

GENERAL ASSEMBLY OF NORTH CAROLINA
1995 SESSION

CHAPTER 590
HOUSE BILL 540

AN ACT TO AUTHORIZE THE ISSUANCE OF NINE HUNDRED FIFTY MILLION DOLLARS GENERAL OBLIGATION BONDS OF THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED VOTERS OF THE STATE, FOR THE CONSTRUCTION OF HIGHWAYS AND TO AMEND THE HIGHWAY TRUST FUND.

The General Assembly of North Carolina enacts:

Section 1. Short title. This act shall be known and may be cited as the "State Highway Bond Act of 1996".

Sec. 2. Purpose and findings and determinations. (a) Purpose. – It is the intent and purpose of the General Assembly by this act to provide, subject to a vote of the qualified voters of the State, for the issuance of nine hundred fifty million dollars (\$950,000,000) general obligation bonds of the State for the purpose of providing funds, with any other available funds, for constructing, improving, and relocating roads, bridges, tunnels, and other highway facilities constituting at the time of the construction, improvement, and relocation, urban loops, highways in the Intrastate System, or a part of the State secondary highway system, as referenced or defined in this act.

(b) Findings and determinations. – The General Assembly finds that:

- (1) Pursuant to Chapter 692 of the 1989 Session Laws, the General Assembly created the Highway Trust Fund, provided for revenues to be deposited to the Highway Trust Fund, and designated how the revenues may be expended.
- (2) As contemplated by Chapter 692, highway construction to be funded from the Highway Trust Fund is funded on a "pay-as-you-go" basis, with highway construction proceeding based upon the amount of funds to be available to pay the costs of the construction on a current basis, and this highway construction is expected to be completed and funded by December 31, 2013.
- (3) Providing funds from the proceeds of bonds as authorized in this act will expedite the completion of construction of urban loops, Intrastate System highways, and necessary improvements to the State secondary road highway system that otherwise would be constructed only when sufficient revenues were generated to fund this construction.
- (4) The State could issue the bonds authorized by this act, expediting this construction, and could provide sufficient funds to pay debt service on

the bonds from the moneys otherwise to be deposited to the Highway Trust Fund to fund highway construction.

- (5) Sufficient moneys are expected to be deposited to the Highway Trust Fund to pay anticipated debt service on the bonds authorized by this act.
- (6) Although the bonds authorized by this act will constitute general obligation bonds, secured by the faith and credit and taxing power of the State, and although the funds deposited to the Highway Trust Fund are not specifically pledged to pay debt service on the bonds, it is the intent of the General Assembly that the debt service on the bonds authorized by this act will be provided from amounts deposited to the Highway Trust Fund, and certain amendments to Chapter 692 of the 1989 Session Laws are necessary to facilitate this funding of payments.

Sec. 3. Definitions. As used in this act, unless the context otherwise requires:

- (1) "Bonds" means bonds authorized to be issued under this act.
- (2) "Cost" means the capital cost of providing any highway facilities under this act, including, but not limited to, the following:
 - a. The cost of doing any or all of the following:
 - 1. Acquire, construct, erect, provide, develop, install, furnish, and equip.
 - 2. Reconstruct, remodel, alter, renovate, replace, refurnish, and reequip.
 - 3. Enlarge, expand, and extend.
 - 4. Demolish, relocate, improve, grade, drain, landscape, pave, widen, and resurface.
 - b. The cost of all property, both real and personal and both improved and unimproved, appurtenances, structures, facilities, machinery, equipment, easements, rights, rights-of-way, franchises, and licenses used or useful in connection with the purpose authorized.
 - c. The cost of demolishing or moving structures from land acquired and acquiring any lands to which the structures are to be moved.
 - d. The cost of plans, specifications, studies and reports, surveys, and estimates of costs and revenues.
 - e. The cost of engineering, architectural, and other consulting services as may be required.
 - f. Administrative expenses and charges directly related to bond-financed projects.
 - g. Finance charges and interest prior to and during construction and, if deemed advisable by the State Treasurer, for a period not

exceeding two years after the estimated date of completion of construction.

