

LEGISLATIVE RESEARCH COMMISSION

STATE INFRASTRUCTURE NEEDS



REPORT TO THE
1987 GENERAL ASSEMBLY
OF NORTH CAROLINA

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December 12, 1986

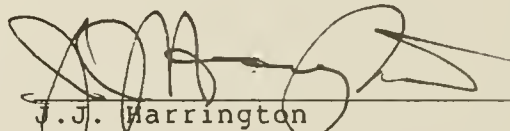
TO THE MEMBERS OF THE 1987 GENERAL ASSEMBLY:

The Legislative Research Commission herewith reports to the 1987 session of the General Assembly on the matter of North Carolina's public infrastructure needs. This report is prepared pursuant to G.S. 120-30.17.

This report was prepared by the Legislative Research Commission's Committee on State Infrastructure Needs and is transmitted by the Legislative Research Commission for your consideration.

Respectfully submitted,


Liston B. Ramsey


J.J. Harrington

Cochairmen

Legislative Research Commission

LEGISLATIVE RESEARCH COMMISSION

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Senator Henson P. Barnes
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Senator Ollie Harris
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Representative Aaron Fussell
Representative Barney Paul Woodard

I N T R O D U C T I O N

INTRODUCTION

The Legislative Research Commission, authorized by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is cochaired by the Speaker of the House of Representatives and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigation into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" [G.S. 120-30.17(1)].

At the direction of the 1985 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The co-chairmen of the Legislative Research Commission, under the authority of General Statute 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Co-chairmen, one from each house of the General Assembly, were designated for each Committee.

The study of State infrastructure needs was authorized by Section (1).1 of Chapter 790 of the 1985 Session Laws.

That act states that the Commission may consider the original bill proposing a study of these investments, Senate Bill 541 (1985), in determining the nature, scope, and aspects of the study. However, the scope of Senate Bill 541 does not limit the scope of the study committee, acting pursuant to Chapter 790(1).1. The Legislative Research Commission grouped this study in its State Government area under the direction of Representative Christopher Barker, Jr. The Committee, whose membership is listed in Appendix A, was chaired by Senator Kenneth Royall, Jr. and Representative Foyle Hightower, Jr.

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B A C K G R O U N D

BACKGROUND
AND SUMMARY OF INTERIM REPORT

The State Infrastructure Needs Committee began meeting in December, 1985 and held meetings prior to the 1986 short session on the following dates: December 17, 1985; January 13, 1986; March 25, 1986; and April 22, 1986.

The purpose of these meetings was to make an assessment of the State's various infrastructure needs. "Infrastructure" includes all capital facilities and improvements owned by the State or local governments that are necessary for the government to provide services to the public. The Committee decided to focus, however, on six important facets of State and local infrastructure in North Carolina. Those six items are:

- (1) Highways, roads, and bridges;
- (2) Public elementary and secondary schools;
- (3) Community colleges;
- (4) Public universities;
- (5) State-owned buildings; and
- (6) Wastewater treatment, water supply, and solid waste disposal facilities.

Although the term "infrastructure" is much broader and can include airports, jails, prisons, seaports, municipal and county buildings, etc., the Committee chairmen felt that a more narrow focus would allow the Committee to examine in depth the more

important infrastructure items.

To make the assessments, the Committee invited several agencies to appear before the Committee and present needs assessments that these agencies had already calculated for certain infrastructure items. The agencies appearing before the Committee to make the presentations were the Department of Public Instruction, the Department of Transportation, the Department of Natural Resources and Community Development, the State Building Division of the Department of Administration, and the Department of Community Colleges. Some of the agencies appeared more than once.

From these presentations, the Committee was able to compile a list of monetary needs in order to fund the current backlog of infrastructure needs and to meet projected infrastructure needs through the 1990's and into the year 2000. The Committee's findings, published in its interim report, are listed in the following table. The table lists the agency that reported the needs for an infrastructure item to the Committee, the type of facility for which it reported, the current backlog of needs, and the projected needs through the year listed in the "Year" column. The amounts listed in the "Future" column include the amounts listed in the "Current" column. For example, the \$5.8 billion in projected public school facility needs includes the \$2.2 billion in current needs. The Committee was not able to attest to the accuracy of these figures.

CURRENT AND FUTURE INFRASTRUCTURE NEEDS
(Prior to 1986 Short Session)

<u>Reporting Agency</u>	<u>Facilities</u>	<u>Needs (in billions)</u>		<u>Year</u>
		<u>Current</u>	<u>Future</u>	
Public Instruction	Schools	\$ 2.2	\$ 5.8	2000
Natural Resources	Wastewater	1.0	1.5	2000
Transportation	Highways			
	Construction	10.1	17.1	2000
	Maintenance	----	4.7	2000
State Bldg. Div.	State Bldgs.			
	Repair/Renov.	.500	----	
UNC-Gen. Admin.	Universities	----	1.4	Mid-90s
Community Colleges	Comm. Colleges	.014	.315	

The Committee issued an interim report, dated May 28, 1986, to the General Assembly in order to provide information on the State's infrastructure needs for use during the short session, as well as for the Governor, the Advisory Budget Commission, and the public.

In addition to its needs assessments, the Committee published, but took no action on, the various proposals presented by the reporting agencies for dealing with infrastructure finance. These proposals included an increase in the 1/2 cents sales tax, with the proceeds to finance public school capital improvement; the creation of a revolving loan fund to loan money to counties and municipalities to finance wastewater treatment, water supply, and solid waste disposal facilities; the creation of a transportation trust fund; and the creation of a State Building

Commission with certain powers and duties intended to more effeciently provide for the construction process for State buildings.

Although the Committee took no action on these proposals, the 1986 General Assembly did address some of the proposals with new infrastructure finance legislation. The two most important pieces of infrastructure finance legislation to come out of the short session were the gasoline tax increase and the enactment of the new 1/2 cents local option tax. The gasoline tax increase provides additional funds for highway projects. The 1/2 cents local option sales tax, for those counties that enact it, provide additional funds to the cities and counties, portions of which are earmarked for public school construction and water and sewer projects. A similar local option sales tax, with similar use restrictions, had been enacted in 1983. (All 100 counties now have the 1983 tax in effect). A 1986 bill to create the State Building Commission failed to clear the House State Government Committee to which it was assigned, primarily because of controversy over a provision in the bill that would allow the Commission to accept bids under methods other than the current "separate contracts" method. The State-Owned Property Study Commission, from which the bill originated, is reexamining the bill and making changes in anticipation of the bill's reintroduction in 1987.

C O M M I T T E E P R O C E E D I N G S

COMMITTEE PROCEEDINGS

After the adjournment of the short session, the Committee on State Infrastructure Needs met three times: October 9, 1986; November 18, 1986; and December 1, 1986.

October 9, 1986

The purpose of the October meeting was to hear from the Association of County Commissioners and the League of Municipalities on local government infrastructure needs. Most of these needs had been covered in the Spring by the various state agencies with jurisdiction over local facilities.

Mr. Ed Regan of the North Carolina Association of County Commissioners appeared before the Committee to present the county's infrastructure needs and concerns. Mr. Regan pointed out the following concerns of the counties:

- (i) the need for more data on the costs of and more money for solid waste disposal sites, especially since the sites now have to meet groundwater contamination rules;
- (ii) the elimination of the federal general revenue-sharing program; and
- (iii) the need for central monitoring of infrastructure needs.

Mr. Regan recommended that the Committee consider revolving loan funds and infrastructure banks as a possible answer to

financing infrastructure needs, with dedicated sources of revenue and special fees as potential sources to finance these programs.

Mr. Fred Baggett of the North Carolina League of Municipalities addressed the Committee concerning the infrastructure needs and concerns of North Carolina's cities. Mr. Baggett echoed Mr. Regan's concern over the loss of the general revenue-sharing program. He also pointed out that water and sewer projects are one of the biggest and most pressing infrastructure needs of the cities today. Mr. Baggett stated that the League supported the concept of revolving loan funds and matching grants.

In response to a question from Senator Royall, both Mr. Regan and Mr. Baggett, in addition to Ms. Mary Joan Pugh (Assistant Secretary of NRCD), agreed that a need-based distribution of water and sewer funds to local governments would work out better in the long run than a per capita distribution. Representative Hightower then requested NRCD to come up with criteria to determine "need" for distribution of funds under a need-based system.

Mr. Doug Carter of the Fiscal Research Division updated the Committee on 1986 highway legislation enacted by the General Assembly. Mr. Carter stated that the gasoline tax increase would create new funds for many projects and that the new funds generated for FY 1986-87 would be used as shown on the next page.

1986-87 Highway Funds

Construction

Primary	\$ 1,000,000
Secondary	6,881,250
Urban	21,500,000
Special Approp.	30,000,000
Fed'l. Fund Match	39,300,000
State Maintenance	\$ 24,226,531
State Aid to Municipalities (add'l.)	6,581,250
Capital Improvements	7,585,000

Mr. Linwood Jones, Committee Counsel, briefed the Committee on what actions other states were taking to address their infrastructure needs. (See Appendix F). Many of these states have created or considered creating permanent entities to study infrastructure needs, problems, and solutions. Senator Royall suggested that in lieu of creating a new commission in North Carolina to continue the study of infrastructure needs, the task could be performed by a subcommittee of the Joint Committee on Government Operations, a legislative committee with oversight of government operations. This suggestion is incorporated as a recommendation of the Committee in the appropriate section of this report.

November 18, 1986

The November meeting was held to allow the agencies that originally reported in the Spring to return to the Committee and provide updated information based on the actions of the General Assembly during the short session. Presentations were made by Dr. Jay Robinson, Vice President for Public Affairs for the University of North Carolina; Mr. Roger Bone, Assistant to the President for State Government Affairs at the Department of Community Colleges; and Dr. Darryl Spencer, Director of the School Planning Division of the Department of Public Instruction.

With respect to community college facilities, Mr. Bone pointed out that \$22.6 million had been appropriated during the 1986 short session, and that the \$75.6 million in State-funded 1985 capital improvement needs and the \$36.8 million in State-funded 1986 capital improvement needs identified by President Scott in the Spring had been reduced by legislative appropriations of \$33 million and \$22.6 million, respectively.

Dr. Spencer of the Department of Public Instruction noted that the enactment of the 1983 and 1986 local option sales taxes had stimulated local bond issues for public schools and that the most recent of the two, if passed by all the counties, would provide a mandated minimum of \$78 million annually in new funds for public school facility construction. (See Appendix D).

Dr. Spencer then discussed Governor Martin's proposed loan

pool from which counties could borrow funds to finance school facility construction. Under the proposal, bonds would be issued by the State in order to obtain the lower interest rates afforded to the State through its "AAA" credit rating. (Only a few counties and cities in North Carolina receive this top rating.) Counties would borrow from the fund as needed (subject to limitations on the amount borrowed) and would repay the loan with the proceeds of either or both of the local option sales taxes. Other sources, such as the 1 cent sales tax, could also be considered a repayment source. According to the proposal, the borrowing of funds by the county would create no constitutional debt at the county level; thus, a local bond referendum would be unnecessary. However, the pooled loan fund program itself would create a State debt and would require a statewide referendum.

Dr. Robinson updated the needs of the allied and constituent institutions of North Carolina, including the North Carolina Memorial Hospital. These needs, totaling in excess of \$1.4 billion dollars, are identified in more detail in Appendix E. Of the \$1.4 billion in needs identified, approximately \$1.1 to \$1.2 billion would be State-funded and the remainder would be raised through self-liquidating funds such as student fees, etc.

December 1, 1986

Four speakers appeared at the final meeting of the Committee on December 1, 1986: Secretary James Harrington, Mr. Ray DeBruhl, Secretary Thomas Rhodes, and Mr. Billy Ray Hall. The first three speakers had appeared before the Committee during the Spring. Mr. Hall, with the Lieutenant Governor's Office and staff to the North Carolina Commission on Jobs and Economic Growth, was making his first appearance.

Secretary Harrington noted that the General Assembly, during the 1986 short session had created \$115 million in new construction funds for fiscal 1986-87, with those funds to continue rising in the next few years, hopefully to over \$200 million by 1990. The General Assembly also designated the manner in which the money was to be spent, including a new State-funded construction program.

The Secretary stated that the Roads to the Future agenda was really a two-fold program: (i) new revenues for roads and (ii) right-of-way legislation. The increase in the gasoline tax had partially addressed the new revenue aspect of the program during the short session. However, the \$30 million for the State-funded construction program would need to continue growing. Secretary Harrington pointed out two major needs for the 1987 legislation: (a) Continuing appropriation accounts and (b) right-of-way protection. These topics were discussed at earlier meetings of

the Committee during the Spring. A summary of the proposals is contained in Appendix J.

