1	02 NCAC 57 .0	01 is amended as published in 31:22 NCR 2215 as follows:
2		
3	02 NCAC 57 .0	01 POLICY
4	(a) North Care	na's prosperity has historically been supported by its agricultural economy and particularly by the
5	tobacco related	egment of its agricultural economy.
6	(b) The tobacc	related segment of the State's economy is experiencing severe economic hardship as it confronts
7	national decline	n the use and demand for tobacco products.
8	(c) The Master	Settlement Agreement between North Carolina and various cigarette manufacturers has contribute
9	to the decline in	he tobacco related segment of the State's economy. It is therefore appropriate for some of the mone
10	from the Maste	Settlement Agreement to be spent for the public purpose of alleviating or avoiding unemployment
11	and fiscal distr	ss in the tobacco-related segment of the State's economy, stabilizing local tobacco-dependent
12	economies, stab	izing and maintaining local tax bases, and optimally using natural resources.
13	The rules of this	Chapter are to implement the Tobacco Trust Fund as set forth in Article 75 of G.S 143.
14	Applications for	the following programs shall be submitted in accordance with the rules set forth in Section .0200 c
15	this Chapter:	
16	<u>(1)</u>	Compensatory programs as defined in G.S. 143-716(2); and
17	<u>(2)</u>	Qualified agricultural programs as defined in G.S. 143-716(6).
18		
19	History Note:	Authority G.S. 143-715; 143-718;
20		Temporary Adoption Eff. May 15, 2002;
21		Eff. April 15, 2003;
22		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 2
23		2015
24		Amended Eff. September 1, 2017.

1 2	02 NCAC 57 .0	102 is repealed as published in 31:22 NCR 2215 as follows:
3	02 NCAC 57 .0	0102 AUTHORIZATION
4		
5	History Note:	Authority G.S. 143-715; 143-718;
6		Temporary Adoption Eff. May 15, 2002;
7		Temporary Adoption Eff. June 29, 2002;
8		Eff. April 15, 2003;
9		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24
10		2015.
11		Repealed Eff. September 1, 2017.

AGENCY: Tobacco Trust Fund Commission

RULE CITATION: 02 NCAC 57 .0103

**DEADLINE FOR RECEIPT: Monday, August 7, 2017** 

<u>PLEASE NOTE:</u> This request when viewed on computer extends several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this rule prior to the Commission's next meeting. The Commission has not yet reviewed this rule and therefore there has not been a determination as to whether the rule will be approved. You may call this office to inquire concerning the staff recommendation.

In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

Line 17, consider adding a comma after "roll your own tobacco"

Line 21, consider adding a comma after "warehousemen"

I	02 NCAC 57 .01	03 is amended as published in 31:22 NCR 2216 as follows:
2		
3	02 NCAC 57 .01	103 DEFINITIONS
4	In addition to the	e definitions contained in G.S. 143-716-G.S. 143-716, the following definitions apply: apply to this
5	Chapter:	
6	(1)	Lost Quota. The difference in total aggregate annual tobacco quota poundage between the year in
7		question and 1997;
8	(2)	Person. An individual human being;
9	<del>(3) <u>(1)</u></del>	Tobacco allotment. An amount of tobacco allowed to be grown on a tract of land;
10	<del>(4) <u>(2)</u></del>	Former Tobacco allotment holder. A person who, at the time of the grant application, owns-Master
11		Settlement Agreement owned a certain amount of tobacco quota on a tract of land, as determined
12		by the U.S. Farm Service Agency records for the county in which the quota is located;
13	(5)	Tobacco grower. Tobacco producer;
14	<del>(6) <u>(3)</u></del>	Tobacco producer. producer or grower. A person or entity actively engaged in planting, growing,
15		harvesting and marketing tobacco, or who shares in the expense of producing the crop, and for that
16		reason is entitled to share in the revenues derived from marketing the crop;
17	<del>(7) <u>(4)</u></del>	Tobacco products. Cigarettes, cigars, smokeless tobacco, pipe tobacco, roll your own tobacco or
18		any other tobacco product sold at retail intended for human consumption; and
19	<del>(8) <u>(5)</u></del>	Tobacco-related segment of the State's agricultural economy. That part of the State's agricultural
20		economy that includes tobacco producers, <u>former</u> tobacco allotment holders, persons who work on
21		tobacco farms and tobacco auction-related workers or warehousemen and others in tobacco-
22		dependent communities as determined by the Commission in a grant or contract approval.
23		
24	History Note:	Authority G.S. 143-716; 143-718;
25		Temporary Adoption Eff. May 15, 2002;
26		Temporary Adoption Eff. June 29, 2002;
27		Eff. April 15, 2003;
28		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24,
29		2015.
30		Amended Eff. September 1, 2017.