- h. The cost of bond insurance, investment contracts, credit enhancement and liquidity facilities and interest rate swap agreements, and financial and legal consultants, and related costs of bond and note issuance, to the extent and as determined by the State Treasurer.
- i. The cost of reimbursing the State for any payments made for any cost described above.
- j. Any other costs and expenses necessary or incidental to the purposes of this act. The allocations may be increased to reflect the availability of other funds, including, but not limited to, income earned on the investment of bond and note proceeds and the proceeds of any grants.

Allocations made pursuant to this act of proceeds of bonds to the costs of highway facilities in each case may include allocations to pay the costs set forth in subparagraphs f., g., i., and j. of this subdivision in connection with the issuance of bonds for the facilities.

- (3) "Credit facility" means an agreement entered into by the State Treasurer on behalf of the State with a bank, savings and loan association, or other banking institution; an insurance company, reinsurance company, surety company, or other insurance institution; a corporation, investment banking firm, or other investment institution; or any financial institution or other similar provider of a credit facility, which provider may be located within or without the United States of America; and providing for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the State agreeing to repay the provider of the credit facility in accordance with the terms and provisions of the agreement.
- (4) "Department of Transportation" means the Department of Transportation established by Article 8 of Chapter 143B of the General Statutes, and any successor of that Department.
- (5) "Highway facilities" means the State highway facilities authorized to be funded, with any other available funds, with the proceeds of bonds or notes.
- (6) "Intrastate System" has the same meaning as in G.S. 136-175.
- (7) "Notes" means notes authorized to be issued under this act.
- (8) "Par formula" means any provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne or provided for by any bonds or notes, including any of the following:

- a. A provision providing for adjustment so that the purchase price of the bonds or notes in the open market would be as close to par as possible.
 - b. A provision providing for adjustment based upon a percentage or percentages of a prime rate or base rate, which percentage or percentages may vary or be applied for different periods of time.
 - c. Any other provision that the State Treasurer may determine to be consistent with this act and to not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.
- (9) "State secondary highway system" includes all of the State highway system located outside municipal corporate limits which are not designated by N.C., U.S., or Interstate numbers.
 - (10) "Urban loops" means the urban loops set out in G.S. 136-180, including any changes as may be made from time to time by the General Assembly.
 - (11) "State" means the State of North Carolina.

Sec. 4. Authorization of bonds and notes. Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing Highway Bonds in the election called and held as provided in this act, the State Treasurer is authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Highway Bonds", with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this act, in an aggregate principal amount not exceeding nine hundred fifty million dollars (\$950,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this act.

Sec. 5. Appropriation and use of bond and note proceeds. (a) The proceeds of the bonds and notes are appropriated to the Department of Transportation. This appropriation is in addition to any other appropriation to that Department.

(b) The proceeds of five hundred million dollars (\$500,000,000) of the bonds and notes shall be used by the Department of Transportation for the purpose of paying, with any other available funds, part or all of the costs of all or some of the urban loops as shall be determined from time to time by the Department of Transportation.

(c) The proceeds of three hundred million dollars (\$300,000,000) of the bonds and notes shall be used by the Department of Transportation for the purpose of paying, with any other available funds, part or all of the costs of all or some of the highways in the Intrastate System as shall be determined from time to time by the Department of Transportation.

(d) The proceeds of one hundred fifty million dollars (\$150,000,000) of the bonds and notes shall be used by the Department of Transportation for the purpose of paying, with any other available funds, part or all of the costs of projects constituting a part of the State secondary highway system. The Department of Transportation shall

use these funds for projects that result in the paving of unpaved roads. Each county shall receive a percentage of these funds, the percentage to be determined as a factor of the number of miles of unpaved State-maintained secondary roads in the county divided by the total number of miles of unpaved State-maintained secondary roads in the State. The particular projects to constitute parts of the State secondary highway system and to be financed from the proceeds of the bonds and notes shall be determined from time to time by the Department of Transportation.

