

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 863
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30325-NBa-134

Short Title: Disaster Recovery Act of 2025 - Part 1(b). (Public)

Sponsors: Representative Prather.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS TO STATE AGENCIES FOR HURRICANE HELENE
UNMET NEEDS FOR DISASTER RECOVERY IN WESTERN NORTH CAROLINA.
The General Assembly of North Carolina enacts:

**PART I. APPROPRIATIONS FOR WESTERN NORTH CAROLINA HURRICANE
HELENE RECOVERY**

SECTION 1. There is appropriated from the Savings Reserve established in
G.S. 143C-4-2 the sum of five hundred eighty-two million two hundred twenty-nine thousand
seven hundred fifty dollars (\$582,229,750) in nonrecurring funds for the 2025-2026 fiscal year
to provide funds for unmet needs from Hurricane Helene, as follows:

- (1) One hundred seven million dollars (\$107,000,000) to the Department of
Commerce for the following purposes:
 - a. One hundred million dollars (\$100,000,000) to Appalachian
Community Capital Corporation in partnership with the Dogwood
Health Trust for a grant program in accordance with Part III of this act.
 - b. Seven million dollars (\$7,000,000) to the Rural Economic
Development Division for the Creating Outdoor Recreation
Economies (CORE) Program.
- (2) One hundred five million dollars (\$105,000,000) to the Housing Finance
Agency for the following purposes:
 - a. Fifty million dollars (\$50,000,000) for affordable housing grants to
units of local government in the affected area to incentivize
high-quality, resilient, affordable housing. This funding may also be
used by recipients to repair rental units and shelters for disaster
victims. Each unit of local government may apply for a grant not to
exceed one million dollars (\$1,000,000).
 - b. Twenty-five million dollars (\$25,000,000) for homeowner and renter
unmet needs, including immediate minor repairs and needs that are not
FEMA-eligible.
 - c. Twenty million dollars (\$20,000,000) for mortgage and utility
assistance.
 - d. Ten million dollars (\$10,000,000) for housing stabilization services
and financial assistance for homeless populations.
- (3) One hundred million dollars (\$100,000,000) to the Department of State
Treasurer for grants to units of local government for revenue replacement.



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- (4) Fifty million dollars (\$50,000,000) to the Department of Natural and Cultural Resources for the following purposes:
- a. Twenty-five million dollars (\$25,000,000) for the Parks and Recreation Trust Fund established under G.S. 143B-135.56 for State parks restoration and rebuilding grants.
 - b. Twenty-five million dollars (\$25,000,000) for the Land and Water Fund for flood abatement and water quality protection grants.
- (5) One hundred twenty-seven million four hundred twenty-three thousand five hundred dollars (\$127,423,500) to the Department of Agriculture and Consumer Services for the following purposes:
- a. Seventy-five million dollars (\$75,000,000) to the Division of Soil & Water Conservation for streambank stabilization and stream restoration.
 - b. Twenty million dollars (\$20,000,000) to divide equally among food banks in the affected area. Of these funds, ten million dollars (\$10,000,000) shall be used to buy food from local farms.
 - c. Sixteen million seventy-three thousand five hundred dollars (\$16,073,500) for the Forest Service for fire season preparation, including equipment, and on-call and overtime pay.
 - d. Twelve million five hundred thousand dollars (\$12,500,000) to the Agricultural Development and Farmland Preservation Trust Fund for working farms and forest preservation.
 - e. Three million three hundred fifty thousand dollars (\$3,350,000) to the North Carolina Forest Service for new hand crew units for wildfire risk reduction for one year of program operation.
 - f. Five hundred thousand dollars (\$500,000) to the Community Conservation Assistance Program for stormwater control in the French Broad River watershed, consistent with the requirements of Article 73 of Chapter 106 of the General Statutes.
- (6) Thirty-nine million two hundred thousand dollars (\$39,200,000) to the Department of Public Instruction for the following purposes:
- a. Fourteen million dollars (\$14,000,000) to each community college in the affected area for small business centers. Each community college shall receive one million dollars (\$1,000,000) under this allocation.
 - b. Twenty-five million two hundred thousand dollars (\$25,200,000) for K-12 Summer Learning Programs to support 30 days of summer instruction in the affected area.
- (7) Twenty-six million dollars (\$26,000,000) to the Office of State Budget and Management for the following purposes:
- a. Twenty million dollars (\$20,000,000) for OSBM to allocate to State agencies for continuing operations and staffing, including The University of North Carolina System.
 - b. Three million dollars (\$3,000,000) for directed grants to Legal Aid of North Carolina, Inc., a nonprofit corporation, and Pisgah Legal Services, a nonprofit corporation, for disaster legal services for those affected by Hurricane Helene.
 - c. Three million dollars (\$3,000,000) for North Carolina independent colleges and universities in the affected area damaged by Hurricane Helene.