Mr. Harrington also presented a member of his Department who spoke on the exorbitant cost of right-of-way acquisition due to inflated land values. Two examples were cited in which the cost of right-of-way for two particular projects had in one year increased by 131% for one project and 558% on another project. The speaker also mentioned that the 1986 General Assembly had given the Department authority for one year to enter into public/private partnerships for the construction of roads if the private partner puts up at least 50% of the cost.

Mr. DeBruhl, Director of the State Building Division repeated his estimate from the Spring that it would cost the State about 1% of the replacement value of State-owned buildings each year in order to adequately fund a program for the repair and maintenance of State-owned buildings. Since these buildings have a replacement value exceeding \$5 billion, at least \$50 million in annual appropriations would be required to meet the 1% funding ratio desired. Mr. DeBruhl also mentioned that although public works such as water and sewer projects are receiving attention at the national level, there is as yet no focus at the national level on State buildings. Thus, it will be up to the State to continue to study the needs of State-owned properties.

Mr. DeBruhl also updated the Committee on two bills that had

originated in the State-Owned Property Study Commission and had been introduced during the short session. The first bill, HB 1494, appropriated \$250,000 for maintenance surveys and was enacted. The second bill, HB 1495, would have created a State Building Commission, but the bill stalled in Committee.

Secretary Rhodes reappeared before the Committee and repeated his proposal for a revolving loan fund for wastewater treatment, water supply, and solid waste disposal facilities. The details of his proposal have been presented before and are outlined in Appendix I.

Mr. Billy Ray Hall of the Lieutenant Governor's Office also appeared before the Committee to state that the N.C. Commission on Jobs and Economic Growth has also endorsed a revolving loan fund for wastewater treatment and water supply projects. However, the Commission did not specify details of how the fund would operate or be administered. Mr. Hall and Secretary Rhodes agreed before the meeting of the Committee to recommend a general framework around which the revolving loan fund should be created. This agreement reflects a consensus among the Commission on Jobs and Economic Growth, NRCD, and the Governor's Economic Development Board that a revolving loan fund for these facilities is needed. Details of how the fund should be administered are still being discussed among these parties; the general framework of the

revolving loan fund, however, is incorporated into a recommendation by the Committee.

Mr. Hall also passed along two other items of interest to the Committee upon which the Commission on Jobs and Economic Growth had earlier acted. First, Mr. Hall passed along a recommendation from the Commission that would create a local/State partnership for local capital facilities planning, with the State footing approximately 40% of the planning costs. Second, the State should require from its agencies ten-year capital plans.

F I N D I N G S

FINDINGS

1. The assessment of infrastructure needs and conditions in North Carolina will require regular, periodic review on a permanent basis in order to provide State and local officials with the information necessary for them to responsibly and knowledgeably allocate resources among the various items of infrastructure at the State and local levels.

2. Accurate, reliable and current information on the conditions and needs of infrastructure facilities is critical in providing adequate information for State and local officials to make such allocations, and the State and local authorities with jurisdiction over or oversight of particular infrastructure facilities are responsible for making a good faith effort to ensure that the information provided is accurate and timely.

3. The General Assembly should continue to address the need for wastewater treatment and water supply projects during the 1987 session. The appropriation of sixty million dollars during each of the last two fiscal years and the earmarking of a portion of the new 1/2 cents local option tax

for these facilities has helped to address water and sewer needs. The Committee finds, however, that the General Assembly should continue the annual appropriations in the amount of sixty million dollars, with the money appropriated to be placed in a revolving loan fund from which local governments can borrow for construction of water and sewer facilities. The Committee believes that the money appropriated could be more efficiently used if it is distributed on a "needs" basis.

4. The Committee, although it is unable to attest to their accuracy, reports the following figures on the identifiable needs (in billions of dollars) of the infrastructure items studied by the Committee. The needs identified represent both the current backlog of needs and the projected needs through the indicated year. The Committee finds that the State-funded portion of these needs were partly addressed and/or reduced by the General Assembly during the 1986 short session as noted on the following page. Because the agencies reporting these figures did not state to what extent their needs had been reduced by non-State appropriations since the short session, the chart gives the figures compiled prior to the short session and then lists the sources and amounts, if known, of State funds or State-authorized funds appropriated or provided for during the short session to address these needs.

HOW THE 1986 SESSION ADDRESSED INFRASTRUCTURE NEEDS

<u>Facility</u>	<u>NEEDS (in billions)</u>		<u>General Assembly 1986 Legislation</u>
	<u>Current</u>	<u>Future</u>	
Public Schools	\$2.2	\$ 5.8 (2000)	New 1/2 cents local opt. sales tax, with earmarked funds (60% at first) for school facilities. The 60% earmarked portion may itself generate <u>\$85 mill.</u> in new funds FY 1987-88.
Universities	----	\$ 1.4 (1990)	<u>\$51 million</u> in 1986 State appropriations.
Comm. Colleges	.014	.315 (1995)	<u>\$22.6 million</u> in 1986 State appropriations.
State Buildings	.500	-----	<u>\$250,000</u> for maintenance surveys appropriated, but bill to create State Bldg. Commission failed.
Highways/Bridges			Increase in the gas tax (2 cents/gal. + 3% of avg. wholesale price) will generate <u>\$115 million</u> in new revenue in FY 1986-87 for highway projects.
Construction	10.1	17.1	
Maintenance	----	4.7 (2000)	
Wastewater Treat.	1.4	1.7 (2000)	<u>\$39 million</u> reserve for water/sewer projects.
Water Supply	----	----	<u>\$21 million</u> reserve for water/sewer projects.

*The figures listed in the Needs columns reflect the needs identified during the Spring of 1986. The figures listed in the far right column have reduced these needs. However, it is difficult to pinpoint by what amount the needs have been reduced because of uncertainty about how much of the 1/2 cents sales tax will be used by counties for school construction and how much federal and other non-State funding was received that is not identified in the agencies' new reports. In addition, federal funding for water and sewer facilities and highways was still undecided when the Committee held its final meeting.

R E C O M M E N D A T I O N S

DATA AVAILABLE BY DECEMBER 1ST OF EACH YEAR FOR REVIEW BY THE JOINT COMMITTEE ON GOVERNMENT OPERATIONS.

C. THE COMMITTEE RECOMMENDS THAT THE GENERAL ASSEMBLY CREATE A PERMANENT STATE REVOLVING LOAN FUND TO PROVIDE LOANS TO LOCAL GOVERNMENTS FOR FINANCING THE CONSTRUCTION OF WASTEWATER TREATMENT AND WATER SUPPLY FACILITIES. THE FUND SHOULD BE CAPITALIZED WITH \$60 MILLION (SIXTY MILLION DOLLARS) IN ANNUAL APPROPRIATIONS FROM THE GENERAL ASSEMBLY. FUNDS FOR PROJECTS SHOULD BE DISTRIBUTED ON A "NEEDS" BASIS.

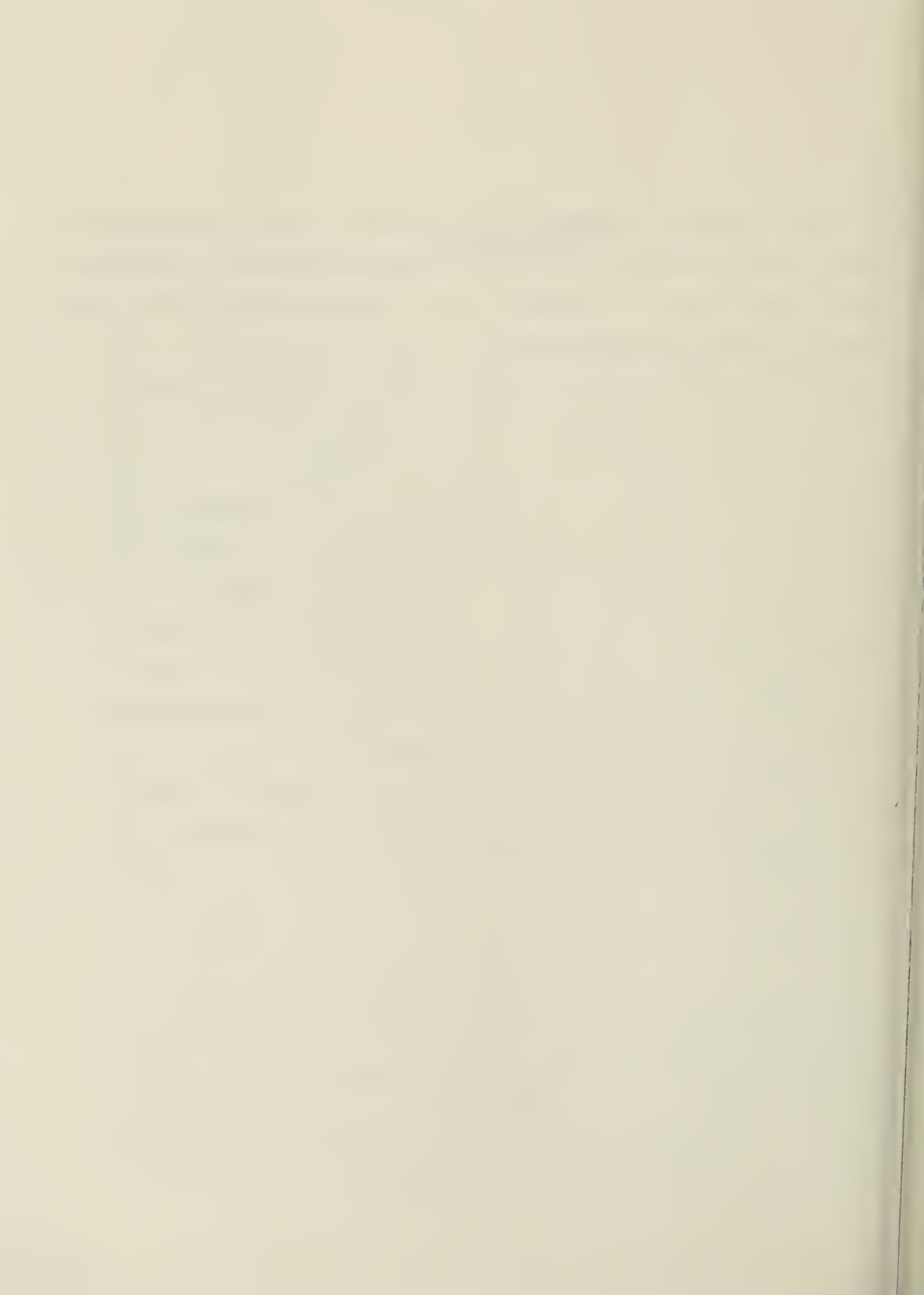
REPAYMENTS ON LOANS SHOULD BE MADE, TO THE EXTENT POSSIBLE, FROM REVENUES DERIVED FROM USER FEES AND CHARGES FOR WATER AND SEWER SERVICES. HOWEVER, SOME COMMUNITIES, PARTICULARLY SMALLER ONES, WOULD BE REQUIRED TO ASSESS EXCESSIVE FEES FOR WATER AND SEWER SERVICE AND USE IN ORDER TO MAKE LOAN REPAYMENTS FROM USER FEE REVENUES. THE COMMITTEE THEREFORE RECOMMENDS THAT A SMALL PERCENTAGE OF THE MONIES IN THE FUND BE SET ASIDE FOR GRANTS TO UNITS OF GOVERNMENT WHOSE PROPOSED WATER OR SEWER PROJECTS WILL REQUIRE PROJECTED USER FEES IN EXCESS OF 1.5% (ONE AND ONE-HALF PERCENT) OF THE MEDIAN FAMILY INCOME OF THE USERS OF A UNIT'S SYSTEM. A GRANT SHOULD BE AVAILABLE ONLY TO THE EXTENT NECESSARY TO REDUCE THE USER FEES TO 1.5% (ONE AND ONE-HALF PERCENT) OF THE MEDIAN FAMILY INCOME OF THE SYSTEM USERS.

RECOMMENDATIONS

A. THE COMMITTEE RECOMMENDS THAT THE JOINT COMMITTEE ON GOVERNMENT OPERATIONS OR A SUBCOMMITTEE THEREOF CONTINUE THE WORK BEGUN BY THE COMMITTEE ON STATE INFRASTRUCTURE NEEDS. THE JOINT COMMITTEE ON GOVERNMENT OPERATIONS OR ITS DESIGNATED SUBCOMMITTEE SHOULD ANNUALLY UPDATE THE NEEDS AND CONDITIONS OF STATE AND LOCAL INFRASTRUCTURE, INCLUDING EDUCATIONAL FACILITIES AT ALL EDUCATIONAL LEVELS; WASTEWATER TREATMENT, WATER SUPPLY, AND SOLID WASTE DISPOSAL FACILITIES; HIGHWAYS, ROADS AND BRIDGES; STATE-OWNED BUILDINGS; AND ANY OTHER FACETS OF STATE AND/OR LOCAL INFRASTRUCTURE FOR WHICH THE JOINT COMMITTEE ON GOVERNMENT OPERATIONS BELIEVES CURRENT OR PROJECTED NEEDS INFORMATION IS NECESSARY TO ENABLE LEGISLATORS AND DECISIONMAKERS AT THE LOCAL LEVEL TO DECIDE WHICH CAPITAL IMPROVEMENTS TO FUND AND WHEN TO FUND THEM.