(e) The funds appropriated in this section are supplemental to the funds appropriated pursuant to G.S. 136-176(b) and may not be used, directly or indirectly, for any purpose other than the purposes provided in this section. It is the intent of the General Assembly that the allocations pursuant to G.S. 136-176(b) shall not be supplanted or diminished due to the appropriations of the proceeds of the bonds or notes pursuant to this section.

Sec. 6. Priority of Highway Trust Fund Use. G.S. 136-176(b) reads as rewritten:

"(b) Funds in the Trust Fund are annually appropriated to the Department of Transportation to be allocated and used as provided in this subsection. A sum, not to exceed four and one-half percent (4.5%) of the amount of revenue deposited in the Trust Fund under subdivisions (a)(1), (2), and (3) of this section, may be used each fiscal year by the Department for expenses to administer the Trust Fund. The rest of the funds in the Trust Fund shall be allocated and used as follows:

- (1) Sixty-one and ninety-five hundredths percent (61.95%) to plan, design, and construct the projects of the Intrastate System described in G.S. ~~136-179~~ 136-179 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to these projects.
- (2) Twenty-five and five hundredths percent (25.05%) to plan, design, and construct the urban loops described in G.S. ~~136-180~~ 136-80 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to these urban loops.
- (3) Six and one-half percent (6.5%) to supplement the appropriation to cities for city streets under G.S. 136-181.
- (4) Six and one-half percent (6.5%) for secondary road construction as provided in G.S. ~~136-182~~ 136-182 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to secondary road construction.

The Department must administer funds allocated under subdivisions (1), (2), and (4) of this subsection in a manner that ensures that sufficient funds are available to make the debt service payments on bonds issued under the State Highway Bond Act of 1996 as they become due."

Sec. 7. Highway Trust Fund effective date. The first paragraph of Section 8.4 of Chapter 692 of the 1989 Session Laws reads as rewritten:

"Sec. 8.4. When contracts for all projects specified in Article 14 of Chapter 136 of the General Statutes have been let and sufficient revenue has been accumulated to pay the contracts, the Secretary of Transportation shall certify this occurrence by letter to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Secretary of State. The proceeds of bonds and notes issued pursuant to the State Highway Bond Act of 1996 shall not be included as revenues accumulated to pay the contracts for the projects specified in Article 14 of Chapter 136 of the General Statutes. ~~The~~ Except as otherwise provided in this section, the changes below shall become effective on the first day of the calendar quarter following the date the Secretary sends the letter, unless there is less than 30 days between the date the letter is sent and the first day of the following quarter. In that circumstance, the changes shall become effective on the first day of the second calendar quarter following the date the Secretary sends the letter. The changes below shall not become effective, however, until the State Treasurer certifies by letter to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Secretary of State, that all of the bonds and notes issued pursuant to the State Highway Bond Act of 1996 have been retired or provision for their retirement has been made."

Sec. 8. Allocation of bond and note proceeds. The proceeds of the bonds and notes, including any premium thereon, if any, except the proceeds of bonds the issuance of which has been anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall be deposited by the State Treasurer in a special fund to be established in the Department of the State Treasurer and to be designated the "Highway Facilities Bonds Fund", which may include any appropriate special accounts as may be determined by the State Treasurer.

Any additional moneys which may be received by means of a grant or grants from the United States of America or any agency or department thereof or from any other source to aid in the financing of highway facilities may be placed by the State Treasurer in the Highway Facilities Bonds Fund, or in any separate funds or accounts as the State Treasurer may determine, and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to any limitations imposed by this act.

Moneys in the Highway Facilities Bonds Fund or in any separate fund or account may be invested from time to time by the State Treasurer in the same manner permitted for investment of moneys belonging to the State or held in the State treasury except with respect to grant money to the extent otherwise directed by the terms of the grant, and any investment earnings shall be credited to the Highway Facilities Bonds Fund or the particular fund or account from which the investment was made.