1 2	02 NCAC 57 .0	2010203 are repealed as published in 31:22 NCR 2216 as follows:
3	02 NCAC 57 .0	2201 PURPOSE
4	02 NCAC 57 .0	202 TYPES OF PROGRAMS
5	02 NCAC 57 .0	203 ELIGIBILITY TO RECEIVE GRANTS
6		
7	History Note:	Authority G.S. 143-718; 143-720;
8		Temporary Adoption Eff. May 15, 2002;
9		Eff. April 15, 2003;
10		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24,
11		2015.
12		Repealed Eff. September 1, 2017.

AGENCY: Tobacco Trust Fund Commission

RULE CITATION: 02 NCAC 57 .0204

**DEADLINE FOR RECEIPT: Monday, August 7, 2017** 

<u>PLEASE NOTE:</u> This request when viewed on computer extends several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this rule prior to the Commission's next meeting. The Commission has not yet reviewed this rule and therefore there has not been a determination as to whether the rule will be approved. You may call this office to inquire concerning the staff recommendation.

In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

Lines 14 and 16, consider deleting the extra "or" as they appear unnecessary in the list of items

Line 24, consider adding a comma after "cooperative"

Line 26, consider adding a comma after "goals"

Line 36, consider adding an "or" after "Trust;" to join the items in the list

1	02 NCAC 57 .02	204 is amended as published in 31:22 NCR 2216 as follows:
2		SECTION 0200 COMPENSATORY PROCESS AN ORANGS
3		SECTION .0200 - <del>COMPENSATORY</del> PROGRAM GRANTS
4 5	02 NCAC 57 .0	204 APPLICATIONS FOR GRANTS
6		ssion shall designate specific dates for submission of grant applications. based on the amount of funds
7		application submission dates will shall be announced in the call for proposals by on the Commission
8		obaccotrustfund.org at least-not less than 30 days before the application is date applications are due.
9	_	esals applications shall be typed or printed and an original and four copies timely submitted to the
10		hand-delivery, by a designated delivery service authorized pursuant to G.S. 1A-1, Rule 4, or by U.S
11	·	nline portal. Applications shall be deemed timely submitted as follows:
12	(1)	if delivered by hand to the Commission's physical office and signed for by Commission staff before
13	<u> </u>	5:00 P.M.by the end of the business day on designated date announced in the call for proposals; on
14		the submission date; or
15	<u>(2)</u>	by if <u>delivered</u> by designated delivery service, whereby the parcel which package bears a shipping
16		date on or before the submission date; or
17	<u>(3)</u>	by if placing into the U.S. Mail, addressed to 1080 Mail Service Center, Raleigh, NC 27699 and
18		postmarked on or before the submission date. date; or
19	<u>(4)</u>	submitted through online portal buy due date. Applicants may will also provide an electronic
20		courtesy copy formatted in Microsoft Word or Adobe Acrobat.
21	(c) To be consi	dered for funding, applicants shall complete the Tobacco Trust Fund Grant Application Form which
22	shall contain the	following information:
23	(1)	Names, names, mailing addresses, telephone numbers, and signatures of the applicant;
24	(2)	If if the applicant is an organization, consortium, cooperative or other entity representing multiple
25		eligible beneficiaries, a description of the applicants, applying organization organizational including
26		history, mission statement, fiscal information, audit statements (if available), organizational goals
27		and members of the Board of Directors. If the applicant involves more than one organization, person
28		person, or entity, it shall identify participating organizations, persons persons, or entities and define
29		their roles in completing the Compensatory Program project;
30	(3)	A <u>a</u> description of the Compensatory Program, project, its goals and objectives, and measurable
31		outcomes the manner in which it will accomplish its goals and objectives, including the how the
32		applicant will quantify actual losses due to the Master Settlement Agreement that are not
33		compensated by payments from the National Tobacco Grower Settlement Trust; following:
34		(A) for Compensatory Programs: how the applicant shall quantify actual losses due to
35		the Master Settlement Agreement that are not compensated by payments from the
36		National Tobacco Grower Settlement Trust;