B. THE COMMITTEE RECOMMENDS THAT ALL STATE AND LOCAL AGENCIES THAT INVENTORY INFRASTRUCTURE ITEMS SHOULD CONTINUE TO UPDATE THOSE INVENTORIES ON AN ANNUAL BASIS AND STRIVE TO ENSURE THAT THE INVENTORIES ARE RELIABLE, ACCURATE, AND MEANINGFUL. ALL SUCH AGENCIES SHOULD, TO THE EXTENT POSSIBLE, HAVE CURRENT AND RELIABLE

D. THE COMMITTEE RECOMMENDS THAT A STATE BUILDING COMMISSION BE ESTABLISHED AND THAT THE CAPITAL BUILDING AUTHORITY BE ABOLISHED, ALONG THE LINES OF A PROPOSAL UNDER CONSIDERATION BY THE STATE-OWNED PROPERTY STUDY COMMISSION.



CROSS REFERENCE INDEX TO
THE INTERIM AND FINAL REPORTS

The following chart shows which presentations appear in the interim report, the final report, or both, and the page citation to the discussion of those presentations in the report(s):

<u>Presentation</u>	<u>Page Location</u>	
	<u>Interim</u>	<u>Final</u>
Assoc. of Co. Commissioners - Regan		5-6
Community Colleges, Dep't. of - Bone		8
- Scott	23	
Education, Dep't. of - Phillips	7-10	
- Spencer		8-9
Fiscal Research Div. - Carter	19-21	6
- Covington	6	
- Crofts	6	
- Peterson	6	
League of Municipalities - Baggett		6
Lieutenant Governor's Office - Hall		12
- Jordan	5,6	
Nat. Resources & Comm. Dev. - Rhodes	10-13, 27	12
State Budget Office - Kiltie		
State Construction, Div. of - DeBruhl	18-19, 26	11
Transportation, Dep't. of - Harrington	13-17	10-11
	24-26	
University of North Carolina - McMillan	23-24	
- Robinson		9

A P P E N D I C E S

APPENDIX A

MEMBERSHIP OF THE COMMITTEE ON
STATE INFRASTRUCTURE NEEDS

Sen. Kenneth Royall, Jr.
Durham
Cochairman

Rep. Foyle Hightower, Jr.
Wadesboro
Cochairman

Sen. Marc Basnight
Manteo

Rep. Albert Lineberry
Greensboro

Mr. Tom Bradshaw
Raleigh

Rep. Harry Payne
Wilmington

Sen. William N. Martin
Greensboro

Rep. J. Ray Sparrow
Cary

Sen. Thomas Taft
Greenville

Rep. Dennis Wicker
Sanford

Staff:

Mr. Linwood Jones
Committee Counsel
(919) 733-2578

Mrs. Jackie Hamby
Committee Clerk

APPENDIX B

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1985

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SENATE BILL 541
Second Edition Engrossed 5/29/85

Short Title: LRC Study Infrastructure. .

(Public)

Sponsors Senators Royall; Basnight, Conder, Goldston, Guy,*

Referred to: Rules and Operations of the Senate,

May 13, 1985

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO STUDY
THE INFRASTRUCTURE NEEDS OF THE STATE. .

Whereas, the infrastructure of the State includes
wastewater collection and treatment facilities, water supply and
delivery facilities, roads, bridges, and other transportation
facilities; and

Whereas, deterioration of this infrastructure and its
inadequacy in many areas pose both short and long term threats to
the economy; and

Whereas, the State must define the problem in realistic
terms and set priorities using coherent and comprehensive
approaches of capital investment, rehabilitation, and
maintenance; and

Whereas, the Department of Natural Resources and
Community Development has estimated this to be a [S-\$2/2
~~WXXXXXXXX~~][S-\$25 billion] problem; and

Whereas, decreasing federal assistance may cripple the
State's ability to deal with this problem; Now, therefore,

The General Assembly of North Carolina enacts:

1 Section 1. The Legislative Research Commission may
2 inventory and analyze the infrastructure needs of the State, and
3 propose comprehensive approaches to the infrastructure problem.

4 Sec. 2. This act shall become effective July 1, 1985.

5 _____

6 *Additional Sponsors: Hardison, Harrington, Hipps, Hunt of
7 Durham, Hunt of Moore, Johnson of Wake, Martin of Pitt, Parnell,
8 Plyler, Rand, Soles, Swain, Tally, Thomas of Craven, Thomas of
9 Henderson, Walker, Ward, Watt, Woodard.

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APPENDIX C

INFRASTRUCTURE NEEDS

Rev
11-86
PVA

1. According to the Facilities Inventory and Utilization Study (published annually by the N. C. State Commission on Higher Education Facilities, University of N. C.--General Administration) , the Department of Community Colleges (DCC) has, as of Fall 1984, 9,700,413 gross square feet of space with a replacement value of over 557 million dollars (\$557,202,112).
2. The Facilities Inventory and Utilization Study estimates that to bring all the DCC facilities up to a satisfactory condition by renovating unsatisfactory facilities and replacing buildings which are designated to be demolished or vacated would take over 14 million dollars (\$14,469,943). This is based on the institution's own 1984 assessment of their building's condition and includes 175,329 gross square feet scheduled to be demolished or terminated.
3. The DCC surveyed the 58 institutions as to their long-range capital improvement needs for 1985-90. The results are:

A. New Capital Improvement Needs:

<u>Year</u>	<u>Square Feet</u>	<u>Local Funds</u>	<u>State Funds</u>	<u>Total Funds</u>
1985	1,718,826	\$ 36,388,921	\$ 75,592,541	\$111,981,462
1986	627,037	13,781,784	36,844,466	50,626,250
1987	704,737	18,886,808	27,291,078	46,177,886
1988	655,941	18,315,639	26,850,758	45,166,397
1989	640,101	19,958,767	25,865,767	45,824,534
Total	4,346,642	\$107,331,919	\$192,444,610	\$299,776,529

B. Renovation Needs:

<u>Year</u>	<u>Local Funds</u>	<u>State Funds</u>	<u>Total</u>
1985	\$ 452,300	\$1,300,900	\$ 1,753,200
1986	2,220,877	2,636,000	4,856,877
1987	885,362	1,747,512	2,632,874
1988	250,000	875,000	1,125,000
1989	1,993,486	2,305,074	4,298,560
Total	\$5,802,025	\$8,864,486	\$14,666,511

4. Capital Funds expended or obligated through June 30, 1986 for buildings and land total \$391,167,573 and are composed of 56% (\$220,291,853) from local sources, 31% (\$120,455,302) from state and vocational-education (vo-ed) sources and 13% (\$50,420,418) from other federal sources.
5. Local funds expended or obligated exceed state and vo-ed funds by 25% or \$99,836,551, thus state and vo-ed funds are more than matched by local funds. This explains why each new state dollar may not generate a new local dollar.

6. The overall dollar-for-dollar local match required by state law also has the effect of requiring local participation and making the local government aware of the future maintenance obligations of the county.
7. Our 58 main campuses are currently served by either municipal water or sewer service or have their own wells and sewage treatment plants. When possible, the colleges will tie into future municipal systems. New satellite campuses will have their own new requirements.
8. Roads to existing campuses, for the most part, are adequate and each college is working with their local government to continue to provide for their access needs as campuses expand. Obviously, new satellite campuses will require new roads and must be planned by each college and the respective transportation office.

APPENDIX D

November 5, 1986

D

LOCAL SCHOOL BOND ISSUES

SINCE ENACTMENT OF THE ONE-HALF CENT LOCAL-OPTION SALES TAX

COUNTY	DATE	AMOUNT	VOTE
Watauga County	10-11-83	3,500,000	Defeated
Anson County	11-08-83	1,800,000	Approved
Forsyth County	11-08-83	7,500,000	Approved
New Hanover County	01-17-84	11,500,000	Approved
Buncombe County	03-13-84	32,000,000	Approved
Perquimans County	05-08-84	2,000,000	Approved
Washington County	11-06-84	6,500,000	Approved
Haywood County	04-23-85	6,000,000	Approved
McDowell County	05-07-85	6,500,000	Defeated
Hertford County	07-09-85	5,000,000	Defeated
Wake County	10-08-85	70,000,000	Approved
Lee County	11-05-85	10,000,000	Approved
Mecklenburg County	11-05-85	23,100,000	Approved
Lenoir County	12-03-85	11,000,000	Approved
Sampson County	12-10-85	6,400,000	Defeated
Catawba County	02-25-86	17,600,000	Approved
Onslow County	02-25-86	15,900,000	Defeated
Pamlico County	03-11-86	1,500,000	Defeated
Clay County	03-18-86	2,000,000	Approved
Moore County	03-25-86	12,000,000	Approved
Duplin County	05-06-86	10,000,000	Defeated
Wilson County	05-06-86	15,000,000	Approved
Caldwell County	06-03-86	8,500,000	Approved
Yadkin County	09-16-86	6,500,000	Approved
Beaufort County	11-04-86	12,000,000	Approved
Durham County	11-04-86	57,883,490	Approved
Hoke County	11-04-86	3,350,000	Approved
Transylvania County	11-04-86	10,300,000	Approved
Vance County	11-04-86	18,000,000	Approved

Note: Since the enactment of the 1983 one-half cent local option sales tax, 22 out of 29 local bond issues have been approved. These local bond issues have provided 344.5 million new dollars for school construction.



State of North Carolina
 Department of State Treasurer

HARLAN E. BOYLES
 THE ASSESSOR

State and Local Government Finance Division
 and the Local Government Commission

JOHN D. ...
 DEPUTY TREASURER

SCHOOL BONDS AUTHORIZED AND UNISSUED

September 30, 1986

<u>COUNTY</u>	<u>ELECTION DATE</u>	<u>AMOUNT AUTHORIZED</u>	<u>BALANCE UNISSUED</u>
Bertie	05-06-80	\$ 3,670,000	\$ 200,000
Caldwell	06-03-86	\$ 8,500,000	\$ 8,500,000
Catawba	02-25-86	\$17,600,000	\$ 9,000,000
Clay	03-18-86	\$ 2,000,000	\$ 2,000,000
Lincoln	04-01-85	\$ 310,000	\$ 310,000
Mecklenburg	11-05-85	\$23,100,000	\$ 1,000,000
Moore	03-25-86	\$12,000,000	\$ 8,000,000
Perquimans	05-08-84	\$ 2,000,000	\$ 2,000,000
Washington	11-06-84	\$ 6,500,000	\$ 4,000,000
Wilson	05-06-86	\$15,000,000	\$ 5,000,000
		<hr/>	<hr/>
	TOTALS	\$90,680,000	\$40,010,000
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State of North Carolina
 Department of State Treasurer

CHARLAN E BOYLES
 TREASURER

State and Local Government Finance Division
 and the Local Government Commission

JOHN D FOUST
 DEPUTY TREASURER

SCHOOL BOND AUTHORIZATIONS PENDING

September 30, 1986

<u>COUNTIES</u>	<u>ELECTION DATE</u>	<u>AMOUNT</u>
Beaufort	11-04-86	\$ 12,000,000
Durham	11-04-86	\$ 57,883,490
Wiloke	11-04-86	\$ 3,350,000
Transylvania	11-04-86	\$ 10,300,000
Vance	11-04-86	\$ 18,000,000
TOTAL		<u>\$101,533,490</u>

AND AN ESTIMATE OF THE COUNTY DEBT SUPPORTABLE BY USING THE RESTRICTED TAXES
 FOR ANNUAL DEBT SERVICE
 NORTH CAROLINA DEPARTMENT OF STATE TREASURER
 OCTOBER 1986

