



SENATE BILL 172: Additional COVID-19 Response & Relief.

2021-2022 General Assembly

Committee:	Senate Appropriations/Base Budget.	If Date:	April 28, 2021
	favorable, re-refer to Rules and Operations of the Senate		
Introduced by:	Sens. B. Jackson, Harrington, Hise	Prepared by:	Luke Gillenwater
Analysis of:	PCS to First Edition		Dan Ettefagh
	S172-CSMLa-2		Staff Attorney

OVERVIEW: *Senate Bill 172 (S172) establishes the State Fiscal Recovery Reserve and Fund, Coronavirus Capital Projects Reserve and Fund, and Local Fiscal Recovery Reserve and Fund, to maintain funds paid to the State from the Coronavirus State Fiscal Recovery Fund, Coronavirus Capital Projects Fund, and Coronavirus Local Fiscal Recovery Fund; appropriates funds from the Local Fiscal Recovery Fund for distribution to nonentitlement units of local government; appropriates certain federal grant funds provided to the State under the American Rescue Plan Act; and makes technical and other changes.*

[As introduced, this bill was identical to H196, as introduced by Reps. Faircloth, Bumgardner, K. Hall, Strickland, which was enacted in law as S.L. 2021-3.]

BILL ANALYSIS: S172 does the following:

- **Section 1.1** – Sets the definitions that apply in the act.
- **Section 1.2** – Requires each State agency or department that receives federal grant funds under Section 3.2 of this act to submit a quarterly report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division detailing the use of funds.
- **Section 2.1** – Establishes the State Fiscal Recovery Reserve to maintain federal funds received from the Coronavirus State Fiscal Recovery Fund authorized under the American Rescue Plan Act.
- **Section 2.2** – Establishes the State Fiscal Recovery Fund. Pursuant to subsequent legislation, funds from the State Fiscal Recovery Reserve will be transferred to the State Fiscal Recovery Fund and used for purposes allowed under the American Rescue Plan Act.
- **Section 2.3** – Establishes the Coronavirus Capital Projects Reserve to maintain federal funds received from the Coronavirus Capital Projects Fund authorized under the American Rescue Plan Act.
- **Section 2.4** – Establishes the Coronavirus Capital Projects Fund. Pursuant to subsequent legislation, funds from the Coronavirus Capital Projects Reserve will be transferred to the Coronavirus Capital Projects Fund and used for purposes allowed under the American Rescue Plan Act.
- **Section 2.5** – Establishes the Local Fiscal Recovery Reserve (Local Reserve) to maintain federal funds received from the Coronavirus Local Fiscal Recovery Fund authorized under the American Rescue Plan Act.

Kory Goldsmith
Director



Legislative Drafting
919-733-6660

Senate PCS 172

Page 2

- **Section 2.6** – Establishes the Local Fiscal Recovery Fund (Local Fund) to provide funds to nonentitlement units of local government to use in accordance with the American Rescue Plan Act.
- **Section 3.1** – Does the following:
 - Subsection (a) directs the State Controller to transfer funds from the Local Reserve to the Local Fund.
 - Subsection (b) appropriates the funds in the Local Fund to OSBM to be distributed to and used by nonentitlement units of local government in accordance with the American Rescue Plan Act and any applicable federal guidance.
 - Subsection (c) directs OSBM to distribute the funds within a certain timeframe to the nonentitlement units of local government and directs OSBM to submit a copy to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House Appropriations Committee, and the Fiscal Research Division, of any extension it submits to the United States Secretary of Treasury seeking more time to distribute the funds to the nonentitlement units of local government.
 - Subsection (d) directs the return to the United States Secretary of the Treasury of any funds received in excess of the capped amount provided to nonentitlement units of local government.
 - Subsection (e) directs OSBM to submit a report to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House Appropriations Committee, and the Fiscal Research Division, detailing the amount of funds provided to nonentitlement units of local government under this act.
- **Section 3.2** – Appropriates certain federal funds received by the State under the American Rescue Plan Act and specifies the estimated amounts to be received by the State.
- **Section 3.3** – Specifies that the Homeowner Assistance Fund funds received by the State under the American Rescue Plan Act is to be administered by the North Carolina Housing Finance Agency.
- **Section 3.4** – Does the following:
 - Subsection (a) establishes the definition of "Emergency Rental Assistance funds" used in the section.
 - Subsection (b) repeals prior requirements placed on Emergency Rental Assistance funds received by the State under The Consolidated Appropriations Act, 2021, P.L. 116-260.
 - Subsection (c) specifies that the agency responsible for administering the Emergency Rental Assistance funds is the Office of Recovery and Resiliency in the Department of Public Safety (Office).
 - Subsection (d) sets out the maximum amount of Emergency Rental Assistance funds reserved or allotted for counties that received a direct allocation from the federal Emergency Rental Assistance program.
 - Subsection (e) provides that (i) the amounts in subsection (d) may be adjusted pursuant to other authority in the section, (ii) the counties listed in subsection (d) must exhaust their direct allotment before expending any of the State allotment provided in subsection (d),