1		(B) for Qualified Agricultural Program (QAP): how the applicant shall provide the
2		manner in which the project will foster the vitality and solvency of the tobacco-
3		related segment of the State's agricultural economy;
4	(4)	A <u>a</u> statement of the projected cost of the Compensatory Program project, including any
5		administrative costs and including expected funding from any other source;
6	(5)	A <u>a</u> description of how the project will be completed including time lines;
7	(6)	A description of the accounts that will be set up and used and an assurance that all accounts can be
8		audited by the Commission or the State Auditor;
9	<del>(7) <u>(6)</u></del>	An explanation of how the project's results will be evaluated;
10	<del>(8) <u>(</u>7)</del>	At at least two references who may be contacted by the Commission;
11	<del>(9) <u>(</u>8)</del>	Any any other information required by G.S. 143, Article 75 or these Rules in order to make a
12		decision on the grant proposal; and
13	(10)	An explanation of how the project will enhance North Carolina's tobacco-related economy for the
14		common good; and
15	<del>(11) <u>(9)</u></del>	A <u>a</u> list and history of the applicant's past projects funded by grants or awards.
16	(d) As a conditi	on of applying for or of receiving a grant for a Compensatory Program, applicants or grantees must
17	allow the Comn	nission or the Commission staff to make site visits at the Grantee and Commission's convenience.
18	Applicants shall	also provide an electronic copy as directed with the application packet, if not submitted online.
19		
20		
21	History Note:	Authority G.S. 143-718; 143-720;
22		Temporary Adoption Eff. May 15, 2002;
23		Eff. April 15, 2003;
24		Amended Eff. December 1, 2008;
25		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24,
26		2015.
27		Amended Eff. September 1, 2017.

AGENCY: Tobacco Trust Fund Commission

RULE CITATION: 02 NCAC 57 .0205

**DEADLINE FOR RECEIPT: Monday, August 7, 2017** 

<u>PLEASE NOTE:</u> This request when viewed on computer extends several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this rule prior to the Commission's next meeting. The Commission has not yet reviewed this rule and therefore there has not been a determination as to whether the rule will be approved. You may call this office to inquire concerning the staff recommendation.

In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

Lines 8, 10, 12, 16, 18, 20, and 27, consider beginning these clauses with lowercase letters as they are part of a list

Lines 11 and 15, consider deleting the extra "or" as they appear unnecessary in the list of items

Line 23, delete the comma after "may be"

Lines 23 thru 24, delete the clause "but is not limited to,"