COUNTY	POPULATION	1985 1% SALES TAX	ARTICLE 40 1/2% SALES TAX	ARTICLE 42 1/2% SALES TAX	ESTIMATED TOTAL SALES TAX DISTRIBUTIONS INCLUDING NEW 1/2% SALES TAX	FUNDS RESTRICTED FOR SCHOOL CAPITAL EXPENDITURES FROM BOTH 1/2 CENT SALES TAXES	PERCENT OF TOTAL SALES TAX RESTRICTED FOR EACH COUNTY	ESTIMATED CAPITAL FACILITY NEEDS	AMOUNT OF DEBT THAT COULD BE SUPPORTED AT A 6.75% INTEREST RATE (*ANN- BOND RATINGS)	DIFFERENCE BETWEEN FACILITY NEEDS & DEBT AVAILABLE
Alamance	101,223	\$3,805,829	\$2,708,727	\$2,708,727	\$9,223,284	\$2,708,727	29.37	\$20,207,700	\$29,262,441	\$9,054,741
Alexander	26,507	614,171	666,825	666,825	1,947,821	666,825	34.25	10,072,000	7,203,730	(2,868,270)
Alleghany	9,869	278,769	222,141	222,141	723,052	222,141	30.72	1,860,000	2,399,796	519,796
Anson	26,073	486,476	535,594	535,594	1,557,664	535,594	34.38	13,150,617	5,786,933	(7,364,584)
Ashe	23,278	694,069	558,546	558,546	1,811,160	558,546	30.84	10,515,000	6,033,982	(4,481,018)
Avery	14,966	669,568	331,952	331,952	1,333,473	331,952	24.89	5,251,000	3,580,065	(1,670,935)
Beaufort	42,818	1,473,989	839,537	839,537	3,153,062	839,537	26.63	23,020,400	9,069,533	(14,550,867)
Bertie	21,357	292,418	452,998	452,998	1,198,414	452,998	37.80	6,817,000	4,893,744	(1,923,256)
Bladen	30,717	634,668	660,412	660,412	1,955,492	660,412	33.77	19,973,000	7,134,446	(12,838,554)
Brunswick	43,629	2,130,841	950,635	950,635	4,032,111	950,635	23.58	5,600,000	10,269,733	4,669,733
Burke	165,595	7,708,641	3,177,120	3,177,120	14,062,881	3,177,120	22.59	76,979,000	34,322,495	(42,656,505)
Cabarrus	74,711	2,656,556	1,485,770	1,485,070	5,626,696	1,485,070	26.75	42,750,000	16,043,245	(26,706,755)
Caldwell	91,414	3,484,786	1,999,666	1,999,666	7,484,118	1,999,666	26.72	40,726,000	21,602,432	(19,123,568)
Caldwell	68,564	1,847,810	1,322,654	1,322,654	4,493,118	1,322,654	29.44	17,945,792	14,288,655	(3,657,137)
Caldwell	5,835	83,045	156,246	156,246	395,537	156,246	39.50	2,060,500	1,687,932	(372,568)
Carteret	47,120	1,969,215	804,991	804,991	3,579,196	804,991	22.49	13,135,000	8,696,330	(4,438,670)
Caswell	21,782	222,439	578,035	578,035	1,378,509	578,035	41.93	5,551,700	6,244,528	692,828
Catawba	110,966	5,271,877	2,065,215	2,065,215	9,402,507	2,065,215	21.96	34,666,000	22,310,565	(12,355,435)
Chatham	34,974	934,142	771,080	771,080	2,476,303	771,080	31.14	8,950,000	8,329,997	(620,003)
Charlotte	19,978	812,577	438,646	438,646	1,689,870	438,646	25.96	10,100,000	4,738,705	(5,361,295)
Cherokee	12,935	449,490	263,648	263,648	976,787	263,648	26.99	12,141,694	2,848,199	(9,293,495)
Chowan	7,065	148,833	176,552	176,552	501,937	176,552	35.17	2,192,000	1,907,296	(284,704)
Clay	84,365	2,425,520	1,624,443	1,624,443	5,674,406	1,624,443	28.63	41,286,665	17,548,893	(23,737,772)
Cleveland	51,839	1,426,868	1,085,111	1,085,111	3,597,089	1,085,111	30.17	34,815,000	11,722,472	(23,092,528)
Columbus	76,807	2,888,793	1,571,726	1,571,726	6,032,244	1,571,726	26.06	28,736,000	16,979,387	(11,756,613)
Craven	254,610	8,622,139	5,011,727	5,011,727	18,645,594	5,011,727	26.88	57,118,660	54,141,797	(2,976,863)
Cumberland	12,877	345,022	335,579	335,579	1,013,180	335,579	33.12	11,902,000	3,625,268	(8,276,732)
Currituck	16,372	1,991,651	302,213	302,213	2,596,076	302,213	11.64	3,272,150	3,264,811	(7,339)
Dare	116,841	3,284,675	2,407,026	2,407,026	8,098,727	2,407,026	29.72	44,311,750	26,003,153	(18,308,597)
Davidson	27,390	626,292	620,266	620,266	1,864,824	620,266	33.25	5,200,000	6,700,244	1,500,244
Davidson	41,707	980,596	844,048	844,048	2,668,692	844,048	31.63	15,425,000	9,113,272	(6,311,728)

Burba	140,540	5,984,428	4,290,698	4,290,698	15,565,825	4,290,698	27.56	69,111,322	46,352,507	(22,758,815)
Edgercabe	57,739	1,327,745	963,006	963,006	3,253,756	963,006	29.60	14,085,000	10,403,372	(3,681,628)
Forstb	254,888	11,480,092	4,148,302	4,148,302	19,776,695	4,148,302	20.98	57,760,000	44,814,190	(12,945,810)
Franklin	31,740	720,099	758,231	758,231	2,256,562	758,231	33.90	24,166,000	8,191,188	(15,974,812)
Boston	148,017	4,854,798	2,941,300	2,941,300	10,737,398	2,941,300	27.39	22,540,000	31,774,924	9,234,924
Gales	9,384	128,190	231,745	231,745	591,679	231,745	39.17	4,787,000	2,503,541	(2,283,459)
Grasha	7,122	201,667	170,130	170,130	541,927	170,130	31.39	7,910,000	1,837,919	(6,072,081)
Granville	36,234	871,836	738,843	738,843	2,349,521	738,843	31.45	12,100,000	7,981,732	(4,118,268)
Greene	16,478	246,780	406,462	406,462	1,059,705	406,462	38.36	12,280,000	4,391,021	(7,889,979)
Gulford	324,444	13,944,969	4,921,479	4,921,479	23,787,927	4,921,479	20.69	60,125,000	53,164,841	(6,958,159)
Hallifax	55,703	1,625,549	1,000,532	1,000,532	3,626,614	1,000,532	27.59	27,038,070	10,808,774	(16,229,296)
Harnett	42,130	1,606,717	1,264,264	1,264,264	4,135,245	1,264,264	30.57	40,073,750	13,657,871	(26,415,879)
Haywood	47,337	1,706,210	952,725	952,725	3,611,668	952,725	26.38	14,030,000	10,297,306	(3,732,694)
Headerson	44,937	3,139,425	1,491,685	1,491,685	6,122,795	1,491,685	24.36	19,312,500	16,114,702	(3,197,798)
Hertford	23,808	833,853	457,101	457,101	1,747,256	457,101	26.16	12,180,900	4,938,076	(7,161,924)
Hoke	22,983	347,680	495,094	495,094	1,337,867	495,094	37.01	21,350,000	5,348,507	(16,001,493)
Hyde	5,931	177,216	158,379	158,379	493,974	158,379	32.06	1,900,000	1,710,972	(189,028)
Iredell	86,444	3,094,849	1,678,639	1,678,639	6,452,127	1,678,639	26.02	42,835,391	18,134,371	(24,701,020)
Jackson	27,189	983,391	667,037	667,037	2,317,445	667,037	28.78	9,630,000	7,206,018	(2,423,982)
Johnston	75,012	2,634,952	1,649,879	1,649,879	5,924,710	1,649,879	27.80	25,000,000	17,823,877	(7,176,123)
Jones	9,852	119,488	241,926	241,926	603,339	241,926	40.10	6,367,942	2,613,528	(3,754,414)
Lee	39,246	1,665,940	715,237	715,237	3,096,413	715,237	23.10	13,743,000	7,726,716	(6,016,284)
Lenoir	60,728	2,137,800	1,181,702	1,181,702	4,501,203	1,181,702	26.25	28,416,145	12,765,947	(15,650,198)
Lincolin	44,318	1,309,321	1,031,595	1,031,595	3,321,511	1,031,595	30.59	20,800,000	11,144,343	(9,655,657)
Macon	22,769	1,155,650	515,276	515,276	2,186,201	515,276	23.57	6,164,670	5,566,535	(598,135)
Martina	17,159	293,869	377,279	377,279	1,048,427	377,279	35.99	11,189,500	4,075,753	(7,113,747)
Martin	26,775	838,498	580,360	580,360	1,999,217	580,360	29.03	4,160,000	6,269,638	2,109,638
McDonell	36,219	1,135,067	855,859	855,859	2,846,785	855,859	30.06	17,279,471	9,215,860	(8,063,611)
Mecklenburg	431,696	23,629,143	6,662,950	6,662,950	36,955,042	6,662,950	18.03	88,550,000	71,979,988	(16,570,012)
Hitchell	14,253	483,092	318,212	318,212	1,119,515	318,212	28.42	7,450,000	3,437,647	(4,012,353)
Montgomery	23,760	521,036	474,048	474,048	1,449,133	474,048	32.27	11,450,000	5,121,155	(6,328,845)
Moore	54,043	2,015,556	1,034,925	1,034,925	4,085,405	1,034,925	25.33	14,260,500	11,180,312	(3,080,288)
Nash	70,324	2,653,788	1,200,048	1,200,048	5,053,884	1,200,048	23.75	38,998,400	7,060,000	(31,938,400)
New Hanover	110,139	6,180,180	2,009,104	2,009,104	10,198,389	2,009,104	19.70	7,060,000	21,704,399	14,644,399
Northampton	22,212	277,128	463,848	463,848	1,204,823	463,848	38.50	20,831,000	5,010,955	(15,820,045)
Onslow	120,149	3,686,191	2,551,319	2,551,319	8,788,830	2,551,319	29.03	29,950,000	27,561,958	(2,388,042)
Orange	81,090	3,200,637	1,358,178	1,358,178	5,916,993	1,358,178	22.95	30,324,560	14,672,426	(15,654,134)

Pastice	10,859	226,042	259,511	259,511	745,065	259,511	34.83	4,989,000	2,803,506	(2,185,494)
Pasquotank	28,993	1,315,959	541,728	541,728	2,399,416	541,728	22.58	13,361,500	5,852,304	(7,509,196)
Pender	23,753	490,955	550,237	550,237	1,591,430	550,237	34.58	12,330,000	5,944,227	(6,385,773)
Perquimans	9,935	108,851	200,269	200,269	509,590	200,269	39.32	6,313,750	2,163,515	(4,150,235)
Person	30,147	901,408	671,059	671,059	2,243,526	671,059	29.91	8,668,000	7,249,465	(1,418,535)
Pitt	95,462	3,135,640	1,574,786	1,574,786	6,285,212	1,574,786	25.06	32,108,000	17,012,446	(15,095,554)
Polk	14,247	252,939	304,056	304,056	861,051	304,056	35.31	16,070,000	3,284,725	(12,785,275)
Randolph	96,068	2,512,559	1,960,364	1,960,364	6,433,287	1,960,364	30.47	24,791,670	21,177,854	(3,613,816)
Richmond	45,627	1,383,936	837,823	837,823	3,099,582	837,823	27.68	14,750,000	9,267,082	(5,482,918)
Robeson	105,509	2,700,759	2,066,583	2,066,583	6,833,925	2,066,583	30.24	41,447,166	22,325,340	(39,121,826)
Rockingham	85,178	2,344,908	1,609,270	1,609,270	5,583,448	1,609,270	28.82	40,958,250	17,384,979	(23,573,271)
Rowan	101,562	2,890,969	1,864,269	1,864,269	6,619,508	1,864,269	28.16	37,203,023	20,139,743	(17,064,280)
Rutherford	56,263	1,851,442	1,245,841	1,245,841	4,343,123	1,245,841	28.69	46,215,000	13,458,845	(32,756,155)
Sampson	50,354	1,232,020	1,084,847	1,084,847	3,401,714	1,084,847	31.89	25,046,000	11,719,628	(13,326,372)
Scotland	33,796	1,201,373	785,595	785,595	2,772,563	785,595	28.33	17,778,560	8,486,804	(9,291,756)
Stanly	49,735	1,409,624	921,098	921,098	3,251,820	921,098	28.33	15,340,050	9,950,640	(5,389,410)
Stokes	35,051	712,623	897,706	897,706	2,508,036	897,706	35.79	6,918,500	9,697,940	2,779,440
Surry	60,656	2,615,379	1,319,072	1,319,072	5,253,522	1,319,072	25.11	35,473,549	7,18,000	(21,223,588)
Swain	10,683	316,407	247,793	247,793	811,994	247,793	30.52	7,18,000	2,676,914	6,325,294
Transylvania	24,923	935,138	585,512	585,512	2,106,162	585,512	27.80	8,530,000	1,098,000	(7,432,000)
Tyrrell	4,157	91,161	101,638	101,638	294,438	101,638	34.52	1,122,700	1,098,000	(24,700)
Union	76,328	2,683,209	1,683,164	1,683,164	6,049,537	1,683,164	27.82	19,455,352	18,183,260	(1,272,092)
Vance	37,694	1,285,358	708,750	708,750	2,702,758	708,750	26.22	13,494,480	7,656,637	(5,837,843)
Wake	338,195	18,215,239	5,040,248	5,040,248	28,295,736	5,040,248	17.81	149,150,000	54,449,913	(94,700,087)
Warren	16,467	316,425	380,576	380,956	1,078,337	380,956	35.77	7,922,200	4,115,473	(3,806,727)
Washington	14,367	309,785	274,501	274,501	858,787	274,501	31.94	14,507,537	2,965,444	(11,542,093)
Watauga	34,078	1,394,365	580,696	580,696	2,555,757	580,696	22.72	6,002,860	6,273,272	270,412
Wayne	98,479	2,970,012	1,791,624	1,791,624	6,553,260	1,791,624	27.34	31,411,975	19,354,952	(12,057,023)
Wilkes	60,463	2,082,681	1,440,698	1,440,698	4,984,078	1,440,698	29.02	11,756,548	15,563,894	3,807,346
Wilson	64,376	2,518,326	1,241,506	1,241,506	5,001,338	1,241,506	24.82	18,400,000	13,412,017	(4,987,983)
Yadkin	29,286	697,077	660,604	660,604	2,018,284	660,604	32.73	8,311,700	7,136,517	(1,175,183)
Yancey	19,392	417,595	370,530	370,530	1,158,655	370,530	31.98	7,945,000	4,002,844	(3,942,156)

