GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2019

H HOUSE BILL 1034

PROPOSED COMMITTEE SUBSTITUTE H1034-PCS10750-MCa-23

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Short Title: Small Business Emergency Loans. (Public)

Sponsors:

Referred to:

April 28, 2020

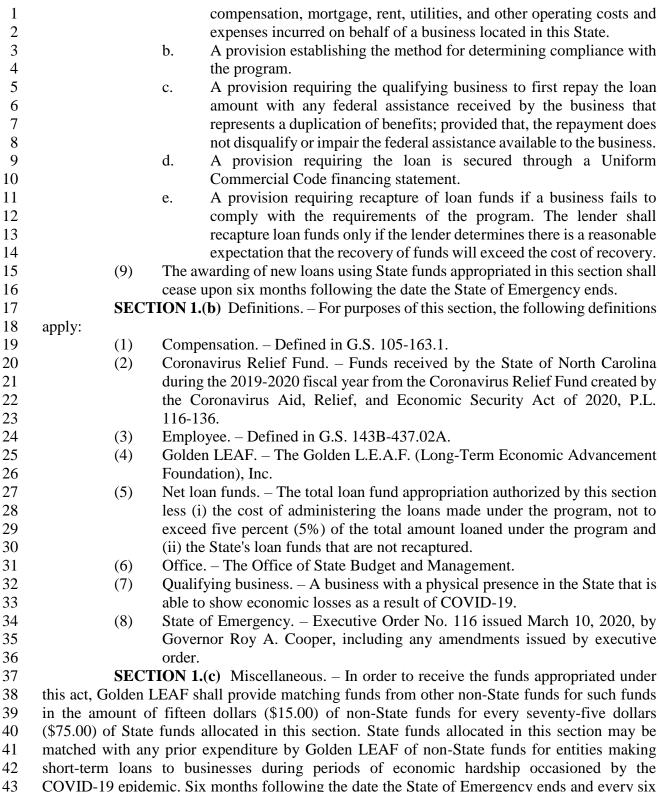
A BILL TO BE ENTITLED
AN ACT TO PROVIDE FUNDS FOR SMALL BUSINESS LOAN ASSISTANCE.
The General Assembly of North Carolina enacts:

APPROPRIATION FOR SMALL BUSINESS LOAN ASSISTANCE

SECTION 1.(a) Program. – The sum of seventy-five million dollars (\$75,000,000) in nonrecurring funds is appropriated from the Coronavirus Relief Fund to the Office of State Budget and Management to provide funds to Golden LEAF to provide grants to entities for the purpose 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 LEAF 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 LEAF 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





this act, Golden LEAF 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 allocated in this section. State funds allocated in this section may be matched with any prior expenditure by Golden LEAF 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 LEAF shall remit the net loan funds that have been received to the Office, which shall deposit the funds into the Coronavirus Relief Fund. Amounts deposited into the Fund under this subsection are receipts that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 1.(d) Reporting. – Every six months, Golden LEAF 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

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- 1 section shall cease after the submission of the report following when Golden LEAF has remitted 2 the entirety of the net loan funds to the Office. Each report shall contain all of the following: 3 The number of recipients of loans for each represented North American (1) 4 Industry Classification System Code. 5 The number of jobs retained. (2) The number of loans awarded. 6 (3) The average loan amount. 7 (4) 8 The total amount loaned to date. (5) The total amount of loans repaid to date. 9 (6) The total amount of loans defaulted on to date. 10 (7) 11 (8) The total amount of loans defaulted that have been recaptured.
- 12 **SECTION 2.** This act is effective when it becomes law.