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

The General Assembly of North Carolina enacts:

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

1. Golden L.E.A.F. shall require a lender to provide assistance to, or direct to an appropriate entity that provides assistance to, a qualifying business with applying for available federal assistance.

2. Golden L.E.A.F. shall require a lender to prioritize loans for establishments (i) with 100 or fewer full-time equivalent employees determined as of the State of Emergency (ii) that are independently owned by a qualifying business.

3. The loan shall have an interest rate of up to four percent (4%) before the date of a triggering event and an interest rate of at least five and one-half percent (5.5%) on and after the date of a triggering event.

4. The term of the loan shall not exceed 66 months and shall be amortized over the term of the loan.

5. A qualifying business shall 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.

6. A loan provided under the program is limited to no more than fifty thousand dollars ($50,000) per qualifying business.

7. Upon the occurrence of a triggering event, repayment of the loan shall commence. A triggering event occurs six months following the closing of a loan made under the program.

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

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

c. 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.

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

e. 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.

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

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

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

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


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

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

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

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

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

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

SECTION 5. Reporting. – Every six months, Golden L.E.A.F. shall submit a report on the program 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 Golden L.E.A.F. has remitted the entirety of the net loan funds to the Office. Each report shall contain all of the following:

(1) The number of recipients of loans for each represented North American Industry Classification System Code.
1 (2) The number of jobs retained.
2 (3) The number of loans awarded.
3 (4) The average loan amount.
4 (5) The total amount loaned to date.
5 (6) The total amount of loans repaid to date.
6 (7) The total amount of loans defaulted on to date.
7 (8) The total amount of loans defaulted that have been recaptured.
8 **SECTION 6.** This act is effective when it becomes law.