TOTALS \$229,010,867 \$119,748,160 \$119,748,160 \$468,507,187 \$119,748,160 25,562 \$2,266,561,249 \$1,293,641,945

CAUTION : THIS ANALYSIS IS FOR PLANNING PURPOSES ONLY. THE FOLLOWING NOTES ARE AN INTEGRAL PART OF THIS REPORT.

NOTES: COLUMN A REPRESENTS 1985 COUNTY POPULATION AS ESTIMATED BY THE STATE OFFICE OF BUDGET AND MANAGEMENT.

COLUMN B REPRESENTS JULY 1, 1985 - JUNE 30, 1986, 12 SALES TAX DISTRIBUTIONS AS DETERMINED BY THE TAX RESEARCH DIVISION OF THE DEPARTMENT OF REVENUE.

COLUMN C REPRESENTS JULY 1, 1985 - JUNE 30, 1986, ARTICLE 40 1/2% SALES TAX DISTRIBUTIONS AS DETERMINED BY THE TAX RESEARCH DIVISION OF THE DEPARTMENT OF REVENUE. DURHAM AND ALAMANCE COUNTIES DID NOT LEVY A 1/2% SALES TAX DURING 1985-6, SO AMOUNTS LISTED WITH THESE COUNTIES REPRESENT TAX RESEARCH DIVISION ESTIMATES. PERSON AND BURKE COUNTIES ONLY RECEIVED DISTRIBUTIONS FOR 7 MONTHS DURING THE YEAR, SO FIGURES WERE MULTIPLIED BY 12/7 TO CALCULATE DISTRIBUTIONS AS IF THE TAX HAD BEEN IN EFFECT FOR THE ENTIRE YEAR.

COLUMN D REPRESENTS THE ESTIMATED DISTRIBUTION OF THE ARTICLE 42 SALES TAX ASSUMING ALL 100 COUNTIES ENJOY THE TAX.

COLUMN E REPRESENTS THE TOTAL OF COLUMNS B, C, AND D.

COLUMN F REPRESENTS THE RESTRICTED AMOUNT OF DISTRIBUTIONS OF BOTH OF THE 1/2% SALES TAXES (40% OF COLUMN C AND 60% OF COLUMN D). THIS WAS CALCULATED BY THE DEPARTMENT OF STATE TREASURER.

COLUMN G REPRESENTS THE PERCENTAGE OF THE RESTRICTED PORTIONS OF THE ESTIMATED TOTAL SALES TAX DISTRIBUTIONS. THESE VALUES WERE CALCULATED BY THE DEPARTMENT OF STATE TREASURER BY DIVIDING THE AMOUNT IN COLUMN F BY THE AMOUNT IN COLUMN E.

COLUMN H FIGURES WERE COMPILED FROM A REPORT PREPARED BY THE N. C. DEPARTMENT OF PUBLIC INSTRUCTION ENTITLED "PUBLIC SCHOOL FACILITY NEEDS IN NORTH CAROLINA - 1984-85".

COLUMN I WAS CALCULATED BY THE DEPARTMENT OF STATE TREASURER USING THE AMOUNT IN COLUMN F TO DETERMINE THE AMOUNT OF DEBT THAT COULD BE SUPPORTED WITH 20 YEARS OF THE CASH FLOW GENERATED BY THE RESTRICTED PORTION OF BOTH THE ARTICLE 40 AND THE ARTICLE 42 1/2% SALES TAXES AT A 6.75% INTEREST RATE. THIS WAS THE INTEREST RATE ON AN "AAA" RATED MUNICIPAL BOND ON OCTOBER 2, 1986. THE BOND BUYERS INDEX FOR THE SAME PERIOD WAS 7.15%. THE CASH FLOWS UTILIZED IN THIS ANALYSIS DO NOT INCLUDE ANY PROJECTED GROWTH IN SALES TAX REVENUE OVER THE 20 YEAR PERIOD.

COLUMN J REPRESENTS THE DIFFERENCE BETWEEN COLUMN I AND COLUMN H.

APPENDIX E

SUMMARY OF FACILITY NEEDS BY INSTITUTIONS AND BY CATEGORIES

November 18, 1986

Institution	Repairs, Renovations and Conversions of Existing Facilities		Architectural Barrier Removal and Occupational Safety and Health Act Projects		Utilities, Roads and Grounds		Educational Scientific Equipment		New Facilities and Major Additions		Central Station Plant Replacement & Additions		Total
	Appropriations	Self-Liquidating	Appropriations	Total	Appropriations	Total	Appropriations	Total	Appropriations	Total	Appropriations	Self-Liquidating	
ASU	4,100,000	2,132,000	6,732,000	6,732,000	1,182,000	15,337,000	2,419,000	2,419,000	74,197,000	29,430,000	8,918,000	7,193,000	83,486,000
EDU	14,196,000	3,807,000	19,998,000	1,720,000	1,694,000	10,398,000	5,031,000	5,031,000	53,788,000	59,288,000	10,321,000	11,766,000	106,920,000
ECSD	1,233,000	1,370,000	2,653,000	197,000	303,000	2,164,000	390,000	390,000	7,266,000	7,286,000	541,000	1,476,000	13,337,000
FSU	1,606,000	1,372,000	2,978,000	232,000	332,000	2,372,000	688,000	688,000	38,403,000	40,049,000	239,000	3,172,000	47,119,000
NCALTSU	6,298,000	2,903,000	7,201,000	630,000	832,000	6,076,000	2,970,000	2,970,000	23,841,000	23,861,000	6,768,000	3,135,000	49,644,000
NCED	4,654,000	981,000	5,135,000	413,000	619,000	4,431,000	1,078,000	1,078,000	8,100,000	8,100,000	3,610,000	1,187,000	23,113,000
NCSEA	5,092,000	677,000	5,719,000	134,000	204,000	1,482,000	129,000	129,000	5,989,000	9,730,000	140,000	4,438,000	17,401,000
NCSD	52,640,000	13,938,000	65,571,000	11,407,000	13,443,000	30,713,000	31,331,000	31,331,000	91,680,000	121,878,000	30,829,000	44,169,000	237,759,000
PSU	1,987,000	936,000	2,923,000	203,000	278,000	1,990,000	541,000	541,000	5,033,000	5,033,000	530,000	1,013,000	11,295,000
UNC-A	2,467,000	867,000	3,134,000	168,000	721,000	1,963,000	539,000	539,000	15,188,000	23,434,000	713,000	8,866,000	30,004,000
UNC-C8	32,592,000	15,390,000	47,982,000	7,638,000	8,869,000	27,222,000	32,494,000	32,494,000	133,942,000	194,697,000	807,000	77,878,000	317,071,000
UNC-C	5,029,000	1,639,000	6,868,000	547,000	834,000	6,118,000	3,996,000	3,996,000	35,940,000	42,940,000	5,799,000	9,346,000	66,575,000
UNC-C	24,248,000	4,659,000	28,907,000	4,277,000	4,650,000	8,108,000	2,301,000	2,301,000	18,038,000	18,282,000	36,330,000	6,822,000	89,396,000
UNC-Y	3,170,000	339,000	3,509,000	471,000	598,000	3,141,000	1,377,000	1,377,000	6,476,000	18,852,000	899,000	17,640,000	28,376,000
WCU	6,366,000	4,117,000	10,503,000	364,000	893,000	5,536,000	1,396,000	1,396,000	17,318,000	17,318,000	9,008,000	4,846,000	46,664,000
WSSU	3,092,000	1,183,000	4,275,000	730,000	825,000	3,201,000	375,000	375,000	9,723,000	9,723,000	3,600,000	1,278,000	33,281,000
SUB-TOTAL	\$168,890,000	\$57,203,000	\$226,093,000	\$29,350,000	\$34,774,000	\$132,222,000	\$87,243,000	\$87,243,000	\$694,637,000	\$647,731,000	\$91,726,000	\$213,313,000	\$1,219,793,000
UNC-CFT	21,700,000	-	21,700,000	30,800	30,000	673,000	17,560,000*	-	-	-	-	-	36,913,000
NCWB	13,032,000	-	13,032,000	433,000	433,000	3,115,000	N/A	-	57,567,000	61,773,000	-	4,206,000	78,355,000
UNC-CA	1,826,000	-	1,826,000	72,000	72,000	500,000	-	-	400,000	400,000	-	1,398,000	2,788,000
TOTAL	\$205,648,000	\$57,203,000	\$262,851,000	\$30,097,000	\$35,311,000	\$136,460,000	\$99,803,000	\$99,803,000	\$552,204,000	\$137,700,000	\$91,726,000	\$120,119,000	\$1,335,659,000

*Television Equipment

APPENDIX F

INFRASTRUCTURE STUDIES AND LEGISLATION IN OTHER STATES

The following information summarizes reports and legislation from other states on recent studies and legislation concerning infrastructure. Studies were generally included only if they covered infrastructure as a whole, rather than a piecemeal approach. The information was gathered from legislative staff members in other states. For further information, contact Linwood Jones, Counsel to the LRC Committee on State Infrastructure Needs, at (919) 733-2578.

ALASKA: No study undertaken and no legislation.

ARKANSAS: No study undertaken and no legislation.

ARIZONA: No study undertaken and no legislation.

CALIFORNIA: The Governor's office has issued a lengthy report detailing alternative ways to finance local government infrastructure. The report avoids discussion of traditional finance mechanisms and concentrates on innovative, controversial financing arrangements.

FLORIDA: Adopted a state comprehensive plan in 1985 to provide long-range policy guidance for the growth of the State of Florida. Much of the plan affects infrastructure systems. However, the plan merely establishes policy -- it does not implement concrete infrastructure solutions.

HAWAII: No study undertaken and no legislation.

IDAHO: No study undertaken and no legislation.

INDIANA: Indiana, in 1984, formed a non-profit public-private partnership called "Indiana Infrastructure, Inc." to identify the most important infrastructure items, to assimilate existing infrastructure studies and data, and to look for creative financing solutions. In addition, the Indiana Economic Development Council formed an Infrastructure Committee to focus on infrastructure policy development, using Indiana Infrastructure, Inc. as its research and data collection resource.

INDIANA (Cont'd.):

The Infrastructure Committee made several recommendations to the 1986 Indiana General Assembly, including the following:

- (a) creation of a wastewater revolving loan fund;
- (b) increase of privatization efforts;
- (c) investigation of the concept of an Infrastructure Innovation Center to enhance the education and training of public infrastructure managers.

IOWA: No study undertaken and no legislation.

KENTUCKY: An October, 1983 study identified \$25.2 billion in needs through the year 2000 for the following Kentucky infrastructure: highways, bridges, airports, railroads, water supply and treatment plants, and wastewater treatment plants. No legislation was proposed in this report.

LOUISIANA: No study undertaken and no legislation.

MARYLAND: Legislation effective July, 1986 authorizes the Community Development Administration of the Maryland Department of Economic and Community Development to make and/or buy loans for any infrastructure project that provides the essential physical elements that constitute the basis of the public service system.