Senate PCS 172

Page 3

- and (iii) the counties listed in subsection (d) are ineligible to receive funds under subsection (f).
- Subsection (f) sets out the maximum amount of Emergency Rental Assistance funds reserved or allotted for modified council of government regions.
 - Subsection (g) provides (i) that the amounts in subsection (f) may be adjusted pursuant to other authority in the section, (ii) what the awards to residents shall be based on, and (iii) that the Office shall provide awards until the maximum allotments set forth in subsection (f) has been exhausted.
 - Subsection (h) directs the Office, in administering the funds, to work with the applicable council of governments and regional planning commissions in planning, disseminating information, providing application assistance, and providing other services requested by the Office.
 - Subsection (i) directs the Office to establish a hotline to provide eligible households with case management and other services related to the COVID-19 public health emergency, and sets a cap on the amount of Emergency Rental Assistance funds that may be used for administrative costs, housing stability services, and the hotline.
 - Subsection (j) specifies that the use of Emergency Rental Assistance funds shall be in accordance with applicable federal law or guidance.
 - Subsection (k) directs the Office to report by July 1, 2021, to the Chairs of the House Appropriations Committee, the Chairs of the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division, on the use of funds.
 - Subsection (l) sets forth the process to be used by the Office if the amount of Emergency Rental Assistance funds is different from the amount estimated to be received.
- **Section 3.5** – Provides that the Elementary and Secondary School Emergency Relief Fund funds appropriated in this act shall only be used to allocate federal grant funds to public school units.
 - **Section 3.6** – Specifies that this act does not appropriate any federal funds received from the Coronavirus State Fiscal Recovery Fund or the Coronavirus Capital Projects Fund.
 - **Section 4.1** – Extends to June 30, 2024, the date by which certain disaster funds may be expended before reverting.
 - **Section 4.2** – Revises how funds provided to the YMCA of the Triangle Area, Inc., from the Coronavirus Relief Fund under S.L. 2020-4 may be used.
 - **Section 4.3** – Revises the continuing budget authority in G.S. 143C-5-4 as follows:
 - Specifies that funds are to be allocated at a level not to exceed the level of those funds in the recurring certified budget for the prior fiscal year.
 - Specifies that the Director of the Budget may continue to allocate funds appropriated for capital improvement projects and the implementation of information technology projects.
 - Eliminates the prohibition on automatic transfers to the Savings Reserve and the State Capital and Infrastructure Fund.
 - Specifies that the authority to spend grant funds applies to grant funds that were not included in the base budget for the fiscal year in which the grant was awarded.

Senate PCS 172

Page 4

- Provides that State agencies may spend up to the greater of one percent (1%) or ten million dollars (\$10,000,000) of the total amount of grants awarded to respond to an emergency. This is subject to the approval of the Director of the Budget, and the relevant State agency is to report to the Joint Legislative Commission on governmental Operations within 30 days of receipt of such funds.
- **Section 4.4** – Directs OSBM to reallocate up to the sum of ten million dollars (\$10,000,000) of unspent funds remaining in the Coronavirus Relief Fund established under S.L. 2020-4 to the Division of Emergency Management for unmet needs related to the FEMA Public Assistance program in response to COVID-19.
- **Section 4.5** – Extends the time to apply for Extra Credit Program grants from May 31, 2021, to July 1, 2021.
- **Sections 5.1 and 5.2** – Boilerplate provisions.

EFFECTIVE DATE: Except as otherwise provided, this act is effective when it becomes law.