

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 1153

Short Title: Critical Technologies Manufacturing Fund. (Public)

Sponsors: Representatives Roberson, Saine, and Szoka (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

May 31, 2022

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE CRITICAL TECHNOLOGIES MANUFACTURING FUND.
3 The General Assembly of North Carolina enacts:

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

6 "Part 2L. Critical Technologies Manufacturing Fund.

7 **"§ 143B-437.110. Critical Technologies Manufacturing Fund.**

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

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

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

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

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

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

31 b. Cybersecurity technology.

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

35 d. Drinking water infrastructure.



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- 1 e. Any materials or components directly used in the technologies listed
2 in this subdivision.
- 3 (3) Department. – The Department of Commerce.
4 (4) Eligible business. – A business primarily engaged in the manufacturing sector,
5 as defined by NAICS, sectors 31 through 33, that manufactures or agrees to
6 manufacture critical technology in this State.
7 (5) Fund. – Critical Technologies Manufacturing Fund.
8 (6) NAICS. – North American Industry Classification System.
- 9 (d) Grant Conditions. – Grants are made pursuant to an agreement with an eligible
10 business that includes, at a minimum, all of the following:
- 11 (1) A provision requiring an eligible business to certify in writing that it will use
12 the grant provided from the Fund for the manufacturing of critical technology
13 or, if for another purpose as determined by the Department, the agreed purpose
14 reflected in the grant application.
- 15 (2) A provision establishing the number and duration of jobs the eligible business
16 must create and maintain.
- 17 (3) A provision establishing the method for determining compliance with the
18 grant conditions.
- 19 (4) A provision requiring recapture of the grant funds if the eligible business fails
20 to comply with the requirements of the grant.
- 21 (e) Prioritization. – The factors for priority in this subsection apply to applications for
22 grants from the Fund. The Department must prioritize the following factors when evaluating
23 applications:
- 24 (1) If the grant applicant is not currently manufacturing critical technologies but
25 would manufacture critical technologies using the grant received.
- 26 (2) The grant applicant would use the funds as a required cost-share for federal
27 manufacturing grants.
- 28 (f) Failure to Comply with Grant Requirements. – If an eligible business receiving a grant
29 fails to meet or comply with any condition or requirement set forth in an agreement or with
30 criteria developed by the Department, the Department may reduce the amount of the grant or
31 may terminate the agreement, or both. The reduction in the amount of the grant must, at a
32 minimum, be proportional to the failure to comply measured relative to the condition or criterion
33 with respect to which the failure occurred. The Department shall notify an affected business of
34 the reduction to its grant payment.
- 35 (g) Report. – No later than March 1 of each year in which grants are disbursed or there is
36 a cash balance remaining in the Fund, the Department shall submit a report to the Joint
37 Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal
38 Research Division. Each report shall contain, at a minimum, all of the following:
- 39 (1) The number of grants awarded.
40 (2) The average grant amount.
41 (3) The total amount granted to date.
42 (4) The businesses that have received a grant and a summary and description of
43 each grant.
44 (5) The total amount of grants that have been recaptured."
- 45 **SECTION 2.** There is appropriated from the General Fund to the Department of
46 Commerce the sum of four million dollars (\$4,000,000) in nonrecurring funds for the 2022-2023
47 fiscal year for the Critical Technologies Manufacturing Fund.
- 48 **SECTION 3.** This act becomes effective July 1, 2022.