MASSACHUSETTS: The following resolution and bill were pending in the Massachusetts legislature as of August, 1986:

HR 1948: Proposes to create a commission to inventory state and local infrastructure and empowers the commission to develop a system to prioritize the construction and maintenance of infrastructure projects and to examine alternative financing methods.

HB 3671: Would create the Massachusetts Infrastructure Fund, to be capitalized with the proceeds of various state taxes (gasoline, income, property taxes). A Massachusetts Office of Reconstruction ("MORe") would be established in the State

MASSACHUSETTS (Cont'd.):

Treasurer's Office, and would be governed by its own board. The board would appoint a Director who would develop and annually revise proposed repair and maintenance plans for infrastructure facilities. The Director would also conduct a cost-benefit analysis of repair vs. replacement of the facilities. MORE would also provide financial assistance for local infrastructure projects.

A bill introduced in 1985, HB 5649, would have created a Massachusetts Development Bank to issue revenue bonds to finance state highways, sewer systems, and water supply systems. The bill died last year.

MICHIGAN: At the Governor's request, the Michigan Infrastructure Coalition, comprised of representatives from 70 statewide business, civic, education, and labor organizations, was formed in 1983. The Governor also formed a Public Investment Coordination Task Force with representatives of 15 different state agencies. The Task Force developed a computerized infrastructure inventory system that enables the State of Michigan to report precisely about both federal and state capital investment projects. The computerized inventory, updated annually, is used by the Governor to monitor current infrastructure investment and planning future projects.

The product of all this is a publication entitled "The Governor's Program to Rebuild Michigan." The Task Force also is determining future infrastructure needs (over a ten-year period). The Coalition has reviewed these needs and made recommendations to the Governor on investment priorities. There are 3 levels of priority: critical, essential, and optimal. Over \$34 billion in infrastructure needs was identified for the next ten years.

MISSISSIPPI: No study undertaken, although a study of the highway system and alternative means of financing highways will soon be undertaken.

MONTANA: A 1984 report by the Montana Department of Commerce and the Governor's Task Force on Infrastructure recommended expansion of local option taxes, easing restrictions on local government borrowing, development by the State of a "catalogue" of all

MONTANA (Cont'd.):

financial and technical assistance available to local governments from state, federal, and private infrastructure sources.

A 1986 legislative commission is also examining the infrastructure needs of Montana's local units of government.

NEBRASKA: A January, 1986 report by the Nebraska Department of Economic Development recommended, among other things, the following:

- (a) creation of a Nebraska Infrastructure Board to develop cost estimates and 20-year projections of the backlog and future infrastructure needs, to monitor the progress in meeting these needs and publish an annual report, administer an infrastructure revolving loan fund, recommend policies and programs relating to infrastructure for implementation by agencies;
- (b) requiring communities to develop and publish one and five-year capital improvement plans in order to qualify for any state or federal funds for infrastructure projects;
- (c) implementation of a coordinated, comprehensive infrastructure management program to encourage local governments to assess infrastructure conditions and employ preventative maintenance practices.

NEVADA: No study undertaken and no legislation.

NEW HAMPSHIRE: No study undertaken and no legislation.

NEW JERSEY: A September, 1984 report by the New Jersey County and Municipal Government Study Commission provided comprehensive information on the condition and investment needs of New Jersey's local infrastructure needs for the benefit of the public and State and local officials. This Commission has been issuing reports of interest to local and State governments in New Jersey since 1968, but the 1984 report is the first comprehensive infrastructure report.

NEW JERSEY (Cont'd.):

New Jersey has also recently created a transportation trust fund to finance State highway costs and to provide aid to counties and municipalities for their highways and it has created a revolving loan fund for wastewater treatment facilities.

NEW MEXICO: No study undertaken and no legislation.

NEW YORK: A May, 1983 study by the New York State Assembly Infrastructure Task Force made the following recommendations:

- (a) development of a long-term capital planning process;
- (b) creation by Governor and legislature of an infrastructure data base available to State and local governments; and
- (c) the use of revenue bonds to finance water/sewer projects.

New York has since enacted legislation requiring the Governor to submit to the legislature a 5-year capital plan for infrastructure projects.

NORTH DAKOTA: No study undertaken and no legislation.

OHIO: Only a regional infrastructure study involving 11 of Ohio's 88 counties is underway. Two 1986 bills pending in the Ohio legislature would ease restrictions on local government borrowing in order to make infrastructure capital more available and accessible.

OKLAHOMA: An April, 1986 study by a Governor's Task Force identified \$24.7 billion in needs through the year 2000 for water and sewer facilities, solid waste disposal, bridges, and local and state highways. The report recommended (a) increases in user fees for water and sewer service and garbage collection to reflect the actual costs of providing these services; (b) the creation of a bond bank or bond pooling program for local governments unable to obtain affordable credit; (c) the creation of a revolving loan fund for local public works improvements; and (d) the easing of restrictions on local government financing.

OKLAHOMA (Cont'd.)

HB 1435, a 1985 bill that failed to pass, would have created a State Office of Infrastructure Planning and Investment responsible for maintaining an infrastructure inventory updated at least biennially for the following pieces of infrastructure: state highways and bridges, local streets, wastewater disposal, water supply, solid waste, jails, and publicly-owned energy facilities. The agency would rely on inventory data prepared by existing agencies and could conduct studies of its own.

Using the needs assessment and inventory, the Office would prepare a strategic plan with an estimate of the current infrastructure investments and an estimate of the funds required to provide specific levels of service over 1, 5, and 10 year periods. The Plan would also offer financing alternatives. The Office would provide technical assistance to the local units of government for infrastructure assessment, planning, and investing.

OREGON: A 1985 report on Oregon public works identified \$2.7 billion in needs from 1985-89 for highways and water, wastewater treatment, and solid waste facilities.

The report recommended, among other things, the following:

- (a) creation of a revolving loan/grant program for public works projects, capitalized with annual appropriations over 10 years of \$10 million per year;
- (b) increase in the gas tax;
- (c) retention of the local option sales tax; and
- (d) periodic update of public works inventory.

PENNSYLVANIA: There has been a 1986 study prepared by the Department of Environmental Resources on Pennsylvania's environmental infrastructure (wastewater, water supply, dams, solid waste disposal, hazardous waste disposal) and a similar 1985 study by the Department of Transportation on the State's transportation infrastructure.

SOUTH CAROLINA: HB 2737, which died earlier this year, would have created the South Carolina Infrastructure Authority to provide low-interest loans and other assistance for the construction of any infrastructure project that provides a public service AND

SOUTH CAROLINA (Cont'd.)

contributes to the economic growth of the State. The South Carolina Budget and Control Board would assess the infrastructure needs, and would adopt a priority list for their construction or acquisition. The Board could issue revenue bonds (up to \$100 million) to implement the proposed act.

SOUTH DAKOTA: No study undertaken and no legislation.

TENNESSEE: No study undertaken and no legislation.

UTAH: No study undertaken and no legislation.

VERMONT: No study undertaken and no legislation.

VIRGINIA: No study undertaken; legislature will meet in special session this fall to discuss transportation needs and financing.

WASHINGTON: Several studies have been conducted since 1983. The State of Washington has four infrastructure programs:

- (a) the Public Works Assistance Act, funded partially from the state utility taxes on sewer, water and refuse collection and the state excise tax on real estate conveyances. The act provides for loans to local governments for public works projects;
- (b) the Community Economic Revitalization Board, providing loans and grants to local units for projects that stimulate economic development;
- (c) loans and grants for water quality projects, funded from the excise tax on cigarettes and tobacco; and
- (d) grants to finance local jails, funded from the proceeds of general obligation bonds.

WEST VIRGINIA: Created the West Virginia Infrastructure Authority, effective 1986, empowered to make loans to cities and counties for the acquisition and repair of community infrastructure projects. The Authority can issue revenue bonds to raise the capital necessary to make the loans.

WISCONSIN: A 1985 report by the Wisconsin Department of Development recommended, among other things, the creation of a state bond bank to assure that Wisconsin cities have adequate access to national long-term capital markets and the establishment of a state information and education program to aid cities in infrastructure planning, budgeting, and financing. The Wisconsin Strategic Commission also made these recommendations in its own 1985 report. The Commission recommended the creation of a Wisconsin Strategic Planning Council as a public/private partnership to review, assess, and update strategic planning efforts.

WYOMING: No study undertaken and no legislation.

NO RESPONSE

The following states have not responded to the survey as of September 24, 1986:

Alabama
Colorado
Connecticut
Delaware
Georgia
Illinois

Kansas
Minnesota
Missouri
Rhode Island
Texas

APPENDIX G

October 3, 1986

Mr. Linwood Jones, Staff Counsel
State Infrastructure Needs Committee
North Carolina General Assembly
General Research Division
300 North Salisbury Street
Raleigh, NC 27611

Dear Mr. Jones:

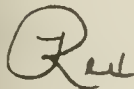
The changes made by The Tax Reform Act of 1986 will affect almost all taxpayers. However, these changes will also affect governmental entities that do not pay taxes. One way in which public entities will be affected is through significant changes to the laws allowing governmental entities to issue bonds exempt from federal income taxes.

Generally, most bonds used for essential governmental purposes will continue to be tax-exempt as under current law. These essential governmental purposes include financing for general government operations and for construction and operation of governmentally-owned facilities such as schools, highways and buildings. However, even for essential governmental bonds there will be strict new rules with respect to arbitrage and refundings. In addition, the ability to issue bonds for private purposes such as industrial development will be severely curtailed. Also, as soon as the new law is approved by the Congress and signed by the President, many of the new restrictions will retroactively go into effect as of August 15, 1986 or September 1, 1986. Other provisions apply to bonds issued after December 31, 1985.

Enclosed is a brief description of the new law as compared with the present law on tax-exempt bond financing.

If you have any questions, please do not hesitate to contact us.

Very truly yours,



Rex Price

RP:jct

Enclosure

RECEIVED

OCT 6 1986

GENERAL RESEARCH DIVISION

TOPIC

PRESENT LAW
(1986)

NEW LAW

General Obligation
or Revenue Bonds

Tax-exempt unless more
25% of proceeds used
to benefit a private
party

Tax-exempt if no more than
the lesser of 10% of
proceeds or \$15 million
used to benefit a private
party. Effective: bonds
issued after 9/1/86.

Private Activity
(Industrial
Development
Bonds)

Tax-exempt if meets
criteria and for
specified
activities.

New restrictions on bond
volume and activities
that qualify. (Volume cap
and specific activities
described below).

Annual State
Volume Cap

\$150 per resident
or \$200 million
reduced to \$100
in 1987.

Higher of \$75 per resident
or \$250 million, after
1987, \$50 or \$150 million
Effective: bonds issued
after 8/15/86.

Mortgage Subsidy
Bonds

Tax-exempt, generally
90% of proceeds must
used by first-time
buyers.

Tax-exempt, 95% of proceeds
must be used by first-time
buyers. Extended thru 19

Multifamily Bonds

Tax-exempt, 20%
of tenants have less
80% of median income.

Tax-exempt, either 40% of
tenants less than 60% of
area median income or 20%
tenants have less than
50% of area median income

Small-Issue IDB's

\$1 million and \$10
limits, sunsets on
12/31/86.

Retains present law sunset
date for nonmanufacturing
facilities, manufacturing
and first-time farmers
sunset after 1989. Subject
to new volume cap.

Student Loan Bonds

Tax-exempt if issued
in connection with
DCE GSL or PLUS
programs.

Tax-exempt, 90% of proceeds
must be used in connection
GSL or PLUS programs.

501(c)(3) Bonds
(Colleges and
Hospitals)

Tax-exempt, similar
to governmental bonds

Tax-exempt, 95% of proceeds
must be used in activities
related to exempt purpose
Organizations other than
hospitals limited to \$150
million in outstanding bonds
Not subject to volume cap

Airports, Docks and Wharves	Tax-exempt	Tax-exempt, not subject to new volume cap if governmentally owned
Water, Sewer, and Solid Waste	Tax-exempt	Tax-exempt, subject to new volume cap.
Pollution Control Facilities	Tax-exempt	No longer tax-exempt
Sports Facilities	Tax-exempt	No longer tax-exempt
Convention or Trade Show Facilities	Tax-exempt	No longer tax-exempt
Mass Transportation	Tax-exempt	Tax-exempt, subject to new volume cap.
Local Heating and Cooling	Tax-exempt	Tax-exempt, subject to new volume cap.
Parking Facilities	Tax-exempt	No longer tax-exempt.
Local Gas and Electricity	Tax-exempt	Tax-exempt, subject to new volume cap.
Industrial Parks	Tax-exempt	No longer tax-exempt.
Hazardous Waste Facilities	Not tax-exempt	Tax-exempt, subject to new volume cap.
Qualified Redevelopment Bonds	No special provision	Tax-exempt, 95% of proceeds used for redevelopment in blighted areas.
Arbitrage Restrictions	Apply to IDBs only.	Apply to all bonds, temporary period rules tightened. Failure to rebate could cost tax-exempt status. Exception for small governmental units.
Advance Refundings	Permitted for all bonds except IDBs and mortgage bonds	Allowed for governmental and 501(c)(3) bonds. Maximum of 2 times for bonds issued before 1986, once for bonds issued after 1985. New temporary period restrictions.
Information Reporting	Required for IDBs	Required for all bonds issued after 1986.