1	02 NCAC 57 .02	205 is ame	ended as published in 31:22 NCR 2217 as follows:
2			
3	02 NCAC 57 .0	205	SPECIAL INFORMATION NEEDED FOR DIRECT COMPENSATORY
4			PROGRAMS
5	If a request is fo	or direct c	ompensation or indemnification or for a program project to administer direct compensation
6	or indemnificati	on to an e	ligible beneficiary or beneficiaries, then the application for the Compensatory Program must
7	shall contain the	e followin	g:
8	(1)	Docum	entation demonstrating the amount of actual loss of tobacco-related income in North
9		Carolin	a in 1998 or years subsequent. An applicant may make such demonstration with:
10		(a)	A verified letter from a Certified Public Accountant or an attorney licensed in North
11			Carolina that details the amount of the actual loss; or
12		(b)	That portion of a federal or state income tax return that shows a loss of tobacco-related
13			income. (Please Any documents submitted by the applicant shall be aware that any such
14			tax information included in an application will become part of the public record); a public
15			record under Chapter 132 of the General Statutes; or
16		(c)	A verified statement from a North Carolina employer quantifying the applicant's loss in
17			tobacco-related income in North Carolina for any given year from 1998 forward; or
18		(d)	Any other similar reliable, accurate accurate, and verifiable documentation which that the
19			Commission may accept as proof of actual loss;
20	(2)	Docum	entation demonstrating that the amount of actual loss of tobacco-related income is
21		attributa	able to the Master Settlement Agreement and not simply because of a decline in quota not
22		caused	by the Master Settlement Agreement. Applicants may demonstrate the actual loss with
23		verified	l information from an independent expert in the field, which expert may be, but is not limited
24		to, an e	economist or an accountant. The Commission will compare this demonstration with any
25		indepen	ndent expert information it may have about losses caused by the Master Settlement
26		Agreem	nent and losses compensated by the National Tobacco Grower Settlement Trust; and
27	(3)	Docum	entation of any compensation received from the National Tobacco Grower Settlement Trust,
28		or any	other source to cover actual losses due to the Master Settlement Agreement, or a verified
29		stateme	ent that no compensation was received from the National Tobacco Growers' Settlement Trust
30		or from	any other source to compensate losses caused by the Master Settlement Agreement.
31			
32	History Note:	Authori	ity G.S. 143-718; 143-720;
33		Тетрог	rary Adoption Eff. May 15, 2002;
34		Eff. Api	ril 15, 2003;
35			nt to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24,
36		2015.	· · · · · · · · · · · · · · · · · · ·
37			ed Eff. September 1, 2017.

AGENCY: Tobacco Trust Fund Commission

RULE CITATION: 02 NCAC 57 .0207

**DEADLINE FOR RECEIPT: Monday, August 7, 2017** 

<u>PLEASE NOTE:</u> This request when viewed on computer extends several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this rule prior to the Commission's next meeting. The Commission has not yet reviewed this rule and therefore there has not been a determination as to whether the rule will be approved. You may call this office to inquire concerning the staff recommendation.

In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

Lines 17 and 18, should the programs be capitalized to be consistent with the remainder of the rules?

Line 17, add a semicolon after "143-720"

Line 17, add an "or" after "143-720"

Line 18, add a period after "143-721"

Lines 23, 24, 25, 26, and 27, consider deleting the extra "or" as they appear unnecessary in the list of items

Line 27, add a semicolon after "economy"

Line 29, add a semicolon after "manner"

