



2021 End of Session Legislative Recap:

Small Business Priority Area

On November 19, the [2021-2023 FYS Conference Budget](#) was signed into law ending a three-year streak during which the state operated without a comprehensive budget. The [600+ page](#) document [allocates](#) \$25.9 billion this fiscal year followed by \$27 billion in 2022-2023 and includes a handful of compromises resulting from negotiations between the General Assembly and Governor Cooper. While a final deal did not emerge from these discussions, Cooper [announced](#) prior to a legislative vote that he intended to sign the budget as he recognized the critical investments made while noting disappointments and missed opportunities.

Despite our disappointment that the final Conference Budget failed to include Medicaid Expansion, the NC Rural Center sees opportunity in the unprecedented investments for rural North Carolina, as the budget bill appropriates spending across all five [Rural Counts Advocacy Priorities](#) and includes funding for policy recommendations made in the [North Carolina New Small Business Plan](#). See below for details on how the budget benefits small businesses and entrepreneurs across North Carolina and [click here for a table](#) comparing the final allocations to each chamber's original proposals.

2021-23' Biennium State Budget Allocations

The 2021-23' State Budget was passed by the General Assembly and signed into law by Governor Cooper on November 19, 2021. This budget funds state departments, institutions, agencies, and other expenditures through the 2023 fiscal year.

\$ 120.5 M

for the [State Small Business Credit Initiative \(SSBCI\)](#), a program managed by the NC Rural Center that works with lending institutions to increase their own lending capacity and provide more direct loans to small businesses in local communities throughout the state.

\$ 3 M

in nonrecurring funding, for the [One North Carolina Small Business Program](#), with an additional **\$ 2 million recurring** investment each year to matching and incentive grant program to small business applying for and leveraging federal Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) grant programs.

\$ 5 M

to the [NC Rural Center](#) for a capacity-building grants program for [Community Development Financial Institutions \(CDFI\)](#), across North Carolina to expand their operations and reach more entrepreneurs.

\$ 20 M

for the [RETOOLNC Grants Program](#), administered by [The Department of Administration Office for Historically Underutilized Businesses \(HUB\)](#) in partnership with [Carolina Small Business Development Fund](#) and the [North Carolina Institute of Minority Economic Development](#), to provide additional grants to small, historically underutilized businesses.

\$ 500 K

each year for the creation of the [Shellfish Growers Loan Program](#), a new loan program managed by the [NC Rural Center](#) to increase the accessibility of working capital for small NC shellfish farmers.

2021-23' Biennium State Budget Allocations (continued)

\$ 500 M

for the creation of the [Business Recovery Grant Program](#), to be disbursed to businesses in the hospitality and entertainment sectors that suffered substantial economic damages from the COVID-19 pandemic. The program gives preference to those who have not yet received prior assistance such as Paycheck Protection Program (PPP) and other grants. [Read more about the grant program here.](#)

\$ 50 M

for [Rural Downtown Transformation Grants](#), to be administered by the [Department of Commerce, Rural Economic Developmental Division \(REDD\)](#), for funding of neighborhood revitalization grants and community development enhancement grants in Tier 1 and Tier 2 counties.

\$ 3 M

to the [Carolina Associated General Contractor's Foundation \(CAGC Foundation\), Inc.](#) to conduct a contractor business academy for historically underutilized businesses.

\$ 1.5 M

for the [Department of Commerce](#) for its contract with the [Economic Development Partnership of North Carolina \(EDPNC\)](#) for rural tourism recovery.

2021 Long Session: Legislation Update

- [H969: Small Business Truth in Financing](#) - Requires non bank commercial lenders to provide disclosures of the financing costs of their products by using standard language to disclose terms, fees, and conditions including annual percentage rate (APR). This will ensure small business owners looking to establish or grow their businesses have the information they need to easily understand costs and make apples-to-apples comparisons between financing offers.
 - The bill was introduced in the House.
- [S228: Allow Employers to Offer EPO Benefit Plans](#) - Allows insurers to offer exclusive provider benefit health plans. These plans would only offer out-of-network coverage for emergency services and for medically necessary services in situations when an in-network provider was not reasonably available. The bill established continuity of care provisions to account for transitional coverage periods.
 - The bill was signed into law on September 10.
 - NOTE: This bill was included in the Senate 2021-2023 FY budget proposal
- [H624- North Carolina Regulatory Sandbox Act](#) - Waives certain regulations so that financial tech innovations can be tested in the marketplace for a limited time. The intention is to bring products to the market faster while preserving consumer protections.
 - This bill was signed into law on October 15.

2021 Long Session: Legislation Update *(continued)*

- [S493: JDIG Multilocation Projects Modifications](#) - Increases the annual Job Development Investment Grant (JDIG) for any business headquarters relocating in the state by 20 percent if the business meets certain requirements, such as relocating its out-of-state manufacturing operation to a Tier 1 or Tier 2 area. The bill's intention is to incentivize certain businesses to create full time jobs in the state.
 - The bill passed the Senate on April 27.
- [H680: Reenact Qualified Business Venture Credit](#) - Reinstates tax credits for people who invest in certain qualified business ventures—including those engaged primarily in manufacturing, processing, warehousing, wholesaling, research and development, service-related, or commercialization of IT—that has a gross revenue of up to \$5 million, qualified grantee businesses, and qualified licensee businesses. The bill also increases the tax credit by 10 percent for investments made in opportunity zones or Tier 1 or 2 counties.
 - This bill was introduced in the House.
- [H899: NC Work and Save](#) - Would establish a Small Business Retirement Savings Program and would create the North Carolina Small Business Retirement Board. This board would design and administer payroll deduction retirement savings programs in partnership with private sector entities, to be offered to employers that do not maintain tax-qualified retirement plans for their employees.
 - This bill was introduced in the House.
 - This bill was included in the House Budget Proposal
- [S568: Expand Minority Business Capacity](#) - Appropriates funding to the Office of Historically Underutilized Businesses for various programs to help support and develop African American– and minority-owned businesses and encourage their participation in State contracts. Additionally includes funding for the ReTOOLNC grant program to assist HUB in recovering from the economic impacts of the pandemic.
 - This bill was introduced in the Senate.
 - ReTOOLNC funding included in the Conference Budget



To view North Carolina's New Business Plan and join the NC Small Business Coalition. visit:

bit.ly/small-biz-coalition

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