

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**SENATE BILL 247**

**Finance Committee Substitute Adopted 6/28/01  
House Committee Substitute Favorable 8/23/01**

Short Title:   Reallocate Clean Water Bonds/Defer Bond Issue.

(Public)

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Sponsors:

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Referred to:

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February 26, 2001

A BILL TO BE ENTITLED

1  
2 AN ACT TO REALLOCATE THE PROCEEDS OF THE CLEAN WATER BONDS  
3 AND TO DEFER THE ISSUANCE OF THE CLEAN WATER BONDS,  
4 NATURAL GAS BONDS, AND PUBLIC SCHOOL BUILDING BONDS UNTIL  
5 AFTER JANUARY 1, 2002.

6 The General Assembly of North Carolina enacts:

7       **SECTION 1.(a)** Notwithstanding any other provision of law, the State  
8 Treasurer shall defer the issuance of any of the following until after January 1, 2002:

- 9       (1) State of North Carolina Clean Water Bonds authorized in S.L.  
10       1998-132.  
11       (2) State of North Carolina Natural Gas Bonds authorized for the  
12       construction of natural gas facilities in S.L. 1998-132.  
13       (3) State of North Carolina Public School Building Bonds authorized for  
14       public school building capital improvements in S.L 1995-631.

15       **SECTION 1.(b)** Payments to local government units or payments to match  
16 federal funds that otherwise would have been made from the proceeds of Clean Water  
17 Bonds issued during the period between September 1, 2001, and January 1, 2002, may,  
18 at the discretion of the Director of the Budget, be paid from General Fund cash  
19 balances. The total of the payments shall not exceed fifty million dollars (\$50,000,000).  
20 Any payment from General Fund cash balances made pursuant to this authorization  
21 shall be repaid to the General Fund from the proceeds of Clean Water Bonds issued  
22 after January 1, 2002.

23       **SECTION 2.** Withdrawal of Loan Funds. – Pursuant to Section 5.1(i) of S.L.  
24 1998-132, the following amounts of the Clean Water Bond proceeds allocated for loans  
25 in Section 5.1(h) of S.L. 1998-132 are withdrawn from allocation under Section 5.1(h)  
26 of S.L. 1998-132 and reallocated as provided in this act:

- 27       (1) Water supply and distribution systems and water conservation  
28       projects:

1	a.	Reserved for loans to local	
2		government units whose bond	
3		rating is less than 75 or	
4		who have no bond rating .....	\$ 340,000
5	b.	Reserved for loans to local	
6		government units whose bond	
7		rating is 75 or more .....	\$28,483,251
8	(2)	Wastewater collection systems and wastewater treatment works:	
9	a.	Reserved for loans to local	
10		government units whose bond	
11		rating is less than 75 or	
12		who have no bond rating .....	\$ 2,900,000
13	b.	Reserved for loans to local	
14		government units whose bond	
15		rating is 75 or more .....	\$39,701,795
16		Total Withdrawn for Reallocation .....	\$71,425,046

17 **SECTION 3.** Reallocation for Unsewered Community Grants. – Of the  
18 funds withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L.  
19 1998-132, the sum of thirty-five million six hundred twelve thousand five hundred  
20 twenty-three dollars (\$35,612,523) is reallocated to be used to provide unsewered  
21 community grants to eligible local government units to assist with wastewater treatment  
22 works and wastewater collection systems for the same purpose and in accordance with  
23 Section 5.1(g) of S.L. 1998-132. Grants from amounts reallocated shall be awarded and  
24 administered by the Rural Economic Development Center in accordance with Section  
25 5.1(g) of S.L. 1998-132. The funds reallocated under this section shall be awarded on  
26 the criteria set out in Section 5.1(g) of S.L. 1998-132.

27 **SECTION 4.** Reallocation for Supplemental Grants. – Of the funds  
28 withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L. 1998-132,  
29 the sum of thirty-five million six hundred twelve thousand five hundred twenty-three  
30 dollars (\$35,612,523) is reallocated to be used to provide supplemental grants to eligible  
31 local government units to match federal, State, and other grant or loan program funds to  
32 plan or improve needed water and sewer projects. Grants from amounts reallocated  
33 shall be awarded and administered by the Rural Economic Development Center in  
34 accordance with Section 5.1(f) of S.L. 1998-132 and this act. The funds reallocated  
35 under this section shall be awarded on the criteria set out in Section 5.1(f) of S.L.  
36 1998-132.