All moneys deposited in, or accruing to, the credit of the Highway Facilities Bonds Fund, other than moneys set aside for administrative expenses, including expenses related to determining compliance with applicable requirements of the federal tax law and costs of issuance, shall be used to pay the cost of highway facilities authorized by this act.

The proceeds of the bonds and notes may be used with other money made available by the General Assembly for the purposes provided in this act, including the proceeds of any other State bond issues, which may be made available at the session of

the General Assembly at which this act is ratified or at any subsequent sessions. The proceeds of the bonds and notes shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this act shall be disbursed for the purposes provided in this act upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until a requisition has been approved by the Director of the Budget and which requisition shall be approved only after compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.

Sec. 9. Election. The question of the issuance of the bonds authorized by this act shall be submitted to the qualified voters of the State at the general election in November 1996. Any other primary, election, or referendum validly called or scheduled by law at the time the election on the bond question provided for in this section is held may be held as called or scheduled. Notice of the election shall be given in the manner and at the times required by G.S. 163-33(8). The election and the registration of voters for the election shall be held under and in accordance with the general laws of the State. Absentee ballots shall be authorized in the election.

The State Board of Elections shall reimburse the counties of the State for all necessary expenses incurred in holding the election which are in addition to those which would have otherwise been incurred, these expenses to be paid out of the Contingency and Emergency Fund or other funds available to the State Board of Elections.

Ballots, voting systems authorized by Article 14 of Chapter 163 of the General Statutes, or both may be used in accordance with rules prescribed by the State Board of Elections. The bond question to be used in the ballots or voting systems shall be in substantially the following form:

☐ FOR ☐ AGAINST

The issuance of nine hundred fifty million dollars (\$950,000,000) State of North Carolina Highway Bonds constituting general obligation bonds of the State secured by a pledge of the faith and credit and taxing power of the State for the purpose of providing funds, with any other available funds, through the application of not in excess of five hundred million dollars (\$500,000,000) of the bonds to pay the capital costs of urban loops, the application of not in excess of three hundred million dollars (\$300,000,000) of the bonds to pay the capital costs of Intrastate System projects, and the application of not in excess of one hundred fifty million dollars (\$150,000,000) of the bonds to pay the capital costs of projects constituting a part of the State secondary highway system resulting in the paving of unpaved roads.

If a majority of those voting on the bond question vote in favor of the issuance of the bonds, the bonds may be issued as provided in this act. If a majority of those voting on the bond question vote against the issuance of the bonds, the bonds shall not be issued.

The results of the election shall be canvassed and declared as provided by law for the holding of elections for State officers; the results of the election shall be certified

by the State Board of Elections to the Secretary of State, in the manner and at the time provided by the general election laws of the State.

Sec. 10. Issuance of bonds and notes. (a) Terms and conditions. Bonds or notes may bear such date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not later than December 1, 2013, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may vary from time to time, and may be made redeemable before maturity, at the option of the State or otherwise as may be provided by the State, at such price or prices, including a price less than the face amount of the bonds or notes, and under such terms and conditions, all as may be determined by the State Treasurer, by and with the consent of the Council of State.

(b) Signatures; form and denomination; registration. Bonds or notes may be issued as certificated or uncertificated obligations. If issued as certificated obligations, bonds or notes shall be signed on behalf of the State by the Governor or shall bear the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear the State Treasurer's facsimile signature, and shall bear the Great Seal of the State or a facsimile thereof shall be impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall also bear a manual signature which may be that of a bond registrar, trustee, paying agent, or designated assistant of the State Treasurer. Should any officer whose signature or facsimile signature appears on bonds or notes cease to be such officer before the delivery of the bonds or notes, the signature or facsimile signature shall nevertheless have the same validity for all purposes as if the officer had remained in office until delivery of the bonds and notes, and bonds or notes may bear the facsimile signatures of persons who at the actual time of the execution of the bonds or notes shall be the proper officers to sign any bond or note although at the date of the bond or note such persons may not have been such officers. The form and denomination of bonds or notes, including the provisions with respect to registration of the bonds or notes and any system for their registration, shall be as the State Treasurer may determine in conformity with this act; provided, however, that nothing in this act shall prohibit the State Treasurer from proceeding, with respect to the issuance and form of the bonds or notes, under the provisions of Chapter 159E of the General Statutes, the Registered Public Obligations Act, as well as under this act.