1	02 NCAC 57 .02	207 is amended as published in 31:22 NCR 2218 as follows:
2	02 NCAC 57 .0	207 REVIEW OF PROPOSALS
4		ve Director of the Commission or Commission staff or designee shall screen review applications to
5		application is are complete. Commission staff shall notify applicants if the grant application is
6	incomplete.	<u></u>
7	-	s that are complete will be forwarded to a Grant Review Committee of the Commission. The Grant
8		tee members shall be Commissioners.
9		review and evaluation of proposals, the <u>Commission staff and</u> Grant Review Committee may solicit
10		n persons who have expertise in technical or specialized areas or request that the Commission staff or
11	designee make	reports on any site visits that may be required for consideration of the grant proposal. The Grant
12	Review Commi	ttee will-shall make recommendations to the Commission. Commission based on its review and
13	evaluation. Scor	ring and rating of proposals may be determined by using any consistent rating methodology, including
14	adjectival, <del>nume</del>	<del>rical</del> <u>numerical,</u> or ordinal rankings.
15	(d) The Comm	ission will receive shall evaluate grant proposals and recommendations made to the suggestions of
16	Commission by	the Grant Review Committee and will evaluate proposals as set out in G.S. 143 720. as follows:
17	<u>(1)</u>	for compensatory programs set forth in G.S. 143-720,
18	(2)	for qualified agricultural programs set forth in G.S. 143-721,
19	(e) In making the	nis evaluation the Commission may consider who will benefit from the grant, how many will benefit
20	from the grant, t	he cost of administering the grant and whether the grant will benefit tobacco dependent economies of
21	the State in a m	easurable manner. Proposals will be given a preference for statewide impact and for containing a
22	delivery mechan	nism to intended beneficiaries. consider:
23	(1)	who will benefit from the grant; or
24	(2)	how many will benefit from the grant; or
25	(3)	the cost of administering it; or
26	<u>(4)</u>	how the grant project will alleviate or avoid unemployment, stabilize local tax bases; or
27	(5)	encourage the economic stability of participants in the State's agricultural economy or
28	(6)	encourage the optimal use of natural resources in the tobacco dependent economies or related
29		segment of the State's agricultural economy in a measurable manner or
30	<u>(7)</u>	past performance of grants and publicly funded projects.
31	(f) Proposals s	hall be given a preference for statewide impact, for containing a delivery mechanism to intended
32	beneficiaries, fo	r providing alternate markets for tobacco, or for providing for diversification of the tobacco crop or
33	the tobacco grov	ver.
34	(f) (g) No grant	shall be awarded for a project that is unlawful. unlawful under NC General Statutes.
35		
36	History Note:	Authority G.S. 143-718; 143-720;
37		Temporary Adoption Eff. May 15, 2002;

1	Eff. April 15, 2003;
2	Amended Eff. December 1, 2008;
3	Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24
4	2015.
5	Amended Eff. September 1, 2017.

1 02 NCAC 57 .0208 is amended as published in 31:22 NCR 2218 as follows:

2

#### 02 NCAC 57 .0208 AWARD OF GRANTS

- 4 (a) The Commission will-shall award grants as fund are available, if it determines that it has sufficient funds to do so.
- 5 All applicants will-shall be notified in writing whether they have received a grant or not, or other means of electronic
- 6 communication upon completion of the selection process.
- 7 (b) The grant proposal shall be incorporated into the grant, and the goals, time lines and other grant objectives shall
- 8 be performance standards for the grant.
- 9 (e) (b) Funds will-shall be conveyed to grantees through contracts with the Commission.
- 10 (d) Of the total funds granted for each project, up to 100 percent may be paid upon signing of the contract if such
- 11 payment is requested as part of the grant application project the Commission determines that the initial request is
- 12 necessary for administration of the grant program
- 13 (e) Other payments to successful applicants shall be paid upon receipt of expenditure reports or invoices at mutually
- 14 agreed upon periodic intervals.
- 15 (f) The Commission or the Commission staff may agree to change time lines when such changes do not undermine
- 16 the purposes and goals of the Compensatory Program.
- 17 (g) The Commission may consider the applicant's past performance of grants and publicly funded projects when
- 18 awarding Compensatory Program. The Commission shall not award money to an applicant whose past performance
- 19 of a Commission grant or program has been unsatisfactory, according to these Rules.
- 20 (h) The granting agreement will outline the standard accounting practices which that the grantee will follow in order
- 21 to facilitate review by the Commission staff or the State Auditor, or an outside auditor hired by the Commission. The
- 22 grant agreement will also provide that the grantee shall put grant money in an interest bearing account and that any
- 23 interest earned on the grant money shall be returned to the Commission at the conclusion of the grant together
- 24 (i) (c) If the Commission determines that grant funds are not being used for the purpose for which they were awarded,
- 25 the Commission may cease making payments under the grant schedule in compliance with G.S. 143C-6-23 and 09
- 26 NCAC 03M .0401, which are hereby incorporated by reference, including subsequent amendments and editions. until
- 27 the problem has been resolved or may demand immediate return of any unspent money from the grant, with which
- 28 request the grantee must comply. Grantees must pay back to the Commission any funds that the Commission
- 29 determines have not been spent for the purpose for which they were granted as well as the statutory interest rate on
- 30 those funds.
- 31 (j) Grantees must return any grant money which remains unspent at the conclusion of the grant project along with any
- 32 interest earned on grant money.

