

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL DRS55096-MWf-32B

Short Title: Build NC Bond Act of 2018. (Public)

Sponsors: Senators Rabon, Harrington, and J. Davis (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE BUILD NC BOND ACT OF 2018.
3 The General Assembly of North Carolina enacts:
4 **SECTION 1.** Short Title. – This act shall be known as the "Build NC Bond Act of
5 2018."

6 **SECTION 2.** Legislative Intent. – The intent of the Build NC Bond Act of 2018 is
7 to maintain the integrity of the Strategic Transportation Investments Act (STI). Toward this end
8 and consistent with STI:

- 9 (1) The bond proceeds shall not be treated as revenue.
10 (2) Debt service is subject to the distribution formula in G.S. 136-189.11.
11 (3) Funds distributed under the Build NC Bond Act of 2018 to be used for the
12 Regional Impact Projects tier shall be allocated within two percent (2%) by
13 population of Distribution Regions based on the most recent estimates
14 certified by the Office of State Budget and Management and used for Regional
15 Impact Projects pursuant to the criteria in G.S. 136-189.11(d)(2)(a).
16 (4) Funds distributed under the Build NC Bond Act of 2018 to be used for the
17 Division Need Projects tier shall be allocated within two percent (2%) of an
18 equal share to each of the Department divisions, as defined in G.S. 136-14.1,
19 and used for Division Need Projects pursuant to the criteria in
20 G.S. 136-189.11(d)(3)(a).
21 (5) The formula variance in G.S. 136-189.11(e) shall only apply to the debt
22 service.
23 (6) Nothing in the Build NC Bond Act of 2018 prevents the issuance of other
24 bonds or special indebtedness for highway or transportation purposes under
25 Article 9 of Chapter 142 of the General Statutes.

26 **SECTION 3.** G.S. 142-82 reads as rewritten:

27 **"§ 142-82. Definitions.**

28 The following definitions apply in this Article:

29 ...
30 (2a) Build NC Bonds. – Special indebtedness issued to finance Build NC Projects,
31 with the Build NC Net Proceeds of such special indebtedness used in
32 accordance with both of the following requirements, measured in the
33 aggregate for all issues:

- 34 a. Within two percent (2%) of fifty percent (50%) of the Build NC Net
35 Proceeds during such period used for Division Need Projects in



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1 accordance with the requirements of Article 14B of Chapter 136 of the
 2 General Statutes.

3 b. The remainder of the Build NC Net Proceeds during such period used
 4 for Regional Impact Projects in accordance with the requirements of
 5 Article 14B of Chapter 136 of the General Statutes.

6 (2b) Build NC Net Proceeds. – The proceeds of an issue of Build NC Bonds net of
 7 deposits for the costs described in sub-subdivisions d., e., and f. of subdivision
 8 (6) of this section.

9 (2c) Build NC Project. – A capital facility identified and selected for financing
 10 with Build NC Bonds under this Article by the process set forth in Article 14B
 11 of Chapter 136 of the General Statutes.

12 "...."

13 **SECTION 4.** Article 9 of Chapter 142 of the General Statutes is amended by adding
 14 a new section to read:

15 **"§ 142-97. Additional provisions with respect to Build NC Bonds.**

16 The following requirements and limitations apply to the issuance and sale of Build NC Bonds:

17 (1) Subject to appropriation by the General Assembly, funds from the Highway
 18 Trust Fund shall be the source for repayment of special indebtedness resulting
 19 from the sale of Build NC Bonds.

20 (2) The State Treasurer shall not issue any Build NC Bonds unless (i) the State
 21 Treasurer recommends the issuance of the Build NC Bonds and (ii) the State
 22 Treasurer has made a determination that all of the following requirements
 23 have been or shall be met:

24 a. The Department of Transportation's average month-end cash balance
 25 required under G.S. 143C-6-11(f) for the first three months in the
 26 calendar year prior to the date of determination is equal to or less than
 27 one billion dollars (\$1,000,000,000).

28 b. The total amount of Build NC Bonds outstanding after such issuance
 29 will not cause the recommended transportation debt target established
 30 by the Debt Affordability Advisory Committee in accordance with
 31 G.S. 142-101 to be exceeded.

32 c. At least six months prior to the expected date of the Build NC Bond
 33 issuance, the Department of Transportation:

34 1. Consulted with the State Treasurer about the proposed Build
 35 NC Bond issuance.

36 2. Consulted with the Joint Legislative Transportation Oversight
 37 Committee and the Joint Legislative Commission on
 38 Governmental Operations to provide details of the proposed
 39 issuance, including (i) the total amount of the Build NC Bonds
 40 that will be issued, (ii) the estimated amount of the debt service
 41 payments, and (iii) the estimated amount of debt capacity that
 42 would be remaining after the issuance.

43 (3) Except as otherwise provided in subdivision (7) of this subsection, the total
 44 amount of special indebtedness from the issuance of Build NC Bonds shall
 45 not exceed three billion dollars (\$3,000,000,000).

46 (4) Except as otherwise provided in subdivision (7) of this subsection, each
 47 individual issuance of Build NC Bonds is limited to no more than three
 48 hundred million dollars (\$300,000,000) in each fiscal year.

49 (5) The Department of Transportation may not use the proceeds realized from the
 50 sale of Build NC Bonds for a nonhighway project or a project utilizing tolling
 51 pursuant to the authority set forth in subdivision (39) or (39a) of G.S. 136-18.

- 1 (6) For purposes of satisfying the requirements of G.S. 142-15.17, Build NC
2 Projects constitute projects as to which the General Assembly has enacted
3 legislation expressly approving the use of a State-supported financing
4 arrangement.
- 5 (7) The restrictions set forth in sub-subdivision a. of subdivision (2) of this section
6 and subdivisions (3) and (4) of this section do not apply to Build NC Bonds
7 that are refunding bonds meeting the requirements set forth in G.S. 142-29.5.
- 8 (8) The provisions of subsection (b) of G.S. 142-83 do not apply to Build NC
9 Bonds, nor shall Build NC Bonds be counted for the purposes of that
10 subsection in limiting the issuance of other debt.
- 11 (9) The provisions of subsection (e) of G.S. 142-84 do not apply to Build NC
12 Bonds."

13 **SECTION 5.** G.S. 142-89(a) reads as rewritten:

14 "(a) Terms and Conditions. – Bonds or notes may bear any dates; may be serial or term
15 bonds or notes, or any combination of these; may mature in any amounts and at any times, not
16 exceeding 15 years from their dates for Build NC Bonds and 40 years from their dates; dates for
17 all other bonds and notes; may be payable at any places, either within or without the United
18 States, in any coin or currency of the United States that at the time of payment is legal tender for
19 payment of public and private debts; may bear interest at any rates, which may vary from time
20 to time; and may be made redeemable before maturity, at the option of the State or otherwise as
21 may be provided by the State, at any prices, including a price greater than the face amount of the
22 bonds or notes, and under any terms and conditions, all as may be determined by the State
23 Treasurer, by and with the consent of the Council of State."

24 **SECTION 6.** The State Treasurer, in consultation with the Department of
25 Transportation, shall develop and implement a debt management policy to guide the
26 Department's practices in regards to issuing Build NC Bonds, as defined in G.S. 142-82(2a), as
27 enacted in Section 3 of this act. By July 1, 2019, the State Treasurer shall submit a report to the
28 Joint Legislative Transportation Oversight Committee detailing the debt management plan
29 developed in accordance with this subsection.

30 **SECTION 7.** This section becomes effective January 1, 2019, and expires December
31 31, 2028.