Depreciation of property bought with IDBs

Straight-line method

Must use straight-line depreciation over extended periods.

Bank Deductions

80% of interest paid to carry tax-exempt bonds.

No interest deduction for bonds acquired after 8/7/86 for taxable years ending after 1986. 80% rule will still apply in limited situations.

Alternative Minimum Tax

Tax-exempt Interest not a preference

For individuals, a preference for private activity bonds issued after 8/7/86. For Corporations, same as for individuals plus a preference for 1/2 other tax-exempt bond interest included on financial statements.

Privatization

Tax benefits on asset privatizations could be used to offset costs to governments

Tax benefits limited, privatizations still viable but tax benefits reduced. Privatization of services basically unchanged.

APPENDIX H

I. CONTEXT

A. Population and Economic Context

North Carolina has been growing at a pace somewhat slower than that of its region but substantially faster than the nation as a whole. A population increase of between 17-25 percent is expected by 2000.

The state's economy currently depends heavily on manufacturing. Even so, the state is now predominantly rural and small town in nature. It is likely, however, that over the next 20 years, it will move towards a more urban settlement pattern. This means that a greater percentage of the population is likely to become dependent on public (as opposed to private) infrastructure systems.

While the economy has been relatively strong, per capita income in the state remains well below the national average.

B. The Capital Planning Process

North Carolina's state government has no ongoing, coordinated capital improvement planning process. On the other hand, a recent Governor's Blue Ribbon Commission on transportation needs and financing provided substantial information on needs and revenues and presented an array of policy options.

C. General Government Structure

North Carolina has a relatively simple and flexible local government structure. Almost all local government functions are provided by cities or counties. There are very few special districts. The state government plays a relatively strong financial role. It is directly responsible for a relatively high proportion of all state roads and unlike many states, provides some financing for most categories of infrastructure.

II. HISTORICAL CAPITAL INVESTMENT

Infrastructure expenditures by the state government appear to be declining. Whereas capital expenditures have averaged 9 percent of the state's budget over the past decade, they account for 6-7 percent of the budgets for 1983, 1984 and 1985. In the past, significant funding has been generated through state funding for capital improvement.

III. FUNCTIONAL DESCRIPTION

A. Transportation

1. Highways and Bridges. North Carolina has 92,303 miles of road and 15,000 bridges. Over 80 percent of the roads and all bridges are state maintained. While all given the estimates pertain to the state system only, coverage is relatively complete. The governor's Blue Ribbon Commission noted that the state has fallen behind in its effort to maintain roads or bridges. Whereas the state should be resurfacing roughly 2600 miles of road per year, between 1974 and 1981 it actually averaged only half that amount. It has been estimated that 17 percent of the primary heavy resurfacing light surface treatment is required on a significant part of the system.

The governor's commission suggested a number of options for dealing with the state road system. None included major construction of new roads. The most ambitious package would upgrade all existing roads to a high level of standards and would cost \$4.9 billion (1983 and 2000). At the low end, an option costing \$10.5 billion is considered, which would maintain existing roads but involve no upgrading. A package of \$18.0 billion is the need estimate used in this report.

Funding for highways and bridges comes from a special fund fed by gasoline taxes, license charges and fees, and federal grants. Gas tax receipts have failed to

fund. Based on current rates of tax, the commission estimated a total revenue stream over the next 18 years of \$13.8 billion.

The shortfall in highway funding is projected at \$5 billion. Expected revenues would have to increase by more than one third to meet the state's highway needs.

2. Mass Transit. The level of capital investment required to meet public transportation needs is \$397 million over 18 years. This includes the cost of new and replacement vehicles for the state's urban fixed route systems as well as rural systems serving the transportation disadvantaged. It does not include the cost of operating subsidies likely to be necessary to keep the systems running.

No estimate of total revenues, which would include federal grants, state grants, user charges and other local contracts are available. The governor's Blue Ribbon Commission estimated the appropriate state share of the cost of meeting transit needs to be \$39.7 million. Based on past expenditures trends, it is estimated that without a change in policy only \$8.5 million would be available from state funds.

3. Airports. Airport investment needs were estimated at \$603 million. Again no estimate of total revenues was available. Based on past levels of expenditure by the state, however, it was estimated that \$63 million would be available in state funds, an amount \$77 million short of what the governor's commission recommended as the appropriate state share of meeting needs.

4. Railroads. As in most states, public involvement with respect to railroads consists of efforts to forestall line abandonments. As much as \$15.7 million in the form of operative subsidy and grants for rehabilitation might be required to keep all segments of the existing system operating.

The governor's commission envisioned a possible investment of \$19.5 million in line rehabilitation only to maintain service on selected parts of the system of greatest importance to users assuming continuation of current levels of state expenditures, some \$1.8 million are likely to be available for this purpose, leaving a shortfall of \$17.7 million between 1983 and 2000.

B. Water Supply, Distribution and Treatment

In general, North Carolina has sufficient water supplies, but with its growing population, continued industrial development and dispersed population pattern, a significant investment will be required in systems development to cope with a projected doubling of consumption between 1970 and 2000. By 2000, 96, or 22 percent, of municipal systems are expected to have demand in excess of their treatment capacity. While not as widespread a problem, some systems are also approaching the limits of their present water supply watershed capacities.

A statewide estimate of needs is available for the years 1983 to 1987, but not for the outyears. Assuming that 30 percent of the short-term estimates are backlogged needs, an annual investment requirement of \$91 million is estimated. If annual needs remain at this level, total needs through 2000 total \$1.8 billion.

If federal funding remains constant at current levels, if the state continues to support local water projects as they have in the past and if local funding follows the upward trend established over the last 12 years, then \$1.7 billion would be available to finance water supply needs, leaving a gap of \$144 million. If local government only makes available the average for the past 10-year period, the shortfall will increase to \$344 million.

C. Wastewater Collection and Treatment

North Carolina's estimate of needs is based on investments required to meet federal law. Of the state's municipal treatment facilities, almost 50 percent and 90 percent of industrial waste water still has not met water quality standards and there are development moratoria in more than 100 towns because of inadequate waste treatment.

While wastewater collection and treatment is a local responsibility in North Carolina, the state has issued bonds and provided financing for half the non-federal share of wastewater projects.

Using EPA's 1982 needs assessment, an investment of \$1.7 billion will be required through 2000 to meet both backlog and growth related needs.

Two methods were used to estimate revenues. The first method starts with an estimate of likely federal funding and calculates the required state-local match. The second method uses trend line analysis to determine likely levels of state-local revenues available for this purpose. The two methods produce revenue estimates ranging

*Based on Edward Kiser, William J. Thurmon, Kathleen M. Heady with Alice Garland, South Carolina Infrastructure Study, Transportation Water and Sewer, July 1983.

one from \$1,562 billion to \$1,634 billion, leaving a gap of \$140 to \$212 million over the 18 year projection period.

IV SUMMARY AND CONCLUSIONS

North Carolina needs to spend approximately \$21.5 billion on transportation, water supply, and wastewater collection and treatment systems between 1983 and 2000. Between \$16.8 to \$17.2 billion should be available to finance these needs. The biggest gap is for highways, where projected revenues fall short of needs by \$5.1 billion.

NORTH CAROLINA PROJECTED CAPITAL INVESTMENT NEEDS AND REVENUES, 1983-2000

(In millions of 1987 dollars)

	Needs	Revenues	Gap
Highways	18,000	13,800	5,100
Public transit	367	18	
Arts/culture	603	161	
Rail	20	2	
Wastewater	1,829	1,317	144,444
Water	1,744	1,384	140,212
	21,494	16,569	

* Data revenues only

HISTORICAL CAPITAL OUTLAYS, FISCAL YEARS 1969 TO 1981, FOR THE STATE OF NORTH CAROLINA

FISCAL YEAR	NORMAL CAPITAL OUTLAYS				PER 100% REAL CAPITAL OUTLAYS				PERCENTAGE OF STATE FISCAL REVENUES			
	ALL	GOVERNMENT	SUBSIDIES	WATER	ALL	GOVERNMENT	SUBSIDIES	WATER	ALL	GOVERNMENT	SUBSIDIES	WATER
1969	\$213	\$14	\$19	\$246	\$479	\$492	\$616	\$60	\$71	\$10	\$12	\$14
1970	219	23	23	262	511	527	67	53	58	8	10	12
1971	258	23	21	302	557	579	50	50	53	7	9	10
1972	277	26	23	326	559	592	61	54	56	6	8	9
1973	283	33	29	344	591	620	72	64	58	5	7	8
1974	245	41	37	323	539	576	78	71	54	4	5	6
1975	281	55	62	398	630	692	102	94	64	3	4	5
1976	369	59	100	528	1,002	1,088	144	130	75	2	3	4
1977	307	54	109	470	987	1,005	113	103	64	1	2	3
1978	382	52	70	504	935	1,005	117	103	63	1	2	3
1979	441	76	95	602	1,048	1,100	147	103	63	1	2	3
1980	413	73	96	506	1,079	1,122	132	104	62	1	2	3
1981	292	46	173	511	953	1,105	129	103	62	1	2	3

FISCAL YEAR	NORMAL CAPITAL OUTLAYS				PER 100% REAL CAPITAL OUTLAYS				PERCENTAGE OF STATE FISCAL REVENUES			
	ALL	GOVERNMENT	SUBSIDIES	WATER	ALL	GOVERNMENT	SUBSIDIES	WATER	ALL	GOVERNMENT	SUBSIDIES	WATER
1969	5,005	123.10	12.01	8.12	149.23	152.59	274.21	0.45	0.04	0.04	0.02	0.02
1970	5,084	113.48	13.15	10.48	127.11	129.12	257.3	0.42	0.04	0.04	0.04	0.04
1971	5,163	120.54	11.71	10.28	142.53	145.31	267.3	0.42	0.04	0.04	0.04	0.04
1972	5,242	122.32	11.73	10.34	144.28	147.3	255.03	0.48	0.05	0.05	0.04	0.04
1973	5,321	115.29	13.55	12.07	140.30	142.77	243.34	0.47	0.05	0.05	0.05	0.05
1974	5,400	76.91	14.45	13.07	104.44	102.46	205.34	0.34	0.06	0.06	0.06	0.06
1975	5,479	80.78	17.09	19.53	115.40	119.34	157.5	0.30	0.06	0.06	0.06	0.06
1976	5,558	105.74	16.83	15.01	128.51	138.51	171.88	0.30	0.06	0.06	0.06	0.06
1977	5,637	83.38	14.44	12.43	105.51	107.42	165.5	0.31	0.06	0.06	0.06	0.06
1978	5,716	86.22	12.38	11.4	114.35	120.59	107.14	0.26	0.06	0.06	0.06	0.06
1979	5,795	82.27	15.99	17.86	118.12	124.38	102.14	0.25	0.08	0.08	0.08	0.08
1980	5,874	56.55	22.30	13.21	103.27	105.71	109.21	0.22	0.08	0.08	0.08	0.08
1981	5,953	46.79	3.05	30.28	84.91	85.59	151.5	0.14	0.04	0.04	0.04	0.04

TABLE V

FACTIVE SUMMARY

Contextual Factors

The number of people in North Carolina is expected to grow by 17 to 25 percent by the year 2000 to a population of between 5.8 and 7.5 million people. Thus the state's infrastructure will have to support between 5 million and 1.4 million more people, or up to half a million more households.

Nonfarm employment is expected to increase by 47 percent by 2000, over 1980 employment, about twice the rate of population growth. The existence of adequate public infrastructure and a sound program for maintaining and expanding it will be a factor in influencing the level and location of the major private sector economic development and investment decisions, and vice versa.

While the state is now predominantly rural and small town in nature, that pattern is changing to one of increasing urbanization. This may create infrastructure needs that are greater in proportion to the population and economic activity than is the case with the current rural and small town pattern where water and sewer are often provided privately by both industry and residents.

State government's capital expenditures have averaged \$ 100 million dollars per year over the past decade, about 9 percent of the total state budget. However, capital expenditures were only 6.7 percent of the state budget in the current fiscal year, 1983, and are projected to be below 5 percent of the total state budget for fiscal years 1984 and 1985. If the proposed sales tax

increase is instituted by the current legislature, it will substitute for the traditional state public works program sewer, and school facility improvements through state bonds which have been distributed to local governments through grants. That state capital investments would decrease to an even smaller proportion of the total budget than 6 percent.

