

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

S

1

SENATE BILL 1378

Short Title: Build North Carolina's Future Act. (Public)

Sponsors: Senators Foriest, Stevens; Atwater, Garrou, Hoyle, Jones, Nesbitt, Stein, Swindell, Vaughan, and Walters.

Referred to: Finance.

May 25, 2010

A BILL TO BE ENTITLED

1 AN ACT TO CREATE JOBS AND MAKE NORTH CAROLINA MORE COMPETITIVE
2 GLOBALLY BY FINANCING THE BUILDING OF ENGINEERING EDUCATION
3 FACILITIES, THE ENHANCEMENT AND REPAIR OF STATE ASSETS AND
4 COMMUNITY COLLEGE ASSETS, AND INVESTMENT IN RESEARCH AND JOB
5 TRAINING EQUIPMENT AT UNIVERSITIES AND COMMUNITY COLLEGES.

6 Whereas, the State of North Carolina has always prioritized higher education, from
7 the founding of the nation's first public university in 1793 until today, when both our public
8 university system and community college system are regarded as among the best in America;
9 and
10

11 Whereas, the North Carolina Community College System, one of the largest
12 community college systems in the nation, plays a critical role in training our State's educated
13 workforce and in helping nearly 900,000 North Carolinians enhance their job skills; and

14 Whereas, employers across the State and country understand the importance of
15 higher education in supporting business workforce needs and in preparing tomorrow's workers,
16 leaders, and innovators for success and achievement; and

17 Whereas, key achievements in North Carolina's history are based on innovation and
18 science, including the Wright Brothers' historic flight at Kitty Hawk, the establishment of the
19 Research Triangle Park, and the State's first Nobel Prize winner in medicine; and

20 Whereas, as the economy becomes more global in nature, North Carolina is
21 increasingly competing with other countries for economic success – particularly in the fields of
22 science, health and medicine, engineering, technology, and innovation; and

23 Whereas, the engineering profession has a notable economic impact on our State,
24 with high-paying jobs that are critical to the growth and future success of North Carolina; and

25 Whereas, the Colleges of Engineering at North Carolina State University and North
26 Carolina Agricultural and Technical State University both have received significant federal
27 funding and recognition for their research, which has led to additional economic benefits in our
28 State; and

29 Whereas, investing in new engineering facilities on these campuses will better
30 position North Carolina for the future as the nation's economy moves toward recovery; and

31 Whereas, investing in new research and training equipment at our universities and
32 community colleges will enhance educational opportunities for students in the fields of health
33 and medicine, science, technology, engineering, and computer science; and

34 Whereas, North Carolina is able to make these investments while still remaining
35 under the debt affordability guidelines set forth in the Debt Affordability Study due to the



1 General Assembly's longtime practice of conservative and responsible borrowing, resulting in
2 favorable comparisons to other AAA-rated states in terms of debt ratios and payback; and

3 Whereas, making these investments now would have short-term benefits by taking
4 advantage of low costs in the current construction market and creating immediate economic
5 activity in construction-related industries, and also would have long-term benefits in
6 strengthening North Carolina's ability to educate, produce, and innovate; Now, therefore,
7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** The State, with the prior approval of the State Treasurer and the
9 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized
10 to issue or incur special indebtedness in order to provide funds to the State to be used, together
11 with other available funds, to pay the capital facility costs of the projects described in this
12 subsection. In accordance with G.S. 142-83, this subsection authorizes the issuance or
13 incurrence of special indebtedness:

