

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

**H.B. 1060**  
**May 22, 2012**  
**HOUSE PRINCIPAL CLERK**

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HOUSE DRH70268-MC-240A (04/05)

Short Title: North Carolina Urban Empowerment Initiative. (Public)

Sponsors: Representatives K. Alexander, R. Moore, and Brandon (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE THE NORTH CAROLINA URBAN EMPOWERMENT INITIATIVE.  
3 The General Assembly of North Carolina enacts:

4 SECTION 1. Article 10 of Chapter 143B of the General Statutes is amended by  
5 adding a new Part to read:

6 "Part 22. North Carolina Urban Employment Initiative.

7 "**§ 143B-472.135. Fund established.**

8 A fund to be known as the North Carolina Urban Empowerment Initiative Fund is  
9 established in the Department of Commerce. This Fund shall be administered by the  
10 Department of Commerce. The Department of Commerce shall be responsible for receipt and  
11 disbursement for all funds as provided in this Part. Interest earnings shall be credited to the  
12 Fund.

13 "**§ 143B-472.136. Definitions.**

14 The following definitions apply in this Part:

15 (1) Empowerment firm. – A business that (i) is owned by a minority, (ii) is  
16 domiciled in Mecklenburg, Guilford, or Forsyth County, (iii) and has been in  
17 operation for at least five consecutive years. An empowerment firm is a  
18 "large empowerment firm" when the business had annual gross sales of not  
19 less than one million dollars (\$1,000,000) and not more than two million  
20 dollars (\$2,000,000) in the year preceding receipt of moneys from the Fund.  
21 An empowerment firm is a "small empowerment firm" when the business  
22 had annual gross sales of not more than one million dollars (\$1,000,000) in  
23 the year preceding receipt of moneys from the Fund.

24 (2) Working capital. – Cash made available to an empowerment firm to be used  
25 to pay day-to-day operational expenses.

26 "**§ 143B-472.137. Purpose.**

27 The purpose of the North Carolina Urban Empowerment Initiative is to provide to  
28 empowerment firms economic development planning assistance, grant support, working capital  
29 loans, coordination with existing federal and State programs to enhance active participation by  
30 empowerment firms in the export market, greater access to and knowledge of the resources of  
31 the Employment Security Commission, and improved marketing capabilities of  
32 minority-owned firms in traditional and social media environments. To achieve the purposes of  
33 the Initiative, the Department shall develop criteria for decisions with respect to Fund grant and  
34 loan applications and shall provide technical assistance and strategic planning support to



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1 eligible empowerment firms. Empowerment firms may apply for funding from the Fund as  
2 provided in this Part.

3 **"§ 143B-472.138. Administration.**

4 (a) Rule-Making Authority. – The Department of Commerce may adopt, modify, and  
5 repeal rules establishing the procedures to be followed in the administration of this Part and  
6 regulations interpreting and applying the provisions of this Part, as provided in the  
7 Administrative Procedure Act.

8 (b) Reports. – The Department of Commerce and empowerment firms receiving funds  
9 from the Fund shall prepare and file on or before September 1 of each year with the Joint  
10 Legislative Commission on Governmental Operations and the Fiscal Research Division a  
11 consolidated report for the preceding fiscal year concerning the allocation of funds authorized  
12 by this Part.

13 The portion of the annual report prepared by the Department of Commerce shall set forth  
14 for the preceding fiscal year itemized and total allocations from the Fund. The Department of  
15 Commerce shall also prepare a summary report of all allocations made from the Fund for each  
16 fiscal year, the total funds received and allocations made, and the total unallocated funds in the  
17 Fund.

18 The portion of the annual report prepared by the empowerment firms shall include the total  
19 amount of funds that were received from the Fund and a description of how the allocated funds  
20 from the Fund were used during the preceding fiscal year, including details regarding the types  
21 of activity undertaken, the dates of the activity, the amount of allocated funds involved, and any  
22 other pertinent information, such as jobs created or retained and investments made.

23 (c) Costs. – The Department of Commerce may annually use up to seventy-five  
24 thousand dollars (\$75,000) of the funds in the Fund for expenses related to the administration  
25 of the Fund.

26 **"§ 143B-472.139. Grants.**

27 (a) Grant Funding. – The Secretary of Commerce shall award grants from the Fund of  
28 up to one million five hundred thousand dollars (\$1,500,000) to selected, eligible large  
29 empowerment firms and grants of up to two hundred fifty thousand dollars (\$250,000) to  
30 selected, eligible small empowerment firms. The Department of Commerce shall ensure that  
31 annual grants to companies in the service industry and grants to manufacturing or technology  
32 companies are substantially equal. Grant funds awarded from the Fund shall be used as  
33 provided by the provisions of this section and any rules or regulations adopted by the Secretary  
34 of Commerce.

35 (b) Use. – Grant funds in the Fund shall be used for any of the following eligible  
36 expenses:

37 (1) Building purchase or lease for large empowerment firms or building lease  
38 for small empowerment firms.

39 (2) Building upfit.

40 (3) Energy efficiency and water conservation renovations.

41 (4) Signage.

42 (5) Business equipment purchase or lease.

