

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**SENATE BILL 967\***

Short Title: One North Carolina Small Business Fund. (Public)

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Sponsors: Senators Dalton; and Hoyle.

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Referred to: Appropriations/Base Budget.

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March 24, 2005

A BILL TO BE ENTITLED

1 AN ACT TO ESTABLISH THE ONE NORTH CAROLINA SMALL BUSINESS  
2 FUND AND TO APPROPRIATE FUNDS TO THE ONE NORTH CAROLINA  
3 FUND.  
4

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 143B-437.71(b) reads as rewritten:

7 "(b) Purposes. – Moneys in the One North Carolina Fund may be allocated only to  
8 the One North Carolina Small Business Fund created pursuant to G.S. 143B-437.80 and  
9 to local governments for use in connection with securing commitments for the  
10 recruitment, expansion, or retention of new and existing businesses. Moneys in the One  
11 North Carolina Fund allocated to local governments shall be used for the following  
12 purposes only:

- 13 (1) Installation or purchase of equipment.
- 14 (2) Structural repairs, improvements, or renovations to existing buildings  
15 to be used for expansion.
- 16 (3) Construction of or improvements to new or existing water, sewer, gas,  
17 or electric utility distribution lines or equipment for existing buildings.
- 18 (4) Construction of or improvements to new or existing water, sewer, gas,  
19 or electric utility distribution lines or equipment for new or proposed  
20 buildings to be used for manufacturing and industrial operations.
- 21 (5) Any other purposes specifically provided by an act of the General  
22 Assembly."

23 **SECTION 2.** Article 10 of Chapter 143B of the General Statutes is amended  
24 by adding a new Part to read:

25 "Part 2I. One North Carolina Small Business Fund.

26 **§ 143B-437.80. One North Carolina Small Business Fund established.**

27 The One North Carolina Small Business Fund is established as a special revenue  
28 fund in the Department of Commerce to be administered by the North Carolina Board of  
29 Science and Technology. Moneys in the One North Carolina Small Business Fund may

1 be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina  
2 SBIR/STTR Matching Funds Program, as specified in this Part, only.

3 **"§ 143B-437.81. North Carolina SBIR/STTR Incentive Program.**

4 (a) Program. – There is established the North Carolina SBIR/STTR Incentive  
5 Program to be administered by the North Carolina Board of Science and Technology. In  
6 order to foster job creation and economic development in the State, the Board may  
7 provide grants to eligible businesses to offset costs associated with applying to the  
8 United States Small Business Administration for Small Business Innovative Research  
9 (SBIR) grants or Small Business Technology Transfer Research (STTR) grants.

10 (b) Eligibility. – In order to be eligible for a grant under this section, a business  
11 must satisfy all of the following conditions:

12 (1) The business must be a for-profit, North Carolina-based business. For  
13 the purposes of this section, a North Carolina-based business is one  
14 that has its principal place of business in this State.

15 (2) The business must have submitted a qualified SBIR/STTR Phase I  
16 proposal to a participating federal agency in response to a specific  
17 federal solicitation.

18 (3) The business must satisfy all federal SBIR/STTR requirements.

19 (4) The business may not receive concurrent funding support from other  
20 sources that duplicates the purpose of this section.

21 (5) The business must certify that at least fifty-one percent (51%) of the  
22 research described in the federal SBIR/STTR Phase I proposal will be  
23 conducted in this State and that the business will remain a North  
24 Carolina-based business for the duration of the SBIR/STTR Phase I  
25 project.

26 (6) The business must demonstrate its ability to conduct research in its  
27 SBIR/STTR Phase I proposal.

28 (c) Grant. – The North Carolina Board of Science and Technology may award  
29 grants to reimburse an eligible business for up to fifty percent (50%) of the costs of  
30 preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three  
31 thousand dollars (\$3,000). A business may receive only one grant under this section per  
32 year. A business may receive only one grant under this section with respect to each  
33 federal proposal submission. Costs that may be reimbursed include costs incurred  
34 directly related to preparation and submission of the grant such as word processing  
35 services, proposal consulting fees, project-related supplies, literature searches, rental of  
36 space or equipment related to the proposal preparation, and salaries of individuals  
37 involved with the preparation of the proposals. Costs that may not be reimbursed  
38 include travel expenses, large equipment purchases, facility or leasehold improvements,  
39 and legal fees.

40 (d) Application. – A business shall apply, under oath, to the North Carolina  
41 Board of Science and Technology for a grant under this section on a form prescribed by  
42 the Board that includes at least all of the following:

- 1           (1)   The name of the business, the form of business organization under  
2           which it is operated, and the names and addresses of the principals or  
3           management of the business.
- 4           (2)   An acknowledgement of receipt of the Phase I proposal by the relevant  
5           federal agency.
- 6           (3)   An itemized statement of the costs that may be reimbursed.
- 7           (4)   Any other information necessary for the Board to evaluate the  
8           application.

