

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019**

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**BILL DRAFT 2019-MCa-210A [v.12]**

**(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
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Short Title: Small Business Emergency Loans.

(Public)

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Sponsors:

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Referred to:

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

4 The General Assembly of North Carolina enacts:

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

- 11 (1) Golden LEAF shall require a lender to provide assistance to, or direct to an  
12 appropriate entity that provides assistance to, a qualifying business with  
13 applying for available federal assistance.
- 14 (2) The loan shall have an interest rate of up to four percent (4%) before the date  
15 of a triggering event and an interest rate of at least five and one-half percent  
16 (5.5%) on and after the date of a triggering event.
- 17 (3) The term of the loan shall not exceed 54 months and shall be amortized over  
18 the term of the loan.
- 19 (4) A qualifying business shall certify in writing that it will use a loan provided  
20 under the program for employee compensation, mortgage, rent, utilities, and  
21 other operating costs and expenses incurred on behalf of a business located in  
22 this State.
- 23 (5) A loan provided under the program is limited to no more than fifty thousand  
24 dollars (\$50,000) per qualifying business.
- 25 (6) Upon the occurrence of a triggering event, repayment of the loan shall  
26 commence. A triggering event occurs six months following the closing of a  
27 loan made under the program.
- 28 (7) Loans are made pursuant to an agreement with a qualifying business that  
29 includes at least the following:
- 30 a. A provision requiring a qualifying business to certify in writing that it  
31 will use a loan provided under the program for employee  
32 compensation, mortgage, rent, utilities, and other operating costs and  
33 expenses incurred on behalf of a business located in this State.



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- 1                   b.     A provision establishing the method for determining compliance with  
2                   the program.  
3                   c.     A provision requiring the qualifying business to first repay the loan  
4                   amount with any federal assistance received by the business; provided  
5                   that, the repayment does not disqualify or impair the federal assistance  
6                   available to the business.  
7                   d.     A provision requiring the loan is secured through a Uniform  
8                   Commercial Code financing statement.  
9                   e.     A provision requiring recapture of loans funds if a business fails to  
10                  comply with the requirements of the program. The lender shall  
11                  recapture loan funds only if the lender determines there is a reasonable  
12                  expectation that the recovery of funds will exceed the cost of recovery.

13           (8)     The awarding of new loans using State funds appropriated in this act shall  
14                  cease upon six months following the date the state of emergency ends.

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

- 16           (1)     Compensation. – Defined in G.S. 105-163.1.  
17           (2)     Employee. – Defined in G.S. 143B-437.02A.  
18           (3)     Golden LEAF. – The Golden L.E.A.F. (Long-Term Economic Advancement  
19                  Foundation), Inc.  
20           (4)     Net loan funds. – The total loan fund appropriation authorized by this act less  
21                  (i) the cost of administering the loans made under the program, not to exceed  
22                  five percent (5%) of the total amount loaned under the program and (ii) the  
23                  State's proportionate share of loan funds that are not recaptured.  
24           (5)     Office. – The Office of State Budget and Management.  
25           (6)     Qualifying business. – A business with a physical presence in the State and  
26                  fewer than 50 employees determined as of the State of Emergency and that is  
27                  able to show economic losses as a result of COVID-19.  
28           (7)     State of Emergency. – Executive Order No. 116 issued March 10, 2020, by  
29                  Governor Roy A. Cooper, including any amendments issued by Executive  
30                  Order.

31           **SECTION 3.** Miscellaneous. – In order to receive the funds appropriated under this  
32                  act, Golden LEAF shall provide matching funds from other non-State funds for such funds in the  
33                  amount of fifteen dollars (\$15.00) of non-State funds for every twenty-five dollars (\$25.00) of  
34                  State funds appropriated under this act. State funds provided in this act may be matched with  
35                  any prior expenditure by Golden LEAF of non-State funds for entities making short-term loans  
36                  to businesses during periods of economic hardship occasioned by the COVID-19 epidemic. Six  
37                  months following the date the state of emergency ends and every six months thereafter, Golden  
38                  LEAF shall remit the net loan funds that have been received to the Office, which shall deposit  
39                  the funds into the General Fund.

40           **SECTION 4.** Appropriation. – There is appropriated from the General Fund to the  
41                  Office of State Budget and Management for the 2019-2020 fiscal year the sum of twenty-five  
42                  million dollars (\$25,000,000), for purposes consistent with this act.

43           **SECTION 5.** Reporting. – Every six months, Golden LEAF shall submit a report on  
44                  the program to the Joint Legislative Economic Development and Global Engagement Oversight  
45                  Committee and the Fiscal Research Division. The duty to report pursuant to this section shall  
46                  cease after the submission of the report following when Golden LEAF has remitted the entirety  
47                  of the net loan funds to the Office. Each report shall contain all of the following:

- 48           (1)     The number of recipients of loans for each represented North American  
49                  Industry Classification System Code.  
50           (2)     The number of jobs retained.  
51           (3)     The number of loans awarded.

- 1           (4)    The average loan amount.
- 2           (5)    The total amount loaned to date.
- 3           (6)    The total amount of loans repaid to date.
- 4           (7)    The total amount of loans defaulted on to date.
- 5           (8)    The total amount of loans defaulted that have been recaptured.
- 6           **SECTION 6.** This act is effective when it becomes law.