

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H.B. 1145
May 14, 2020
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40567-MHa-179

Short Title: Farming Modernization Act. (Public)

Sponsors: Representative Montgomery.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FUNDING FOR FARMERS IMPACTED BY THE COVID-19 PANDEMIC TO TRANSITION TO PRODUCTION OF ALTERNATE CROPS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Transfer of Funds from Reserves to Relief Fund. – The State Controller shall transfer the sum of fifty million dollars (\$50,000,000) for the 2019-2020 fiscal year from the Reserve established in Section 2.1 of S.L. 2020-4 to the Coronavirus Relief Fund established in Section 2.2 of S.L. 2020-4.

SECTION 1.(b) Appropriation of Funds from Relief Fund. – There is appropriated from the Fund to the Office of State Budget and Management the sum of fifty million dollars (\$50,000,000) in nonrecurring funds for the 2019-2020 fiscal year to be allocated and used as provided in Section 2 of this act. The funds appropriated in this section shall not revert at the end of the 2019-2020 fiscal year but shall remain available to expend until December 30, 2020.

SECTION 2. The funds appropriated by Section 1 of this act shall be allocated to the Department of Agriculture and Consumer Services to provide grants to eligible farmers for eligible expenses associated with offsetting economic impacts of the COVID-19 emergency by conversion of farm production to production of marijuana for medical use. These funds may only be used (i) for purposes consistent with the April 22, 2020, "Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments" provided by the United States Department of the Treasury or with any subsequent revised guidance or act of Congress and (ii) if House Bill 401, 2019 Regular Session, or other substantially equivalent legislation legalizing the use of marijuana for medical use in this State becomes law.

SECTION 3. Definitions. – The following definitions apply to this act:

- (1) Eligible expense. – Any of the following:
 - a. The purchase or lease of equipment needed for planting, cultivation, harvest, or on-farm processing of marijuana.
 - b. Chemicals, fertilizers, or other soil supplements or treatments needed to prepare or maintain the suitability of farmland for the cultivation of marijuana.
 - c. The costs of filing applications for and maintaining licenses needed under applicable law for the cultivation, harvest, or on-farm processing of marijuana for medical use.
- (2) Eligible farmer. – A person who holds a qualifying farmer sales tax exemption or conditional qualifying farmer sales tax exemption pursuant to G.S. 105-164.13E and whose average annual income from farming operations



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- 1 for the three preceding taxable years does not exceed two hundred thousand
- 2 dollars (\$200,000).
- 3 (3) Marijuana. – Defined in G.S. 90-87(16).
- 4 (4) On-farm processing. – Drying, chopping, or otherwise preparing raw
- 5 marijuana for use as a feedstock or ingredient in any product intended for
- 6 medical use. On-farm processing does not include the manufacture of goods
- 7 for sale at retail.

8 **SECTION 4.** Report. – The Department shall report to the Joint Legislative
9 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
10 Research Division by August 1, 2020, on its distribution of the funds appropriated by this act and
11 by February 1, 2020, on the use of funds by recipients.