- (8) Eleven million six hundred six thousand two hundred fifty dollars (\$11,606,250) to the Department of Public Safety, Division of Emergency Management (NCEM), for the following purposes:
- a. Ten million dollars (\$10,000,000) for resilience and backup power measures, including mobile solar and battery arrays.
 - b. One million six hundred six thousand two hundred fifty dollars (\$1,606,250) to strengthen disaster financial and communications teams in NCEM's core capacity.
- (9) Sixteen million dollars (\$16,000,000) to the Department of Environmental Quality for the following purposes:
- a. Ten million dollars (\$10,000,000) for engineering and design work for dam removal projects funded by federal agencies.
 - b. Four million dollars (\$4,000,000) for septic repair and replacement grants for those that suffered direct losses of eligible services and structures from Hurricane Helene.
 - c. Two million dollars (\$2,000,000) for recycling infrastructure and business grants for post-disaster cleanup services.

PART II. HURRICANE HELENE BUSINESS RECOVERY GRANT PROGRAM

SECTION 2.(a) Purpose. – The purpose of this section is to help businesses located in the affected area that experienced economic or physical loss as a result of Hurricane Helene by providing grants awarded by the Department of Revenue to offset the losses suffered by those businesses.

SECTION 2.(b) Hurricane Helene Business Recovery Grant Program. – The Department of Revenue is authorized to create and administer the Hurricane Helene Business Recovery Grant Program (Program). The Department shall provide a one-time grant to businesses that suffered economic or physical loss as a result of Hurricane Helene and meet the requirements of this section.

SECTION 2.(c) Eligibility. – A business is eligible for a grant under the Program if it meets all of the following conditions:

- (1) The business is subject to income tax under Article 4 of Chapter 105 of the General Statutes.
- (2) The business experienced a reduction in sales tax collections as a result of Hurricane Helene for the fourth quarter of 2024 when compared to sales tax collections for the same period of 2023.
- (3) The business is located within the affected area.

SECTION 2.(d) Applications. – A business must apply to the Department of Revenue for a grant during the time frame and on a form prescribed by the Department and must include any supporting documentation required by the Department. The Department may accept applications until the funds available under this Program have been fully awarded.

SECTION 2.(e) Grant Amount. – The grant amount to an eligible business shall not exceed seventy-five thousand dollars (\$75,000). The grant to a business under this section shall be reduced by the amount of any Hurricane Helene relief-related grant funding previously received by the business from the State or federal government, the Dogwood Health Trust, or the Appalachian Community Capital.

SECTION 2.(f) Eligible Uses. – Grants awarded under this Program shall be used by qualifying businesses for purposes otherwise consistent with the allowable uses of loan proceeds under the Economic Injury Disaster Loan program and the Business Physical Disaster Loan program of the Small Business Administration.

SECTION 2.(g) Grant Program Limit. – The total of all funds granted under this Program may not exceed the amount allocated to the Program under this act. The Department

1 must calculate the total amount of grants requested from the applications timely filed under
2 subsection (d) of this section. If the total amount of grants requested exceeds the maximum
3 amount of funds available for grants under this subsection, the Department shall reduce each
4 grant award on a proportionate basis.

5 **SECTION 2.(h) Clawback.** – If a business receives a grant under this Program for
6 which it is ineligible, the business forfeits the grant awarded under this section and is liable for
7 the amounts received. An award forfeited under this section shall bear interest at the rate
8 determined in accordance with G.S. 105-241.21 as of the date of receipt until repaid. Failure to
9 pay an award forfeited shall be collected by a civil action in the name of the State, and the
10 recipient business shall pay the cost of the action. The Attorney General, at the request of the
11 Secretary of Revenue, shall institute the action in the proper court for the collection of the award
12 forfeited, including interest thereon.

13 **SECTION 2.(i) Outreach.** – The Department of Revenue, in consultation with the
14 Department of Commerce, is directed to inform and educate businesses that may be eligible to
15 apply for the grants provided by this section as soon as practicable to facilitate the awareness of
16 access to the grants provided by this section.

17 **SECTION 2.(j) Administrative Expenses.** – The Department of Revenue may retain
18 up to five percent (5%) of the funds appropriated for the Hurricane Helene Business Recovery
19 Grant Program under this section for administrative expenses.
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21 **PART III. EXPANDED DOGWOOD HEALTH TRUST PARTNERSHIP GRANTS**

22 **SECTION 3.(a) Purpose.** – The purpose of this section is to help businesses located
23 in the affected area that experienced economic or physical loss as a result of Hurricane Helene
24 by providing grants awarded by Appalachian Community Capital Corporation (Appalachian), a
25 nonprofit corporation, in partnership with the Dogwood Health Trust (Dogwood), a nonprofit
26 corporation, to offset the losses suffered by those businesses.