(c) Manner of sale; expenses. Subject to approval by the Council of State as to the manner in which bonds or notes shall be offered for sale, whether at public or private sale, whether within or without the United States of America and whether by publishing notices in certain newspapers and financial journals, mailing notices, inviting bids by correspondence, negotiating contracts of purchase or otherwise, the State Treasurer is authorized to sell bonds or notes at one time or from time to time at such rate or rates of interest, which may vary from time to time, and at such price or prices, including a price less than the face amount of the bonds or the notes, as the State Treasurer may determine. All expenses incurred in the preparation, sale, and issuance

of bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or other available moneys.

(d) Notes; repayment. By and with the approval of the Council of State, the State Treasurer is authorized to borrow money and to execute and issue notes of the State for the borrowed money, but only in the following circumstances and under the following conditions:

- (1) For anticipating the sale of bonds the issuance of which the Council of State shall have approved, if the State Treasurer shall deem it advisable to postpone the issuance of the bonds;
- (2) For the payment of interest on or any installment of principal of any bonds then outstanding, if there shall not be sufficient funds in the State treasury with which to pay the interest or installment of principal as they respectively become due;
- (3) For the renewal of any loan evidenced by notes;
- (4) For refunding bonds or notes; or
- (5) For the purposes authorized in this act.

Funds derived from the sale of bonds or notes may be used in the payment of any bond anticipation notes issued under this act. Funds provided by the General Assembly for the payment of interest on or principal of bonds shall be used in paying the interest on or principal of any notes and any renewals of any notes, the proceeds of which shall have been used in paying interest on or principal of the bonds.

(e) Refunding bonds and notes. By and with the approval of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds and notes pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding bonds or notes issued pursuant to this act. The refunding bonds or notes may be combined with any other issues of State bonds and notes similarly secured.

(f) Tax exemption. Bonds and notes shall be exempt from all State, county, and municipal taxation or assessment, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, excluding inheritance and gift taxes, income taxes on the gain from the transfer of bonds and notes, and franchise taxes. The interest on bonds and notes shall not be subject to taxation as income.

(g) Investment eligibility. Bonds and notes are hereby made securities in which all public officers, agencies, and public bodies of the State and its political subdivisions, all insurance companies, trust companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Bonds and notes are hereby made securities that may properly and legally be deposited with and received by any officer or agency of the State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision is now or may hereafter be authorized by law.

(h) Faith and credit. The faith and credit and taxing power of the State are hereby pledged for the payment of the principal of and the interest on bonds and notes.

Sec. 11. Variable interest rates. In fixing the details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

- (1) Be made payable from time to time on demand or tender for purchase by the owner of the bonds or notes provided a credit facility supports the bonds or notes, unless the State Treasurer specifically determines that a credit facility is not required upon a finding and determination by the State Treasurer that the absence of a credit facility will not materially and adversely affect the financial position of the State and the marketing of the bonds or notes at a reasonable interest cost to the State;
- (2) Be additionally supported by a credit facility;
- (3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;
- (4) Bear interest at a rate or rates that may vary for such period or periods of time, all as may be provided in the proceedings providing for the issuance of the bonds or notes, including, but not limited to, such variations as may be permitted pursuant to a par formula; and
- (5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

If the aggregate principal amount repayable by the State under a credit facility is in excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether as a result of the inclusion in the credit facility of a provision for the payment of interest for a limited period of time or the payment of a redemption premium or for any other reason, then the amount of authorized but unissued bonds or notes during the term of such credit facility shall not be less than the amount of such excess, unless the payment of such excess is otherwise provided for by agreement of the State executed by the State Treasurer.