43 (c) Application. – An application for grant funds shall include each of the requirements  
44 listed in this subsection. An empowerment firm whose application is denied may file a new or  
45 amended application.

46 (1) The proposed expenses for which the grant funds are to be used and the  
47 projected cost.

48 (2) The amount of grant funds requested for these expenses.

49 (3) Projections of time needed to complete the acquisition or improvement.

50 (4) Any additional or supplemental information requested by the Department.

1       (d) Recapture. – An empowerment firm that has been selected to receive a grant shall  
2 use the full amount of the grant for the expenses that were approved pursuant to the provisions  
3 of this section. An empowerment firm that fails to satisfy the use requirement of this subsection  
4 shall lose any funds that have not been used within three years of being selected. These unused  
5 funds shall be credited to the Fund and shall be available to other applicants as long as the Fund  
6 is in effect. An empowerment firm that fails to satisfy the use requirement of this subsection  
7 may file a new application.

8       (e) Inspection. – The personnel of the Department of Commerce may inspect any  
9 acquisition for which a grant has been approved. No person may be approved to perform  
10 inspections who is an officer or employee of the empowerment firm to which the grant was  
11 made or who is engaged in the acquisition or improvement of any project for which the grant  
12 was made.

13 **"§ 143B-472.140. Loans.**

14       (a) Loan Funding. – The Secretary of Commerce shall award working capital loans  
15 from the Fund of up to six hundred thousand dollars (\$600,000) to selected eligible large  
16 empowerment firms and loans of up to one hundred thousand dollars (\$100,000) to selected  
17 eligible small empowerment firms. Loan funds awarded from the Fund shall be used as  
18 provided by the provisions of this section and any rules or regulations adopted by the Secretary  
19 of Commerce.

20       (b) Departmental Duties. – The Department shall have the following powers and duties  
21 with respect to this section:

22           (1) To establish one or more revolving funds within the Department for the  
23 purpose of providing secured loans in amounts not greater than six hundred  
24 thousand dollars (\$600,000) for a large empowerment firm and not greater  
25 than one hundred thousand dollars (\$100,000) for a small empowerment  
26 firm to provide to the firm working capital.

27           (2) To develop and adopt rules to allow State-regulated financial institutions to  
28 provide secured loans to empowerment firms.

29           (3) To work with appropriate State and federal agencies to develop and  
30 implement rules and regulations to facilitate this program.

31       (c) Interest. – The annual interest rate charged for the use of the funds from the  
32 revolving fund established pursuant to this section shall be a percentage not to exceed three and  
33 one-half percent (3.5%), excluding other fees required for loan application review and  
34 origination. The term of any loan originated under this section may not be greater than 15  
35 years.

36       (d) Principal Reduction. – The loan principal of any recipient empowerment firm shall  
37 be reduced for compensation paid to certain individuals in accordance with this subsection. For  
38 every dollar (\$1.00) paid to a long-term unemployed person hired and continuously employed  
39 on a full-time basis for a 12-month consecutive period, the loan principal of the hiring  
40 empowerment firm shall be reduced by fifty cents (50¢). For every dollar (\$1.00) paid to an  
41 intern under 21 years of age who is living in an urban progress zone, as defined in  
42 G.S. 143B-437.09, or eligible for a free or reduced-price lunch pursuant to 42 U.S.C. § 1758,  
43 the loan principal of the hiring empowerment firm shall be reduced by sixty cents (60¢).

44 **"§ 143B-472.141. Funding agreements.**

45       (a) Advisory Committee. – The Department of Commerce may establish an advisory  
46 committee to assist in the development of the specific selection criteria and the funding process  
47 of the Fund.

48       (b) Agreements Required. – Funds may be disbursed from the Fund only in accordance  
49 with agreements entered into between the Department of Commerce and an eligible recipient.  
50 Each agreement must contain the following provisions:

- 1           (1)    A description of the acceptable uses of Fund proceeds. The agreement may  
2                    limit the use of funds to specific purposes or may allow the funds to be used  
3                    for any lawful purposes.
- 4           (2)    A provision allowing the Department of Commerce to inspect all records of  
5                    the empowerment firm that may be used to confirm compliance with the  
6                    agreement or with the requirements of this Part.
- 7           (3)    A provision establishing the method for determining compliance with the  
8                    agreement.
- 9           (4)    A provision establishing a schedule for disbursement of funds under the  
10                   agreement.
- 11          (5)    A provision requiring recapture of funds if a recipient subsequently fails to  
12                   comply with the terms of the agreement.
- 13          (6)    Any other provision the State finds necessary to ensure the proper use of  
14                   State funds."

15           **SECTION 2.** There is appropriated from the General Fund to the North Carolina  
16 Urban Empowerment Initiative the sum of thirty million dollars (\$30,000,000) for the  
17 2012-2013 fiscal year to support the North Carolina Urban Empowerment Initiative Program.  
18 These funds shall be used to provide grant and loan funds and assistance services to connect  
19 North Carolina minority-owned companies with worldwide export and domestic market  
20 expansion opportunities. It is the intent of the General Assembly to provide an aggregate  
21 appropriation of one hundred fifty million dollars (\$150,000,000) in equal installments over the  
22 next five years to support the Program.

23           **SECTION 3.** This act is effective when it becomes law.