 6           (8)    The total amount of loans defaulted that have been recaptured.
- 7           **SECTION 6.** This act is effective when it becomes law.