9   **"§ 143B-437.82. North Carolina SBIR/STTR Matching Funds Program.**

10       (a)   Program. – There is established the North Carolina SBIR/STTR Matching  
11       Funds Program to be administered by the North Carolina Board of Science and  
12       Technology. In order to foster job creation and economic development in the State, the  
13       Board may provide grants to eligible businesses to match funds received by a business  
14       as a SBIR or STTR Phase I award and to encourage businesses to apply for Phase II  
15       awards.

16       (b)   Eligibility. – In order to be eligible for a grant under this section, a business  
17       must satisfy all of the following conditions:

- 18           (1)   The business must be a for-profit, North Carolina-based business. For  
19           the purposes of this section, a North Carolina-based business is one  
20           that has its principal place of business in this State.
- 21           (2)   The business must have received a SBIR/STTR Phase I award from a  
22           participating federal agency in response to a specific federal  
23           solicitation. To receive the full match, the business must also have  
24           submitted a final Phase I report, demonstrated that the sponsoring  
25           agency has interest in the Phase II proposal, and submitted a Phase II  
26           proposal to the agency.
- 27           (3)   The business must satisfy all federal SBIR/STTR requirements.
- 28           (4)   The business may not receive concurrent funding support from other  
29           sources that duplicates the purpose of this section.
- 30           (5)   The business must certify that at least fifty-one percent (51%) of the  
31           research described in the federal SBIR/STTR Phase II proposal will be  
32           conducted in this State and that the business will remain a North  
33           Carolina-based business for the duration of the SBIR/STTR Phase II  
34           project.
- 35           (6)   The business must demonstrate its ability to conduct research in its  
36           SBIR/STTR Phase II proposal.

37       (c)   Grant. – The North Carolina Board of Science and Technology may award  
38       grants to match the funds received by a business through a SBIR/STTR Phase I  
39       proposal, up to a maximum of one hundred thousand dollars (\$100,000). Seventy-five  
40       percent (75%) of the total grant shall be remitted to the business upon receipt of the  
41       SBIR/STTR Phase I award and application for funds under this section. Twenty-five  
42       percent (25%) of the total grant shall be remitted to the business upon submission by the  
43       business of the Phase II application to the funding agency and acceptance of the Phase I  
44       report by the funding agency. A business may receive only one grant under this section

1 per year. A business may receive only one grant under this section with respect to each  
2 federal proposal submission. Over its lifetime, a business may receive a maximum of  
3 five awards under this section.

4 (d) Application. – A business shall apply, under oath, to the North Carolina  
5 Board of Science and Technology for a grant under this section on a form prescribed by  
6 the Board that includes at least all of the following:

7 (1) The name of the business, the form of business organization under  
8 which it is operated, and the names and addresses of the principals or  
9 management of the business.

10 (2) An acknowledgement of receipt of the Phase I report and Phase II  
11 proposal by the relevant federal agency.

12 (3) Any other information necessary for the Board to evaluate the  
13 application.

14 **"§ 143B-437.83. Program guidelines.**

15 The Department of Commerce shall develop guidelines related to the administration  
16 of the One North Carolina Small Business Fund. At least 20 days before the effective  
17 date of any guidelines or nontechnical amendments to guidelines, the Department of  
18 Commerce must publish the proposed guidelines on the Department's Web site and  
19 provide notice to persons who have requested notice of proposed guidelines. In addition,  
20 the Department must accept oral and written comments on the proposed guidelines  
21 during the 15 business days beginning on the first day that the Department has  
22 completed these notifications. For the purpose of this section, a technical amendment is  
23 either of the following:

24 (1) An amendment that corrects a spelling or grammatical error.

25 (2) An amendment that makes a clarification based on public comment  
26 and could have been anticipated by the public notice that immediately  
27 preceded the public comment.

28 **"§ 143B-437.84. Reports.**

29 The Department of Commerce shall publish a report on the use of funds in the One  
30 North Carolina Small Business Fund at the end of each fiscal quarter. The report shall  
31 contain information on the disbursement and use of funds allocated under the One North  
32 Carolina Small Business Fund. The report is due no later than one month after the end  
33 of the fiscal quarter and must be submitted to the following:

34 (1) The Joint Legislative Commission on Governmental Operations.

35 (2) The chairs of the House of Representatives and Senate Finance  
36 Committees.

37 (3) The chairs of the House of Representatives and Senate Appropriations  
38 Committees.

39 (4) The Fiscal Research Division of the General Assembly."

40 **SECTION 3.** There is appropriated from the General Fund to the One North  
41 Carolina Fund, created pursuant to G.S. 143B-437.71, the sum of five million dollars  
42 (\$5,000,000) for the 2005-2006 fiscal year. Of the funds appropriated by this section,  
43 the Department of Commerce may use up to three hundred thousand dollars (\$300,000)

1 to cover its expenses in administering the One North Carolina Fund and other economic  
2 development incentive grant programs during the 2005-2006 fiscal year.

3 **SECTION 4.** This act becomes effective July 1, 2005.