

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL DRS35262-MCfa-180

Short Title: Hospitality Business Assistance. (Public)

Sponsors: Senator Edwards (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FUNDS TO ASSIST HOSPITALITY BUSINESSES.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.(a)** Appropriation. – There is appropriated from the funds received by
5 the State of North Carolina pursuant to the American Rescue Plan Act of 2021, P.L. 117-2, to the
6 Department of Revenue the sum of three hundred million dollars (\$300,000,000) to be used as
7 provided in this section. Funds appropriated in this section do not revert but remain available to
8 the Department for these purposes.

9 **SECTION 1.(b)** Purpose. – The purpose of this section is to help qualifying
10 hospitality businesses in North Carolina that experienced economic disruption as a result of the
11 COVID-19 pandemic by providing grants awarded by the Department of Revenue to offset the
12 economic harm suffered and to promote economic development and maintain economic stability
13 by helping to preserve and sustain a vital element of the State's economy.

14 **SECTION 1.(c)** Hospitality Business Recovery Program. – There is created the
15 COVID-19 Hospitality Business Recovery Program to be administered by the Department of
16 Revenue. The Department may provide a one-time grant to each qualifying hospitality business.
17 For purposes of this section, a qualifying hospitality business is an entity meeting all of the
18 following requirements:

- 19 (1) It is subject to income tax under Article 4 of Chapter 105 of the General
20 Statutes.
21 (2) It experienced a reduction of at least fifteen percent (15%) in sales tax
22 collections resulting from the COVID-19 pandemic for at least one quarter in
23 the 2020 tax year when compared to collections for the same quarter for the
24 2019 tax year.
25 (3) It is classified in Sector 72 of the North American Industry Classification
26 System.
27 (4) It has not received a notice of an overdue tax debt, as defined in
28 G.S. 105-243.1, that has not been satisfied or otherwise resolved.
29 (5) It is a Count on Me NC business.
30 (6) It has not received any other State or federal assistance.

31 **SECTION 1.(d)** Grant Program Application; Limitations. – A qualifying hospitality
32 business must apply to the Department for a grant under the Program during the time frame and
33 on a form prescribed by the Department and must include any supporting documentation required
34 by the Department. The Department may accept applications until the funds appropriated in this
35 section have been fully awarded. The grant amount to a qualifying hospitality business may not
36 exceed the lesser of (i) five hundred thousand dollars (\$500,000) or (ii) ten percent (10%) of the



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1 amount of reduction in sales tax collections of the qualifying hospitality business resulting from
2 the COVID-19 pandemic for the 2020 tax year when compared to collections for the 2019 tax
3 year. The total of all grants awarded under the Program may not exceed three hundred million
4 dollars (\$300,000,000). The Department shall verify that the business is a qualifying hospitality
5 business. The Department's grant determinations based on applications filed are final.

6 **SECTION 1.(e)** Eligible Uses. – Grants under the Program may only be used for
7 expenses allowed in this subsection. Grants must be used for eligible expenses no later than
8 December 31, 2021. Grants cannot be used for expenses for which the recipient has received and
9 used other State or federal COVID-19 relief funds. To the extent a recipient cannot use the grant
10 for expenses allowed in this section in the time frame allowed, the recipient shall return the
11 unused portion to the Department of Revenue no later than January 31, 2022. Eligible uses for
12 grant funds include all of the following:

- 13 (1) Rent or mortgage payments for the qualifying hospitality business location.
- 14 (2) Payroll expenses.
- 15 (3) Uncompensated property damage.
- 16 (4) Business expenses for personal protective equipment needed for the
17 COVID-19 pandemic for employees or patrons.
- 18 (5) Local property taxes paid for the qualifying hospitality business location.
- 19 (6) Any other operating expenses for which the qualifying hospitality business
20 has not received State or federal COVID-19 relief funds.

21 **SECTION 1.(f)** Clawback. – A grant under the Program authorized in this section
22 shall be conditioned on a recipient business maintaining operations for a minimum of six months
23 following receipt of the grant, and the Department shall clawback a proportionate amount of the
24 grant for any portion of the six months the recipient business does not maintain business
25 operations.

26 **SECTION 2.** G.S. 105-153.5(b) is amended by adding a new subdivision to read:
27 "(15) The amount granted to a qualifying hospitality business during the taxable
28 year under the COVID-19 Hospitality Business Recovery Program."

29 **SECTION 3.** Section 2 of this act is effective for taxable years beginning on or after
30 January 1, 2021, and expires for taxable years beginning on or after January 1, 2022. The
31 remainder of this act is effective when it becomes law.