

GUIDELINES FOR NORTH CAROLINA AGRICULTURAL MANUFACTURING AND PROCESSING INITIATIVE (NCAMPI)

BACKGROUND

North Carolina has enjoyed considerable success in growing and diversifying economic development and agriculture, its number one industry. There currently is a lack of capacity for value-added processing of agricultural commodities in proximity to the farms that produce those commodities, which could limit future agricultural and economic growth.

To that end, the North Carolina General Assembly established the North Carolina Agricultural Manufacturing and Processing Initiative (“NCAMPI”) as part of the state’s FY 2023-24 budget legislation.ⁱ The Initiative is to be administered by the North Carolina Department of Agriculture and Consumer Services (“Department”). The purposes of the program include:

1. Provide support for agricultural processing opportunities that increase jobs and local property tax bases across the state and/or reduce costs and increase profit options for North Carolina farmers and growers.
2. Identify and assess opportunities to increase value-added processing of commodities produced in the state and fill geographic and commodity gaps across the state
3. Market and recruit facilities to fill such gaps and meet such opportunities
4. Support eligible entities with funding for eligible costs necessary to create or expand agricultural manufacturing facilities and projects related to increased demand for agricultural products

ACTIVITIES AND PROGRESS TO DATE

The Department will separately issue requests for proposals for the identification and assessment by industry-recognized experts to identify and assess opportunities to meet program purposes.ⁱⁱ These guidelines will help inform the use of future funds allocated to NCAMPI for grants to local governments, other nonstate governmental entities, institutions of higher education, or nonprofit organizations to support the creation or expansion of agricultural manufacturing facilities and businesses that would result in increased demand for North Carolina agricultural products. In order to take advantage of time-sensitive opportunities, these guidelines will govern until the assessment is available.

The Department has consulted with the Economic Development Partnership of North Carolina (EDPNC) on these guidelines.

PROPOSED GUIDELINES FOR THE 2023-24 FISCAL YEAR

Scope of Guidelines

These guidelines apply to the funds appropriated by the General Assembly to the NCAMPI for use by the Department for the 2023-24 state fiscal year to award grants authorized by Section 10.2.(b)(3) of Session Law 2023-134, the 2023 Appropriations Act (the "Act"). They are designed to provide internal direction and guidance to Department officials responsible for the administration of the Initiative. The Department anticipates receiving the results of the evaluations authorized by Section 10.2.(b)(1) of the Act before the 2024-25 fiscal year and may, in its discretion, amend the guidelines for that fiscal year.

Comment Period on Guidelines

These guidelines were published on February 13, 2024, on the Department website and noticed to persons who have requested notice of guidelines at least 20 days before the effective date of these guidelines and any nontechnical amendments to the guidelines. The Department has received oral and written comments on the proposed guidelines and considered such comments before finalizing the guidelines.

Eligible Applicants

The applicant must be a local government or nonprofit economic development entity.

Eligible Purposes

The Act specifies that grants may be awarded for the purpose of supporting agricultural manufacturing facilities. Agricultural manufacturing facilities are those manufacturing facilities that utilize North Carolina agricultural products as significant inputs in their processes. The Act also has the purpose of increasing markets and value for North Carolina agricultural products, so other projects that meet that purpose and increase jobs and taxable property in North Carolina may also be considered, subject to the availability of funds.

Eligible uses of funds awarded as grants include:

- Design and construction of infrastructure, including but not limited to water, wastewater, and transportation to serve a site or sites to be used by agricultural manufacturing facilities;
- Site development costs that will be incurred by the applicant or private partner;
- Building construction or rehabilitation costs that will be incurred by the applicant or private partner;
- Equipment that will be used by the private partner; and
- Other expenses necessary to carry out the purposes of the NCAMPI, not otherwise inconsistent with other provisions of law or the state and federal constitutions.

Expenses that are **not** eligible for the 2023-24 funding cycles include, but are not limited to:

- Expenses that are not for the purposes of supporting agricultural manufacturing facilities or otherwise providing additional benefits to North Carolina farmers and growers;
- Expenses that otherwise could have been paid or reimbursed by other state government economic development programs, subject to the interpretation and discretion of the Department;
- Expenses related to shared-use facilities and/or incubators;
- Expenses in excess of the benefits of the project; and
- Expenses related to a facility not to be used by a business entity as defined in N.C.G.S. 55-1-40.