27 **SECTION 3.(b) Expanded Dogwood Health Trust Partnership Grant Program.** –
28 Appalachian, in partnership with Dogwood, is authorized to create and administer the Expanded
29 Dogwood Health Trust Partnership Grant Program (Program). Appalachian, in partnership with
30 Dogwood, shall provide grants to businesses that suffered economic or physical loss as a result
31 of Hurricane Helene and meet the requirements of this section. When awarding loans under this
32 section, Appalachian shall prioritize service-providing businesses that do not generate significant
33 taxable sales.

34 **SECTION 3.(c) Eligibility.** – A business is eligible for a grant under the Program if
35 it meets all of the following conditions:

- 36 (1) The business is located in the affected area.
- 37 (2) The business employs 50 or fewer employees.
- 38 (3) The business's annual revenue for the most recent taxable year was not more
39 than ten million dollars (\$10,000,000).
- 40 (4) The business otherwise meets the qualifications requisite for award of a
41 "Western North Carolina Small Business Initiative II" grant from Appalachian
42 as of February 10, 2025.

43 **SECTION 3.(d) Applications.** – A business must apply to Appalachian for a grant
44 on a form prescribed by Appalachian and must include any supporting documentation required
45 by Appalachian. Appalachian may accept applications until the funds available under this
46 Program have been fully awarded.

47 **SECTION 3.(e) Match Requirement.** – Grants awarded by Appalachian with State
48 funds provided under this section shall be matched by funds from Dogwood on the basis of one
49 dollar (\$1.00) of Dogwood funds for every dollar (\$1.00) of State funds.

50 **SECTION 3.(f) Grant Amount.** – Appalachian and Dogwood shall jointly determine
51 the amount of the grant awarded to an eligible business under this section, provided, however,

that the maximum grant amount to a single business is limited to seventy-five thousand dollars (\$75,000).

SECTION 3.(g) Eligible Uses. – Grants awarded under this Program shall be used by qualifying businesses for purposes otherwise consistent with the allowable uses of the "Western North Carolina Small Business Initiative II" grant program administered by Appalachian as of February 10, 2025. Of the funds allocated for this section, twenty million dollars (\$20,000,000) shall be reserved for artists in the affected area.

SECTION 3.(h) Grant Program Limit. – The total of all funds granted under this Program may not exceed the amount allocated to the Program under this act. Grants shall be awarded on a first-come, first-served basis.

SECTION 3.(i) Clawback. – If a business receives a grant under this Program for which it is ineligible, the business forfeits the grant awarded under this section and is liable for the amounts received. An award forfeited under this section shall bear interest at the rate determined in accordance with G.S. 105-241.21 as of the date of receipt until repaid. Failure to pay an award forfeited shall be collected by a civil action in the name of the State, and the recipient business shall pay the cost of the action.

SECTION 3.(j) Outreach. – Appalachian, in consultation with Dogwood, is directed to inform and educate businesses that may be eligible to apply for the grants provided by this section as soon as practicable to facilitate awareness of and access to the grants provided by this section.

SECTION 3.(k) Administrative Expenses. – Appalachian and Dogwood may each retain up to two percent (2%) of the funds appropriated for the Program under this section for administrative expenses.

PART IV. MISCELLANEOUS PROVISIONS

SECTION 4.(a) Funds appropriated in this act shall revert to the Savings Reserve if not expended or encumbered by June 30, 2027. Unless otherwise provided, all funds are to be used for Hurricane Helene purposes in the affected area, as defined in Section 1.4 of S.L. 2024-53.

SECTION 4.(b) For purposes of this act, the following definitions apply:

- (1) Directed grant. – Nonrecurring funds allocated by a State agency to a non-State entity as directed by an act of the General Assembly.
- (2) Non-State entity. – As defined in G.S. 143C-1-1.

SECTION 4.(c) Requirements. – Nonrecurring funds appropriated in this act as directed grants are subject to all of the following requirements:

- (1) Directed grants are subject to the provisions of subsections (b) through (k) of G.S. 143C-6-23.
- (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be made in a single annual payment in the discretion of the Director of the Budget. Directed grants of more than one hundred thousand dollars (\$100,000) shall be made in quarterly or monthly payments in the discretion of the Director of the Budget. A State agency administering a directed grant shall begin disbursement of funds to a non-State entity that meets all applicable requirements as soon as practicable, but no later than 100 days after the date this act becomes law.
- (3) Beginning on the first day of a quarter following the deadline provided in subdivision (2) of this subsection and quarterly thereafter, State agencies administering directed grants shall report to the Fiscal Research Division on the status of funds disbursed for each directed grant until all funds are fully disbursed. At a minimum, the report required under this subdivision shall include updates on (i) the date of the initial contact, (ii) the date the contract

1 was sent to the entity receiving the funds, (iii) the date the disbursing agency
2 received the fully executed contract back from the entity, (iv) the contract
3 execution date, and (v) the payment date.

4 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,
5 nonrecurring funds appropriated in this act as directed grants shall not revert
6 until June 30, 2026.

7 (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious
8 purposes only.

9 **SECTION 4.(d)** This act becomes effective July 1, 2025.