



APPLICATION GUIDELINES 2023

The **North Carolina Tobacco Trust Fund Commission (Commission)** was created in 2000 by the North Carolina General Assembly to receive and disburse funds from the Master Settlement Agreement (MSA) between the state and various cigarette manufacturers. The Commission recognizes that North Carolina's prosperity has been historically supported by agriculture, specifically the tobacco-related segment of agriculture.

The exact amount of grant funding available has not yet been determined or approved by the NCTTFC Board. Through its programs, the Commission seeks to mitigate the general decline in the tobacco-related segment of our economy. Funds are available for the public purpose of alleviating or avoiding unemployment and quantifiable adverse fiscal impacts, stabilizing local tobacco-dependent communities and tax bases and to provide for the optimal use of natural resources.

ACCESSING AND COMPLETING THE APPLICATION

The application is available at <http://tobaccotrustfund.org>. Please follow the link on the application page to the 2023 online application. All potential applicants will need to create a login and password for this site. After logging in to the online application, read and follow all directions and provide all relevant information (note required items and maximum word counts.)

Supporting documents such as photos, equipment specifications, or other pertinent information should be uploaded to the application. If directions are not followed, the project may not be considered for funding. Non-governmental entities receiving state funds are subject to additional requirements as outlined in G.S. 143C-6-22 and G.S. 143C-6-23.

FUNDING CRITERIA

Projects will be funded based on the availability of funds and how effectively the stated grant criteria are met. Projects must benefit and impact one or more of these areas:

- **A population that is tobacco-dependent at the farm level and/or manufacturing level and is experiencing economic distress**
- **A population that has been adversely affected by changes in the state's tobacco industry**
- **A population that derives most of its income from agriculture**

ELIGIBLE RECIPIENTS

Entities eligible to receive grants include and are limited to:

- Agencies and departments of the State of North Carolina
- Local government units such as county offices and towns
- Agencies and departments of the United States Government
- Non-Profit Organizations
- Members of the private sector (Contact the TTFC for program clarification)

Grantees must deliver an appropriate service to members of the targeted populations as described under G.S. 143-715.

FEBRUARY 10 is the deadline if you would like to talk to NCTTFC staff regarding your project and receive guidance on your application. This is an opportunity to receive advice on how to better prepare your application for submission. Meetings may be in-person, virtual or by telephone and are subject to staff availability.

IMPORTANT INFORMATION – PLEASE READ

- 1. The Commission is not equipped to make direct payments to individuals to compensate for losses due to the MSA. The Commission encourages individuals who may be eligible for direct payments to apply as a group for assistance in training, diversification, or a related program purpose so that benefits will be to the community and local economy and not directly to an individual.**
- 2. The Commission will give priority to projects based on size of geographical area, number of people impacted and the impact on the agricultural community.**
- 3. The Commission has established the following funding priorities.**
 - Community Economic Development**
 - Increasing Farm Profitability**
 - Diversification Initiatives**
 - Skill and Resource Development**
 - Development of Natural Resources**

DEADLINE FOR SUBMITTING COMPLETED APPLICATIONS IS MARCH 3, 2023.

PROGRAM STATEMENT

The Commission will provide funding in two program categories, the *Qualified Agricultural Program (QAP)* and the *Indirect Compensatory Program (ICP)*. (02 NCAC 57.0204)

The Qualified Agricultural Program (QAP), by statute, authorizes the Commission to support and foster the vitality and solvency of the tobacco-related segment of the agricultural economy with emphasis on the segment adversely impacted by the MSA.

The Indirect Compensatory Program (ICP) authorizes the Commission to indirectly compensate or indemnify tobacco producers, former allotment holders, individuals displaced from tobacco-related employment and persons engaged in tobacco-related businesses for economic losses in 1998 and thereafter, resulting from lost quota and declining market conditions caused by the MSA as determined by the Commission according to these rules. In no event shall the amount paid to a tobacco producer or allotment holder pursuant to this Article, when combined with the amount received through the National Tobacco Grower Settlement Trust, exceed the compensable economic loss of the producer or allotment holder.

Qualified Agricultural Program (QAP)

The majority of NCTTFC applicants fall under the QAP category and are agriculturally based. Projects will address one or more of the following goals:

- ❑ Alleviating and avoiding unemployment in the tobacco-related sector of the state's agricultural economy
- ❑ Preserving and increasing the local tax base in agricultural areas
- ❑ Encouraging the economic stability of participants in the state's agricultural economy
- ❑ Optimally using natural resources in the tobacco-related segment of the state's agricultural economy
- ❑ Supporting and fostering the vitality and solvency of a tobacco-related sector

Examples of possible QAP projects include, but are not limited to:

- ❑ Incentives to finance diversification due to loss of the quota system
- ❑ Programs for farmer cooperatives, commodities or farmer's markets
- ❑ Programs to finance the modernization of farming equipment or conversion of existing equipment to conform to environmental and other regulatory requirements
- ❑ Programs to finance the conversion or replacement of equipment in order to cultivate crops that are more profitable than those currently being cultivated
- ❑ Marketing incentives such as promotions or export programs
- ❑ Incentives to grow and/or research alternative crops and/or fuel sources
- ❑ Development of value-added facilities and/or resources
- ❑ Programs that encourage purchase of NC products and prove sustainability of family farms
- ❑ Education initiatives to sustain farming as a viable profession