Grant funds are not to be used for expenses incurred prior to the date the grant was awarded.

Grant Application and Award Process

The Department anticipates the availability of an application within a reasonable amount of time following the effective date of the program guidelines. The application shall be completed and submitted online.

The Department will accept applications on a rolling basis, subject to the availability of funds, in order to maximize the timeliness of fund availability. Nothing herein binds the Department to more than one application deadline.

Upon receipt and verification of a complete (all required documents and attachments received) application, the Department will:

- Conduct virtual and/or in-person site visits to verify and conduct further due diligence;
- Evaluate the grant requests; and
- If approved, provide a copy of the proposed agreement to the applicant.

The Department's Division of Marketing ("Division") shall provide staff and consultants (as needed) to accomplish this review and evaluation. Grants will be approved by the Commissioner of Agriculture, or his designee, after receiving recommendations from the Division. The Division may consult other statewide economic development entities and other knowledgeable independent entities as part of the review, but the Department's decision is final.

Evaluation Criteria

The award and amount of any grant to support eligible projects will depend on, but not be limited to, the following factors:

- Evidence that the project will result in reduced costs and/or increased markets for North Carolina agricultural products. Reductions in farmer and grower transportation costs and reduced damage rates for agricultural products are examples of these factors;
- Evidence that the project will fill a geographic and/or product gap;
- Extent to which the project increases the diversity and competitiveness of value-added goods and products;
- Local government participation/support in the project/leverage;
- Private investment in the project/leverage;
- Proximity of the project to concentration of the agricultural product used in the project;
- Level of economic distress of the community and/or county in which the project is located;
- Benefit to small and medium-sized farming and growing operations and businesses
- Number of jobs resulting from the project;
- Wages and benefits provided by these jobs; and
- Increase in property tax base.

The amounts of any individual awards may not exceed the lesser of:

- a) Five million dollars (\$5,000,000); or
- b) 50 percent of the private investment of the project; or
- c) The benefit to North Carolina including but not limited to: farmers and growers in terms of reduced transportation costs, reduced product damage, and increased sales from the project and increased state and local tax revenues expected to result from the project.

The applicant must also provide a match of the lesser of:

- a) Five percent of the grant award, or
- b) Fifty thousand dollars (\$50,000).

Waivers of the match in cases of extreme fiscal hardship may be considered.

Performance Assurance

The grantee must allow the Department or its agents to all records necessary to protect the State's interest in the funds and, as appropriate, to require return of funds in cases of failure to comply with the performance agreements negotiated between the parties.

The grantee must show evidence of a performance agreement with the private business entity as to remedies for the failure to achieve the benefits that are expected to result from the project that are the basis for the grant awards.

Consistency

The general procedure outlined in these guidelines is intended to be applied consistently to all applicants. Significant deviations in procedure should only occur when, in the interest of discretion and consideration of particular and unusual circumstances, it is concluded in the exercise of sound discretion that the best interests of the State and the Initiative will be advanced. Such deviations should be noted when they occur.

Disbursement of Funds

Funds shall be provided by the Department to grantees on a reimbursement basis. Grantees should submit, on a prescribed form, an application for payment that includes an invoice/invoices and evidence of payment by the grantee. In its sole discretion, the Department may make a payment to a grantee with a) an invoice due and b) evidence of financial hardship instead of a reimbursement. Payments may be made once a quarter, except in extreme circumstances.

Other Considerations

To the extent the General Assembly's allocation of moneys to the Fund directs a use or process different than those set out in these guidelines, the General Assembly's direction controls and supersedes these guidelines.

All grants are subject to the availability of funds. Nothing in these guidelines shall be construed to create any right to funds by any entity. Nor shall these guidelines be deemed to be a contract between any applicant or third party and the North Carolina Department of Agriculture and Consumer Services.

i <https://webservices.ncleg.gov/ViewNewsFile/80/H259-CCSMHxr-6%20v17>, Section 10.2, pp. 324-326.

ii <https://webservices.ncleg.gov/ViewNewsFile/80/H259-CCSMHxr-6%20v17>, Section 10.2(b)(1)