

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 1156

Short Title: Critical Technologies Research Fund. (Public)

Sponsors: Representatives Roberson, Saine, Szoka, and K. Hall (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

May 31, 2022

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE CRITICAL TECHNOLOGIES RESEARCH FUND.
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 2L. Critical Technologies Research Fund.

7 **"§ 143B-437.110. Critical Technologies Research Fund.**

8 (a) Fund. – There is established the Critical Technologies Research Fund to be
9 administered by the North Carolina Board of Science, Technology, and Innovation. In order to
10 support research into critical technologies that may enhance the economic competitiveness of
11 this State and promote the national security and energy independence from foreign energy
12 sources, the Board may provide competitive grants to eligible entities to support critical
13 technologies research and matching funds for federal grants.

14 (b) Use of Funds; Eligibility. – Funds shall be used to provide competitive grants to
15 eligible entities to support critical technologies research and matching funds for federal grants.
16 The Board shall prioritize grants for applicants in accordance with subsections (d) and (e) of this
17 section. At least fifty percent (50%) of the grants shall be used for matching requirements for
18 eligible entities receiving federal grants. Each grant from the Fund shall have a maximum of two
19 hundred thousand dollars (\$200,000). In administering the Fund, the Board shall consider
20 time-sensitive needs for grant applicants and ensure the grant application process is accelerated
21 to ensure eligible entities are competitive for federal grant applications and research competition.
22 The Board may allocate up to ten percent (10%) of the balance of the Fund each fiscal year for
23 eligible entities located in this State for any other purpose the Board determines to be in alignment
24 with the purpose of the Fund. The Board may use up to five percent (5%) of the funds for
25 administrative costs in operating the Fund.

26 (c) Definitions. – The following definitions apply in this Part:

27 (1) Board. – North Carolina Board of Science, Technology, and Innovation.

28 (2) Business. – A corporation, sole proprietorship, cooperative association,
29 partnership, S corporation, limited liability company, nonprofit corporation,
30 or other form of business organization located in this State.

31 (3) Critical technology. – Any of the following technologies meeting the criteria
32 of NASA TRL 3 through 6:

33 a. A clean energy or clean transportation technology, including the
34 manufacturing of semiconductors.

35 b. Cybersecurity technology.



- 1 c. Technology essential to supporting, maintaining, or constructing the
2 domestic electrical grid, or for proper handling or management of
3 recycling or reusing decommissioned renewable energy equipment.
4 d. Drinking water infrastructure.
5 e. Any materials or components directly used in the technologies listed
6 in this subdivision.
7 f. Integrated clean energy systems that combine one or more elements of
8 recycling process and programs, including microgrids.
9 g. The implementation needs and market barriers for critical
10 technologies.
11 (4) Eligible entity. – A business, for-profit corporation, nonprofit corporation,
12 postsecondary constituent institution of The University of North Carolina, as
13 defined in G.S. 116-2(4), community college, as defined in G.S. 115D-2(2),
14 or eligible private postsecondary institution, as defined in G.S. 116-280(3),
15 located in this State.
16 (5) Fund. – Critical Technologies Research Fund.
17 (6) NASA. – National Aeronautics and Space Administration.
18 (7) TRL. – Technology Readiness Level.
19 (d) First Tier Prioritization. – The Board must prioritize the following areas of research
20 for grants prior to considering priority factors listed in subsection (e) of this section.
21 (1) Recycling of electric vehicle batteries.
22 (2) Recycling of batteries for residential or utility-scale energy storage.
23 (e) Second Tier Prioritization. – Except as provided in subsection (d) of this section, the
24 factors for second tier prioritization in this subsection apply to applications for grants from the
25 Fund. The Board must prioritize the following factors when evaluating applications:
26 (1) The grant applicant would use the funds as required matching funds for federal
27 grants.
28 (2) The critical technology would aim to reduce domestic dependence on foreign
29 energy.
30 (f) Exemption. – If a grant application is for an area of research listed in sub-subdivisions
31 (c)(3)f. and g. of this section, then the grant application is exempt from any TRL requirement in
32 this section. No more than twenty percent (20%) of the Fund shall be used for the purpose listed
33 in sub-subdivision (c)(3)g. of this section.
34 (g) Grant Conditions. – Grants are made pursuant to an agreement with an eligible entity
35 that includes, at a minimum, all of the following:
36 (1) A provision requiring an eligible entity to certify in writing that it will use the
37 grant provided from the Fund for the agreed purpose reflected in the grant
38 application.
39 (2) A provision establishing the method for determining compliance with the
40 grant conditions.
41 (3) A provision requiring recapture of the grant funds if the eligible entity fails to
42 comply with the requirements of the grant.
43 (h) Failure to Comply with Grant Requirements. – If an eligible entity receiving a grant
44 fails to meet or comply with any condition or requirement set forth in an agreement or with
45 criteria developed by the Board, the Board may reduce the amount of the grant or may terminate
46 the agreement, or both. The reduction in the amount of the grant must, at a minimum, be
47 proportional to the failure to comply measured relative to the condition or criterion with respect
48 to which the failure occurred. The Board shall notify an affected entity of the reduction to its
49 grant payment.
50 (i) Report. – No later than March 1 of each year in which grants are disbursed or there is
51 a cash balance remaining in the Fund, the Board shall submit a report to the Joint Legislative

1 Economic Development and Global Engagement Oversight Committee and the Fiscal Research
2 Division. Each report shall contain, at a minimum, all of the following:

3 (1) The number of grants awarded.

4 (2) The average grant amount.

5 (3) The total amount granted to date.

6 (4) The entities that have received a grant and a summary and description of each
7 grant.

8 (5) The total amount of grants that have been recaptured."

9 **SECTION 2.** There is appropriated from the General Fund to the Department of
10 Commerce the sum of four million dollars (\$4,000,000) in nonrecurring funds for the 2022-2023
11 fiscal year for the Critical Technologies Research Fund.

12 **SECTION 3.** This act becomes effective July 1, 2022.