37 **SECTION 5.** Cap on Supplemental Grants. – Notwithstanding the  
38 provisions of Section 5.1(f) of S.L. 1998-132 and Section 2(b) of S.L. 2000-156, a  
39 maximum of twenty-one million five hundred thousand dollars (\$21,500,000) of  
40 supplemental grant funds may be certified by the Rural Economic Development Center  
41 to the State Treasurer each fiscal year through June 30, 2005, and the State Treasurer  
42 may issue the amount certified up to this maximum each fiscal year through June 30,  
43 2005. Upon certification for the fiscal year ending June 30, 2005, the State Treasurer

1 may issue the remaining balance of the funds allocated under Section 5.1(f) of S.L.  
2 1998-132, Section 2(b) of S.L. 2000-156, and this act for any purpose authorized under  
3 Section 5.1(f) of S.L. 1998-132.

4 **SECTION 6.** Reallocation by Rural Economic Development Center. –  
5 Notwithstanding the provisions of S.L. 1998-132, S.L. 2000-156, and Sections 3 and 4  
6 of this act, if the Rural Economic Development Center determines that there has been a  
7 change in any fiscal year in the relative needs between the purposes provided in Section  
8 3 of this act and the purposes provided in Section 4 of this act, the Rural Economic  
9 Development Center may reallocate funds from Section 3 purposes to Section 4  
10 purposes or from Section 4 purposes to Section 3 purposes. The Board of Directors of  
11 the Rural Economic Development Center must approve in advance any reallocation  
12 under this section. At least 30 days before making a reallocation under this section, the  
13 Rural Economic Development Center must consult with the Joint Legislative  
14 Commission on Governmental Operations.

15 **SECTION 7.(a)** Reallocation for Administrative Expenses. – Of the funds  
16 withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L. 1998-132,  
17 the sum of two hundred thousand dollars (\$200,000) is reallocated to the Rural  
18 Economic Development Center to be used in the 2001-2002 fiscal year to administer  
19 bond funds allocated for grants pursuant to S.L. 1998-132, S.L. 2000-156, and this act.  
20 This amount shall be remitted to the Rural Economic Development Center as soon as  
21 possible after July 1, 2001.

22 **SECTION 7.(b)** Reports. – Section 11(a) of S.L. 1998-132 reads as  
23 rewritten:

24 "Section 11. Reports on Grants.

25 (a) The Rural Economic Development Center shall prepare and file each year on  
26 or before July 31 with the Joint Legislative Commission on Governmental Operations  
27 and the Fiscal Research Division a report for the preceding fiscal year concerning the  
28 allocation and making of grants authorized by this act. The report shall be signed by the  
29 Chair of the Board of Directors of the Rural Economic Development Center. The report  
30 shall set forth for the preceding fiscal year:

- 31 (1) Itemized and total allocations of grants authorized and unallocated  
32 funds for the grant program as of the end of the preceding fiscal  
33 ~~year;~~year.
- 34 (2) Identification of each grant agreement entered into by the Rural  
35 Economic Development Center during the preceding fiscal year and  
36 the total amount of grants authorized by the grant  
37 ~~agreements;~~agreements.
- 38 (3) The amount disbursed to each local government unit pursuant to the  
39 grant agreements during the preceding fiscal year and the total amount  
40 of the ~~disbursements; and~~disbursements.
- 41 (4) A summary for the five preceding years of the information required by  
42 subdivisions (1) through (3) of this subsection.

1           (5) An itemized accounting of the Center's expenditures of bond funds  
2           allocated for administering grants under this act, as amended, and a  
3           certification that bond funds allocated for this purpose have been used  
4           for no other purpose.

5           (6) A detailed description of the criteria and point system used for  
6           awarding grants.

7           (a1) The Rural Economic Development Center shall report to the Joint Legislative  
8           Commission on Governmental Operations at least 60 days before making any change to  
9           the criteria or point system used for awarding grants authorized by this act."

10           **SECTION 8.** Effective Date. – This act is effective when it becomes law.