

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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HOUSE BILL 921

Short Title: Tier I Community Reinvestment. (Public)

Sponsors: Representatives R. Smith and Gailliard (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 11, 2021

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.



- 1 (4) Golden LEAF may use up to one million dollars (\$1,000,000) and the Carolina
2 Small Business Development Fund may use up to two hundred thousand
3 dollars (\$200,000) to provide grants for the purpose of providing technical
4 assistance to businesses working to apply for a loan from the program
5 authorized by this section or for federal assistance programs.
- 6 (5) The loan shall have an interest rate of one percent (1%) below market rate.
- 7 (6) The term of the loan shall not exceed 120 months and shall be amortized over
8 the term of the loan.
- 9 (7) Loans to qualifying businesses made under the program shall be used for the
10 following:
11 a. Renovation and repair of existing facilities.
12 b. Expansion of current programs.
13 c. Establishment of new initiatives, including education, community
14 outreach, and health.
15 d. Scholarships for minority students.
16 e. Minority uplift initiatives.
17 f. Youth mentorship programs.
18 g. Tutorial programs.
19 h. Small business incubation.
20 i. Free health clinics.
21 j. Temporary housing for needy individuals.
22 k. Provision of clothing or food assistance.
23 l. Community gardens.
24 m. Vocational education or certification.
25 n. Distribution of assistance to individuals in need of financial assistance
26 due to the COVID-19 pandemic.
- 27 (8) Loans are made pursuant to an agreement with a qualifying business that
28 includes at least the following:
29 a. A provision requiring a qualifying business to certify in writing that it
30 will use a loan provided under the program for employee
31 compensation, mortgage, rent, utilities, and other operating costs and
32 expenses incurred on behalf of a business located in this State.
33 b. A provision establishing the method for determining compliance with
34 the program.
35 c. A provision requiring the qualifying business to first repay the loan
36 amount with any federal assistance received by the business that
37 represents a duplication of benefits; provided that the repayment does
38 not disqualify or impair the federal assistance available to the business.
39 d. A provision requiring the loan is secured through a Uniform
40 Commercial Code financing statement.
41 e. A provision requiring recapture of loan funds if a business fails to
42 comply with the requirements of the program. The lender shall
43 recapture loan funds only if the lender determines there is a reasonable
44 expectation that the recovery of funds will exceed the cost of recovery.
45 f. A provision requiring a qualifying business to certify in writing that it
46 did not receive any funds pursuant to the CARES Act, P.L. 116-136,
47 an Economic Injury Disaster Loan, or a Paycheck Protection Program
48 loan.

49 **SECTION 1.(e)** If a qualifying business is an organization exempt from federal
50 income tax under section 501(c)(3) of the Internal Revenue Code, the qualifying business may
51 apply for a grant not to exceed fifty thousand dollars (\$50,000) under the programs authorized

1 by this act to be used for community development purposes in development tier one areas, as
2 defined in G.S. 143B-437.08, to aid persons of low and moderate income affected by the
3 COVID-19 pandemic, including employment, economic development, crime prevention, child
4 care, health, drug abuse, education, and welfare needs.

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

- 7 (1) Golden LEAF. – Golden L.E.A.F. (Long Term Economic Advancement
8 Foundation), Inc.
- 9 (2) Qualifying business. – A historically underutilized business or nonprofit
10 corporation with a physical presence in a development tier one area, as defined
11 in G.S. 143B-437.08, that is able to show no State or federal financial
12 assistance from the CARES Act, P.L. 116-136, an Economic Injury Disaster
13 Loan, or a Paycheck Protection Program loan, and suffered economic losses
14 as a result of COVID-19.

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

- 21 (1) The number of loans and grants awarded.
- 22 (2) The average loan and grant amount.
- 23 (3) The total amount loaned and granted to date.
- 24 (4) The total amount of loans repaid to date.
- 25 (5) The total amount of loans defaulted on to date.
- 26 (6) The total amount of loans defaulted that have been recaptured.

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

28 **SECTION 2.(a)** Appropriation of Funds to Department of Public Instruction. –
29 There is appropriated from the General Fund to the Department of Public Instruction the sum of
30 forty million dollars (\$40,000,000) to award funds for new or existing eligible programs for
31 at-risk students operated by nonprofit corporations working in collaboration with local school
32 administrative units located in a county designated as a development tier one area pursuant to
33 G.S. 143B-437.08. The total amount of grants allocated within a county in accordance with this
34 section shall not exceed one million dollars (\$1,000,000).
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36 **SECTION 2.(b)** Requirements. – Programs should focus on serving (i) at-risk
37 students not performing at grade level as demonstrated by statewide assessments or not on-track
38 to meet year-end expectations, as demonstrated by existing indicators, including teacher
39 identification, (ii) students at risk of dropout, and (iii) students at risk of school displacement due
40 to suspension or expulsion as a result of antisocial behaviors. A nonprofit corporation may act as
41 its own fiscal agent for the purposes of receipt of these funds. The purpose of the program is to
42 fund high-quality, independently validated extended learning and integrated student support
43 service programs for at-risk students whose learning has been negatively affected by COVID-19
44 impacts. The programs funded should raise standards for student academic outcomes by focusing
45 on the following:

- 46 (1) Use of an evidence-based model with a proven track record of success.
- 47 (2) Inclusion of rigorous, quantitative performance measures to confirm
48 effectiveness of the program.
- 49 (3) Deployment of multiple tiered supports in schools to address student barriers
50 to achievement, such as strategies to improve chronic absenteeism, antisocial

- 1 behaviors, academic growth, and enhancement of parent and family
2 engagement.
- 3 (4) Alignment with State performance measures, student academic goals, and the
4 North Carolina Standard Course of Study.
- 5 (5) Prioritization in programs to integrate clear academic content, in particular,
6 science, technology, engineering, and mathematics (STEM) learning
7 opportunities or reading development and proficiency instruction.
- 8 (6) Minimization of student class size when providing instruction or instructional
9 supports and interventions.
- 10 (7) Expansion of student access to high-quality learning activities and academic
11 support that strengthen student engagement and leverage community-based
12 resources, which may include organizations that provide mentoring services
13 and private sector employer involvement.
- 14 (8) Utilization of digital content to expand learning time, when appropriate.

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

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