

July 30, 2020

North Carolina Launches Job Retention Grant Program to Aid North Carolina Businesses and Non-Profits

Within the last few weeks, you have likely seen or heard reports of a new \$1 trillion COVID-19 relief bill currently working its way through the United States Senate. This new relief bill is proposed, in part, because the \$600 per week unemployment benefit supplement expires on July 31, 2020, leaving many unemployed Americans still in need. As you may recall, this supplement was a key component to the \$2.2 trillion CARES Act, which also pushed millions of dollars to states to aid in their response to the pandemic. In early July, North Carolina passed HB 1023, which allocates a large portion of those funds – approximately \$2 billion in total – for its own economic relief program.

For North Carolina businesses that did not participate in the federal Paycheck Protection Program (PPP) and are still struggling due to COVID-19 and the resulting economy, HB 1023 offers another opportunity to cash in on COVID-19 relief through the establishment of a Job Retention Grants program. It is unclear how the new federal COVID-19 relief package may affect eligibility for North Carolina Job Retention Grants, so we recommend working with an attorney prior to applying for either program.

HB 1023 allocates roughly \$15 million to the North Carolina Department of Commerce to issue Job Retention Grants through a newly established Economic Investment Committee. Like the PPP, Job Retention Grants have a requirement that employers keep their employees (mostly) employed. In addition to the eligibility requirements set forth below, these grants are available to both nonprofit and for-profit businesses that have **not** already participated in the federal PPP, the federal Main Street Lending Program, or the North Carolina Rapid Recovery Loan Program.

Generally, an employer is eligible for a Job Retention Grant if they meet the following conditions:

Related Practices

CARES Act Relief
COVID-19 Resource Center

1. Between March 1, 2020 and March 31, 2020, the business employed at least 90 percent of the number of full-time employees (or equivalents) as it did for the pay period ending on or about February 28, 2020; and
2. The business can demonstrate a 10 percent loss in sales between March 1, 2020 and March 31, 2020, when compared to the same period from 2019; or
3. A nonprofit business can demonstrate a 10 percent loss in revenue between March 1, 2020 and March 31, 2020, when compared to the same period from 2019.

If a business is eligible, it may receive a grant in the amount equivalent to two month's average payroll plus an additional 25 percent. However, the grant may not exceed \$250,000. Job Retention Grant applications must be submitted by **September 1, 2020** in order to be considered. More information is available on the North Carolina Department of Commerce's website.

We recommend business owners carefully weigh the pros and cons of the North Carolina Job Retention Grant against any benefit (if any) contained in the pending COVID-19 relief package currently in the Senate. It's possible a business might be eligible for one or both of the programs, but until we know more, it is best to consider each option separately.

Related People

Adam Banks

Senior Counsel

apbanks@michaelbest.com

T 984.220.8750

Anthony Biller

ajbiller@michaelbest.com

T 984.220.8744

Ashley Felton

Senior Counsel

alfelton@michaelbest.com

T 984.220.8764