- 14 (1) In the maximum aggregate principal amount of one hundred thirty million
15 dollars (\$130,000,000) to finance the capital facility costs of repairing and
16 renovating State facilities and related infrastructure, to be allocated by the
17 General Assembly.
- 18 (2) In the maximum aggregate principal amount of fifty-five million dollars
19 (\$55,000,000) to finance the capital facility costs of acquiring equipment for
20 use by The University of North Carolina system and the North Carolina
21 Community College System.
- 22 (3) In the maximum aggregate principal amount of one hundred four million
23 three hundred seventy-four thousand dollars (\$104,374,000) to finance the
24 capital facility costs of completing the College of Engineering building at
25 North Carolina Agricultural and Technical State University. No more than a
26 maximum aggregate amount of twenty million dollars (\$20,000,000) of
27 special indebtedness may be issued or incurred under this subdivision prior
28 to July 1, 2011.
- 29 (4) In the maximum aggregate principal amount of one hundred sixty-one
30 million four hundred sixty-two thousand one hundred seventy-five dollars
31 (\$161,462,175) to finance the capital facility costs of completing an
32 Engineering IV building and related site work and infrastructure on the
33 centennial campus of North Carolina State University. No more than a
34 maximum aggregate amount of twenty million dollars (\$20,000,000) of
35 special indebtedness may be issued or incurred under this subdivision prior
36 to July 1, 2011.

37 **SECTION 1.(b)** Unless the Current Operations and Capital Improvements
38 Appropriations Act of 2010, in its allocation of funds in the Reserve for Repairs and
39 Renovations for the 2010-2011 fiscal year, provides for a different allocation of proceeds of
40 special indebtedness issued or incurred pursuant to subdivision (a)(1) of this section, such
41 proceeds shall be allocated fifty-four percent (54%) to the Board of Governors of the
42 University of North Carolina for repairs and renovations pursuant to G.S. 143C-4-3, in
43 accordance with guidelines developed in The University of North Carolina Funding Allocation
44 Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of the
45 University of North Carolina, and forty-six percent (46%) shall be allocated to the Office of
46 State Budget and Management for repairs and renovations pursuant to G.S. 143C-4-3. If the
47 proceeds of special indebtedness are allocated to the Board of Governors and the Office of
48 State Budget and Management for repairs and renovations pursuant to this act, this act
49 constitutes the act of appropriation by the General Assembly for purposes of G.S. 143C-4-3(c).

50 Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds for the
51 repair and renovation of facilities not supported from the General Fund if the Board determines

1 that sufficient funds are not available from other sources and that conditions warrant General
2 Fund assistance. Any such finding shall be included in the Board's submission to the Joint
3 Legislative Commission on Governmental Operations on the proposed allocation of funds.

4 The Board of Governors and the Office of State Budget and Management shall
5 consult with the Joint Legislative Commission on Governmental Operations prior to the
6 allocation or reallocation of these funds.

7 **SECTION 2.(a)** Of the proceeds of special indebtedness issued or incurred
8 pursuant to subdivision (1) of Section 1(a) of this act, forty percent (40%) shall be allocated to
9 the Board of Governors of The University of North Carolina and sixty percent (60%) shall be
10 allocated to the State Board of Community Colleges. These funds shall be used by those
11 institutions to purchase equipment for constituent institutions of The University of North
12 Carolina and individual community colleges to be used for teaching and research in the fields
13 of health, science, engineering, and technology. Notwithstanding any other provision of law,
14 community colleges are not required to match allocations made pursuant to this section.

15 The Board of Governors and the State Board of Community Colleges shall report to
16 the Joint Legislative Commission on Governmental Operations prior to spending any of these
17 funds.

18 **SECTION 2.(b)** Funds allocated to the State Board of Community Colleges
19 pursuant to subsection (a) of this section may also be used to make capital improvements to
20 existing facilities that are necessary in order to use the equipment purchased pursuant to that
21 subsection. For purposes of this subsection, it is not sufficient that a capital improvement would
22 facilitate the use of purchased equipment. The only capital improvements authorized by this
23 section are those without which purchased equipment would be inoperable.

24 **SECTION 3.** In addition to any other funds in the Reserve for Repairs and
25 Renovations for the 2010-2011 fiscal year, the proceeds of any bonds and notes issued pursuant
26 to subdivision (1) of Section 1(a) of this act are transferred to that Reserve.

27 **SECTION 4.** This act is effective when it becomes law.