

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 604
Mar 31, 2025
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10266-Nifa-4A

Short Title: Rural and Downtown Community Eco. Dev. Grants. (Public)

Sponsors: Representative Reives.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO CREATE THE RURAL COMMUNITY DEVELOPMENT GRANT PROGRAM
AND THE DOWNTOWN REVITALIZATION GRANT PROGRAM AND TO
APPROPRIATE MONEY FOR PURPOSES CONSISTENT WITH THOSE PROGRAMS.

The General Assembly of North Carolina enacts:

SECTION 1. The General Assembly finds that:

- (1) Downtown areas are critical to the economic, cultural, and social well-being of North Carolina's communities. They serve as vital hubs for commerce, public engagement, and community identity. Yet many downtowns, in urban and rural areas alike, have faced challenges, including declining activity, vacant storefronts, and reduced investment.
- (2) Rural communities across North Carolina also face broad, significant challenges, including economic stagnation, depopulation, and limited access to growth opportunities. These challenges prevent the vitality of local economies from being realized, reduce residents' well-being, and diminish the long-term sustainability of these regions.
- (3) By providing targeted investments, the State can empower downtown areas and rural communities to advance their economic development, enhance their government services provision, and support the growth of local businesses. These investments are essential for creating self-sustaining growth, fostering local workforce development, and positioning these areas as desirable places to live, work, and do business.

SECTION 2.(a) Appropriation. – There is appropriated from the General Fund to the Department of Commerce (the Department) the sum of forty million dollars (\$40,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be allocated to the Rural Economic Development Division (REDD) and used for purposes consistent with subsection (b) of this section. Notwithstanding G.S. 143C-1-2(b), funds allocated in this section shall not revert but shall remain available for purposes consistent with this section until June 30, 2027. The Department may use up to five percent (5%) of the funds appropriated in this section for administration of the Community Grant Program created in subsection (b) of this section.

SECTION 2.(b) Rural Community Development Grant Program. – The funds allocated to REDD by subsection (a) of this section shall be used to create the Rural Community Development Grant Program (the Community Grant Program). The Community Grant Program shall provide grants to local governments in the State to attract business investment and to promote population and revenue growth within those communities for the purposes of (i) reversing the trend of rural depopulation and (ii) transitioning those communities to "commuter



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towns" or "bedroom communities" that promote and sustain the growth of larger adjacent communities. All county and municipal governments within the State are eligible to apply for grant funding under the Community Grant Program. REDD shall establish guidelines for providing for administration of the Community Grant Program. Those guidelines shall include the following provisions, which shall apply to each grant under the Community Grant Program:

- (1) Funds shall only be used for purposes that REDD determines are likely to improve a community's economic and living conditions such that the community is better able to sustain consistent economic and population growth and is better able to balance (i) the livability of the community, (ii) the provision of government services, (iii) full employment and full housing, and (iv) maintaining public order.
- (2) Grants may only be awarded to local governments that REDD determines have satisfactorily demonstrated that a lack of community amenities within their locale has previously prevented them from attracting business investment and promoting the population and revenue growth necessary to stimulate job and revenue growth within their community. Examples of relevant community amenities include restaurants, hotels, child care centers, grocery stores, pools, parks, and hiking trails.
- (3) Grants shall be awarded on a competitive basis based upon, at a minimum, the following factors: (i) the amount of non-State investment in the project, (ii) the projected wage and job growth from the project, and (iii) the existence of demonstrated community support for the project. REDD shall determine the relative weight due and priority of the factors listed in (i) through (iii) of this subdivision, and any other factors it may choose to include, and shall publicize that information on its website.
- (4) Grants awarded shall require a match in the amount of one dollar (\$1.00) of non-State funds for every one dollar (\$1.00) of State funds.
- (5) Individual grant awards may not exceed two million dollars (\$2,000,000).
- (6) All county and municipal governments seeking grant funding under this section shall submit an application for funding, on a form and in a manner approved by the Department, as a necessary precondition to receiving funding.
- (7) The application required by subdivision (6) of this subsection shall include, at a minimum, a requirement that the applicant will use any grant funding it receives for projects that are part of a comprehensive local government plan intended to promote (i) downtown revitalization or (ii) community development, or both.

SECTION 3.(a) Appropriation. – There is appropriated from the General Fund to the Department of Commerce the sum of forty million dollars (\$40,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be used for the purposes consistent with subsection (b) of this section. Notwithstanding G.S. 143C-1-2(b), funds allocated in this section shall not revert but shall remain available for purposes consistent with this section until June 30, 2027. The Department may use up to five percent (5%) of the funds appropriated in this section for administration of the Revitalization Program created in subsection (b) of this section.

SECTION 3.(b) Downtown Revitalization Grant Program. – The funds allocated to the Department by subsection (a) of this section shall be used to create the Downtown Revitalization Grant Program (the Revitalization Program). The Revitalization Program shall provide grants to local governments and municipal service district administrator entities for purposes consistent with this section. All county and municipal governments and municipal service district administrator entities within the State are eligible to apply for funding under the Revitalization Program. The Department shall establish guidelines for providing for

administration of the Revitalization Program. Those guidelines shall include the following provisions, which shall apply to each grant from the Revitalization Program:

- (1) Grants may only be awarded for the purpose of amenitizing the downtown areas of eligible recipients in a manner that the Department determines is likely to enhance the overall appeal, functionality, or livability of a downtown area by attracting the people, businesses, or investment necessary to revitalize a downtown area and create a vibrant, desirable place to live, work, and visit.
- (2) Individual grant awards may not exceed two million dollars (\$2,000,000).
- (3) All county and municipal governments and municipal service district administrator entities seeking grant funding under this section shall submit an application for funding, on a form and in a manner approved by the Department, as a necessary precondition to receiving funding.
- (4) The application required by subdivision (3) of this subsection shall include, at a minimum, a requirement that the applicant will use any grant funding it receives for projects that are part of a comprehensive local government plan intended to promote (i) downtown revitalization or (ii) community development, or both.

SECTION 4. No later than September 15 of each year, the Department shall submit a report on the activities conducted with the funds appropriated in this act to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The information provided in the report shall include, at a minimum, the number of grants awarded and the name and location of all local governments and municipal service district administrator entities receiving grants. Funds allocated under this act are not subject to the provisions of G.S. 143C-6-23.

SECTION 5. This act becomes effective July 1, 2025.