Sec. 12. Other agreements. The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit enhancement and liquidity facilities, and interest rate swap agreements, and any other related instruments and matters as the State Treasurer considers desirable in connection with the issuance of bonds or notes.

Sec. 13. Interpretation of act. (a) Additional method. The foregoing sections of this act shall be deemed to provide an additional and alternative method for the doing of the things authorized thereby, shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing.

(b) Statutory references. References in this act to specific sections or Chapters of the General Statutes or specific acts are intended to be references to these

sections, Chapters, or acts as they may be amended from time to time by the General Assembly.

(c) Liberal construction. This act, being necessary for the health and welfare of the people of the State, shall be liberally construed to effect the purposes thereof.

(d) Severability. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 14. Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-180.1. Proposed Durham Northern loop.

The Department of Transportation shall notify the owners of all property that is within a corridor located in Durham County and is being considered as a possible alignment of the proposed Durham Northern loop of at least one informational workshop, if one is held, and any public hearings on that urban loop. These notifications shall be made by first-class mail and shall be made no less than 30 days prior to the scheduled workshop or public hearing. Prior to a decision on the proposed Durham Northern loop, the Department of Transportation shall consider all alternatives advanced by interested parties including improvements to existing corridors and consider neighborhood growth, economic development patterns and trends, the best protection for the environment, and limitation on encroachment upon State parks. A public report shall be made by the Department of Transportation of its findings and the basis for its decision."

Sec. 15. Article 14 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-177.1. Requirement to use federal funds for Intrastate System projects and urban loops.

For fiscal years 1996-97 through 2010-11, the Department of Transportation must use ten million dollars (\$10,000,000) of the funds it receives each year under 23 U.S.C. Chapter 1, Federal-Aid Highways, to construct the Intrastate System projects described in G.S. 136-179. For fiscal years 1996-97 through 2011-12, the Department of Transportation must use ten million dollars (\$10,000,000) of the funds it receives each year under 23 U.S.C. Chapter 1, Federal-Aid Highways, to construct the urban loops described in G.S. 136-180. G.S. 136-176(c) does not apply to federal funds required to be used under this section for Intrastate System projects or urban loops, nor does it apply to any funds from the Highway Fund that were used to match these federal funds."

Sec. 16. Article 14 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-185. Maintenance reserve created in certain circumstances.

If the Highway Trust Fund has not terminated but all contracts for the projects of the Intrastate System described in G.S. 136-179 have been let and the amount collected and

allocated for the Intrastate System is enough to pay the contracts and retire any bonds issued under the State Highway Bond Act of 1996 for projects of the Intrastate System, all subsequent allocations of revenue for the Intrastate System shall be credited to a reserve account within the Trust Fund. Revenue in this reserve may be used only to maintain the projects of the Intrastate System.

If the Highway Trust Fund has not terminated but all contracts for the urban loops described in G.S. 136-180 have been let and the amount collected and allocated for the urban loops is enough to pay the contracts and retire any bonds issued under the State Highway Bond Act of 1996 for the urban loops, then all subsequent allocations of revenue for the urban loops shall be credited to a reserve account within the Trust Fund. Revenue in this reserve may be used only to maintain the urban loops."

Sec. 17. Effective date. This act is effective upon ratification, except that Sections 6, 7, 15, and 16 shall become effective upon the certification of a favorable vote on the bonds by the State Board of Elections to the Secretary of State as provided in Section 9 of this act.

In the General Assembly read three times and ratified this the 20th day of June, 1996.

Dennis A. Wicker
President of the Senate

Harold J. Brubaker
Speaker of the House of Representatives