33

- 34 History Note: Authority G.S. 143-718;
- 35 Temporary Adoption Eff. May 15, 2002;
- 36 Temporary Adoption Eff. June 29, 2002;
- 37 Eff. April 15, 2003;

- 1 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24,
- 2 2015.
- 3 <u>Amended Eff. September 1, 2017.</u>

1	02 NCAC 57 .02	209 is amended as published in 31:22 NCR 2219 as follows:
2		
3	02 NCAC 57 .02	209 REPORTING
4	(a) Program spe	ecific reporting requirements shall be conveyed to grantees through contractual agreements with the
5	Commission in c	compliance with G.S. 143C-6-23 and 09 NCAC 03M .0401, which is hereby incorporated by reference
6	including subsec	quent amendments and editions. Grantees shall submit written progress reports at three month intervals
7	or upon complet	ion of the project, whichever is sooner. Written reports shall describe the status of the Compensatory
8	Program, progr	ess toward achieving program objectives, notable occurrences, and any significant problems
9	encountered and	steps taken to overcome the problems.
10	(b) A represent	ative of the Commission shall review the progress reports for completeness, which shall include a
11	showing of how	the project is meeting its stated goals and performance standards. If the representative finds that the
12	report is deficien	nt in showing how the project is meeting its stated goals and performance standards, the grantee will
13	be notified of the	e deficiency and must provide a changed and corrected report within 30 working days to avoid having
14	the next grant pa	nyment withheld.
15	(c) Upon compl	letion of the Compensatory Program, the grantee must make a final written report to the Commission
16	which final repo	ort shall include an evaluation of the success of the program.
17		
18	History Note:	Authority G.S. 143-718;
19		Temporary Adoption Eff. May 15, 2002;
20		Eff. April 15, 2003;
21		Amended Eff. December 1, 2008;
22		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24,
23		2015.
24		Amended Eff. September 1, 2017.

1 2	02 NCAC 57 .0	210 is repealed as published in 31:22 NCR 2215 as follows:
3	02 NCAC 57 .0	POLICIES GOVERNING COMPENSATORY PROGRAMS
4		
5	History Note:	Authority G.S. 143-718;
6		Temporary Adoption Eff. May 15, 2002;
7		Eff. April 15, 2003;
8		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24
9		2015.
10		Repealed Eff. September 1, 2017.

tober 24,
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1	02 NCAC 57 .0	3060309 are repealed as published in 31:22 NCR 2220 - 2221 as follows:
2	02 NCAC 57 .0	REVIEW OF PROPOSALS
3	02 NCAC 57 .0	307 AWARD OF GRANTS
4	02 NCAC 57 .0	308 REPORTING
5	02 NCAC 57 .0	POLICIES GOVERNING QUALIFIED AGRICULTURAL PROGRAM GRANTS
6		
7	History Note:	Authority G.S. 143-718; 143-721;
8		Temporary Adoption Eff. May 15, 2002;
9		Eff. April 15, 2003;
10		Amended Eff. December 1, 2008;
11		Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 24
12		2015.
13		Repealed Eff. September 1, 2017.