Indirect Compensatory Program (ICP)

Indirect Compensatory Program Grants are made available under the statute to fund projects that **indirectly compensate entities or identified groups for economic losses resulting from lost quota or declining market conditions caused by the MSA.**

Potential recipients could include either current or former tobacco farmers and/or quota holders who have received Phase II payments. If so, the applicant must **describe how the administrator will quantify actual losses due to the Master Settlement Agreement that are not compensated by payments from the National Tobacco Grower Settlement Trust ("Phase II Trust").** (Limit to one-half page narrative attachment - clearly cite and describe any information -- published reports, published statistics, etc. -- that will be used to quantify losses not already compensated by Phase II payments.) Losses must be documented to have occurred in calendar year 1998 and after. Grants will be made for no more than one year at a time.

Indirect Compensatory projects may indirectly benefit any of the following: persons engaged in tobacco-related business (except tobacco product wholesaling and retailing), persons displaced from tobacco-related employment in North Carolina (except persons employed in the sale of tobacco products at wholesale or retail), and tobacco product component businesses that are adversely impacted by the MSA and which need financial assistance to retool machinery or equipment or to retrain workers, in order to convert to the production of new products or non-tobacco use of existing products.

**The indirect nature of the grant will require that an organization or group apply to provide a needed service or program for individuals that have been adversely affected by the MSA.
*If you feel that your project qualifies as an ICP Grant, please contact the NCTTFC office to discuss.**

REVIEW REQUIREMENTS

The Commission will determine project funding by utilizing an internal and external review process plus an extensive scoring summary of the applicant's proposal. Personal interviews and/or site visits may also be included in the evaluation. Clarification and additional information may be requested, and applicants are expected to respond by the requested due date.

AUDITS

All funds awarded to the recipient under these programs are proceeds from the Master Settlement Agreement for North Carolina. Accordingly, the recipients will be subject to a financial and compliance audit for the project at the Commission's request. Non-governmental recipients also must comply with the State Auditor's request for audits pursuant to G.S. 143C-6-22 and G.S. 143C-6-23. In addition to the audit requirement, the recipient agrees to comply with any requests made by the Commission for other financial and organizational materials to permit the Commission to comply with its fiscal monitoring responsibilities.

RECORD RETENTION

Recipients will keep financial and other records on the project for a period of **five years** following completion of the project. Such records will be made available at the request of the Commission.

ADDITIONAL FUNDING SOURCES SPECIFICATIONS

When a proposed grant is to be joined with other funding sources to complete the project, financial information provided by the applicant should be in sufficient detail to show the maximum level of federal, state, and local and private resources committed to the project. Project funding from all sources must be listed.

GRANT FUNDS DISBURSEMENT POLICY

Commission funds are ONLY to be used for the project described in the application.

- Projects are generally expected to be under contract within six months of award. The Commission shall retain the right to de-obligate any funds awarded in connection with a project that is not under contract by this time.
- Grants will be awarded based on availability of sufficient funds
- A signed Contract and Scope of Services are required before any reimbursements are made.
- Unless otherwise noted, funds are disbursed no more than monthly after expenses are incurred. Proof of all expenditures is required.

- NCTTFC is not responsible for payment of project expenditures that occur prior to the effective date and contract signing.
- Grantee shall put advanced grant money into an interest-bearing account and any interest earned on the grant money, not used for the project shall be returned to the Commission at the conclusion of the grant. Unspent grant funds must also be returned to the Commission.

FAILURE TO CARRY OUT PROJECT

If the Commission determines that grant funds are not being used for the purpose for which they were awarded, the Commission may cease making payments under the grant schedule until the problem(s) has been resolved. The Commission may cancel the grantee's contract with a written 14-day notice and may demand immediate return of any unspent grant money and interest from the grant, and the grantee must comply. Grantees must pay back to the Commission any funds that the Commission determines have not been spent for the purpose for which they were granted as well as the statutory interest rate on those funds.

REPORTING POLICY

Grantees will submit written **SEMI-ANNUAL PROGRESS REPORTS**. These reports will describe the status of the project, progress toward achievement of project objectives, notable occurrences during the period and any significant problems encountered and the steps taken to overcome those problems. Grantees may be sent periodic surveys to request specific progress indicators. Failure to submit a report by the scheduled submission date may result in the withholding of any subsequent grant payment until the Commission is in receipt of the delinquent report. Commission staff may also conduct (un)announced site visits to the grantee's project location.

Upon completion of the project, a **FINAL REPORT** will be delivered to the Commission. This Final Report will include a project evaluation and how the project's impact has assisted the Commission in achieving its statutory goals. The final report will also describe how the project's goals and objectives have been met.

5% HOLD-BACK & FINAL GRANT PAYMENTS

5% of the total grant amount or the final payment requested will be held back and not paid to the grantee until the project is fully completed and a final report has been received and approved by Commission staff. Within five years after the project's completion, the Commission may request additional updates on the project's status. All applications, attachments and written materials received by the Commission are public records, unless determined otherwise by court order or other applicable law.

For more information about NCTTFC Applications and/or Guidelines please contact our office at 919.733.2160 or tobaccotrustfund@ncagr.gov.