It is fairly clear that something must be done, however, whether it be a sales tax increase or further state bond authorizations and referenda. Of the major state level bond authorization acts, none has significant monies remaining and the state has provided no new bond money sources since the Clean Water Bond and Highway Bond Acts of 1977. Action on two major bond proposals since 1977 has been postponed, although the state's gasoline tax was increased to provide more highway funds.

Compared to other states, North Carolina's capacity to raise revenues is low. It ranks 43rd to 45th among the states in revenue raising capacity. On the other hand, North Carolina's state and local tax effort, even relative to its low revenue base, is also below the U.S. average. Thus, the state generates very low revenues, compared to the national average.

Assuming that projections of the state's total personal income are reasonable, and that past relationships between personal income, total state government expenditures, and capital expenditures continue, between \$1.4 billion and \$1.74 billion should be available for capital expenditures by state governments for the 18 year period from 1983 to the year 2000.

North Carolina's state government does not overall, systematic capital improvement planning or programming. What

planning is accomplished is done by individual agencies with little or no overall coordination.

Transportation--Highways

The majority of highway investment will involve upgrading of existing roads, not building brand new ones. The state's so-called "basic" construction program, "representing the minimum level of service which ultimately should be considered in a long term highway program," would cost \$1.9 billion in 1982 dollars over the eighteen year projection period. A more "desirable" program would cost \$18.4 billion.

Maintenance alone will require \$22 million per year over the long term. For the next several years, gradual reduction of the maintenance backlog in contract resurfacing will require more than that, at least \$62 million per year. Over the next 18 years, highway maintenance will cost \$4 billion, almost 30 percent of the total "basic" program.

Total projected highway fund revenues for the eighteen year projection period is \$13.8 billion, approximately 40 percent would come from the state's gas tax and 20 percent from federal funds. The remainder would come from license plates, driver's licenses, and other fees.

The implied shortfall between the estimated \$13.4 billion cost of the "basic" program and the \$13.8 billion revenue estimate is \$10 million. The shortfall for the "desirable" program is \$5.15 billion.

The projection of total highway program revenues of \$13.8 billion is contingent upon the state receiving its full share of

projected federal funds. In 1982-83 the state was able to receive its full share only by utilizing the least of the 1977 Highway Bond money. For the 1983-84 fiscal year, there will be a \$27.5 million deficiency in state matching funds, increasing to \$29.5 million in 1984-85. This will mean a loss of well over \$100 million per year in federal funds unless revenue sources are found to provide matching funds. At present there is no consensus about how the state should secure the additional funding to take full advantage of federal monies for highway improvements, although the legislature has passed some license fee increases.

If (1) the projected Highway Fund revenues in the The Report of the Governor's Blue Ribbon Commission on Transportation Needs and Financing are accurate, (2) the state is able to raise enough money to secure all the federal matching funds available, and (3) inflation does not become a major factor, then North Carolina faces an 18-year cumulative shortfall of \$17 million in funding the "basic" program, or a substantially greater \$5 billion shortfall in funding the "desirable" program. With only 7 percent inflation, the "basic" shortfall would be over four billion dollars, and the shortfall for the "desirable" program would top ten billion. With six percent inflation, the figures become ten and twenty billion dollars of shortfall.

The highway program confronts a basic dilemma. The major source of state revenue is the gas tax, which is projected to remain relatively constant because the tax is an absolute amount (12 cents) on each gallon consumed. As miles per gallon increases for automobiles, contributions to the highway fund tend

to be relatively constant, even with increasing total mileage. Thus, there is no responsiveness to inflationary rises in prices. Costs on building and maintaining the highway system, however, do rise dramatically with inflation. Thus, the major revenue source for highway improvements is constrained while the cost side and perhaps federal match-demanding funds escalate in times of inflation.

Transportation--Other

Public Transportation. The Governor - Blue Ribbon Commission recommends state funding for capital improvements to urban and rural public transportation systems to be \$40 million over the 18 year period, mostly for vehicles. If present levels of actual funding for such capital improvements are continued, the state will be providing only \$0.5 million, leading to a projected shortfall of \$21.5 million below the Commission's recommended level.

Aviation. The Commission's estimated need for capital improvements for aviation is \$602 million for the 1983-2000 period. The N.A. Airport System plan recommends that state government share be \$139.7 million, of the present level of funding. The state will operate on, \$6 million, leaving a \$46.7 million shortfall.

Interstates. The Blue Ribbon Commission recommends a plan that would provide state subsidy and rehabilitation monies for times where renewed vitality would be probable. At an estimated cost of \$19.5 million to the state, current level funding will provide only \$1.0 million, leaving a \$17.7 million shortfall.

Port facilities. Ports are not a part of the N.A. Department of Transportation and information on capital improvement needs is not available at the time of this writing.

Drinking Water Supply

Water supply, to a much greater degree than highways or even wastewater treatment, is a local responsibility.

Of the 427 municipal and county water supply systems in North Carolina, at least 37 are presently operating at peak capacity and there is a current deficit in treatment capacity of 12 million gallons per day. By the year 2000, the total number of municipal and county systems that are at or beyond capacity will total 96. Their total treatment capacity deficit will be 117 million gallons per day.

Water supply capital investment needs are projected to be \$1.829 billion for the period 1983-2000. Projections of revenue are \$1.685 billion, assuming current levels of federal monies and the trends of state and local government capital investments in water supply. Thus, a shortfall of \$144 million is projected for the 18 year period. The shortfall is totally in the local government share. If local governments' expenditures for water supply improvements do not continue to increase and instead stay at the past 10-year average, the shortfall will increase to \$44 million, again all at the local level.

Wastewater

Nearly 50 percent of municipal treatment facilities, and almost 90 percent of industrial wastewater sources, fail to meet

to meet water quality standards.

There is an 18% estimated backlog of current capital investment needs of \$1.07 billion for the state. Capital investment needs to the year 2000 total \$1.774 billion (including the 1.07 billion dollar backlog.)

Projections of revenue for capital improvements total \$1.634 billion, leaving an estimated \$140 million shortfall. Most of the shortfall (\$123 million or 87%) is at the local level.

Summary Table of Projected Needs, Revenues, and Shortfalls

Table V-1 summarizes the estimates of projected needs, revenues projected to be available for capital expenditures, and the resultant shortfall estimates for the period, 1983-2000. All estimates are in 1982 dollars. The functional categories for which the analyses were made are listed on the left side of the table.

Column first at the totals in the bottom row of the table. We observe total estimated funding requirements to be \$18.5 billion for public capital needs for the listed categories. If the desirable highway improvement program is followed rather than the basic minimum program, the total is \$23.5 billion for the 16-year period.

Projected state government revenues over the same period, for the categories of capital improvements analyzed in the report, are \$9.9 billion. The state government's share of the total capital expenditure needs are \$10.1 billion. The estimated shortfall for the state level is therefore \$1.3 billion.

Projected local revenues for capital expenditures, based on

TABLE V-1
SUMMARY OF PROJECTED PUBLIC CAPITAL IMPROVEMENT EXPENDITURE REQUIREMENTS, REVENUES AND SHORTFALLS: 1983-2000
(IN BILLIONS OF 1982 DOLLARS)

Functional Category of Need	Projected Expenditure Requirements	Projected Revenues/(Share of needs) for Capital Improvements			Shortfalls (surplus) Between Projected Needs and Projected Revenues
		Federal	State	Local	
Transportation	13,930	4,660	8,950/9,070	-	1,220
Highway, Basic Program ⁽¹⁾	[18,860]	[4,865]	[8,950/11,000]	-	[5,150]
Highway, Basic Program ⁽²⁾	4,000	N.A.	1,009,1040	N.A.	N.A.
Public Transportation	400	N.A.	1,009,1040	N.A.	N.A.
Aviation	403	N.A.	1,063/1,140	N.A.	N.A.
Railroads	1,020(2)	-	1,002/1,020	-	1,018
Water Supply	1,829	1,107	1,493/1,442	1,085/1,280	(+1,050)
Wastewater	1,774	1,895	1,370/1,387	1,369/1,493	1,140
Total	18,526	5,862(7)	9,887	1,654	17,203(7)
					1,213
					1,430

N.A.=not available; - = not applicable

(1) Only figures for the "basic" highway program are included in totals below. "Desirable" program costs are included on this line for information purposes. State share only, does not include private capital investment needed.

(2) State share in the total of \$2.16 billion for maintenance and \$3.42 billion for construction and renovation, \$3.42 in the midpoint of the \$3.11-\$3.74 billion range of projection.

(3) Revenues are shares of total estimated requirements among governmental levels as existed in the period 1971-81.

(4) Assuming the federal government meets its full traditional share—48% of requirements.

(5) Assumes the midpoint of the 1973-75 millage rate projected in Chapter V. These figures do not include some federal and local revenue estimates that are not available; see appropriate row or column for N.A. symbol indicating the missing data.

trends, are \$1.5 billion for water and sewer. Information for public transportation and aviation are not available. Local funding requirements are projected to be \$4.6 billion, leaving a projected shortfall of \$317 million.

The cumulative shortfall for state and local government in North Carolina is estimated to be \$530 million. It would be \$9.5 billion if the "desirable" highway program were implemented instead of the "basic" program.

It should be emphasized that all estimates are in 1982 dollars and are subject to considerable uncertainties involved in projecting funding requirements and revenues over so long a period and based only on already available information.

APPENDIX I

PRESENTATION TO THE LEGISLATIVE RESEARCH COMMISSION ON STATE INFRASTRUCTURE NEEDS

By

Secretary S. Thomas Rhodes
Department of Natural Resources & Community Development

December 1, 1986

**WASTEWATER TREATMENT, WATER SUPPLY, AND WATER QUALITY
PROTECTION COSTS OF SANITARY LANDFILLS**

To establish a permanent state revolving loan fund for providing low-interest loans to local governments for financing projects for wastewater treatment, water supply, and groundwater protection costs associated with sanitary landfills; to match federal grant funds for capitalizing the wastewater treatment revolving loan fund; and to provide grants for high-cost wastewater treatment facilities and certain "special need" wastewater treatment and water supply projects.

ALLOCATION OF STATE FUNDS:	Funds Available (\$ Millions)
A. <u>Low-Interest Loans:</u>	
1. Wastewater treatment loans	\$ 31
2. Water supply loans	15
3. Loans for groundwater protection costs of sanitary landfills	4
4. Set-aside for wastewater treatment and water supply loans specifically for economic development	4
5. Set-aside for emergency wastewater treatment and water supply loans	1
Subtotal - Revolving Loan Fund:	\$ 55
B. <u>Grants:</u> Grants will be available for the excess costs of "high cost" wastewater treatment facilities, and in situations of special need.	
1. Grants for "high cost" wastewater treatment projects (made in conjunction with loans)	\$ 3
2. Grants for "special need" water supply and wastewater treatment projects	2
Subtotal - Grants:	\$ 5
 TOTAL STATE LOANS AND GRANTS:	 \$ 60

PROPOSED CRITERIA FOR WASTEWATER TREATMENT FUNDING

Water Quality - Stream Classification

Moratorium

Unsewered

Public Health Need - ex. septic tank problem

Financial Need (ability to pay)

Local Commitment

Readiness To Proceed

Waste Load Reduction Measures (PPP)

APPENDIX J

I. PROPOSED TRANSPORTATION CONTINUING APPROPRIATIONS PROGRAM
HIGHWAY, AVIATION, RAIL AND PUBLIC TRANSPORTATION

Introduction

The objective of the proposed Program is to establish a transportation continuing appropriation from which a more stable and predictable source of revenue can be achieved for transportation improvement purposes. The Transportation Continuing Appropriations will have four components or accounts. The Highway Account will provide a method for the State and local units of government to provide or accelerate needed highway construction projects. The Rail, Aviation, and Public Transportation accounts will provide a more stable and predictable source of revenue, allowing for long-range planning and programming of projects.

Highway Account

The following basic principles will form the framework for the proposed Highway portion of the Program:

- *the Highway Fund will continue to function as the primary source of funds for matching Federal funds for construction of new roads and highways, normal maintenance and operation, and the cost of administration.
- *the Highway Account of the proposed Transportation Continuing Appropriations will provide:
 - supplemental funding to the Department of Transportation for the construction of highway projects in order to correct any inequities in distribution of construction funds from the federal-aid construction program and to maintain a uniform required level of construction.
 - supplemental funding to the Department of Transportation for right of way acquisition.
 - on a revolving or reimbursement basis, loans or advances to units of local government to supplement the State construction of projects and the acquisition of right of way by the Department of Transportation.
 - a supplemental source of payment of debt service on the State's Highway Bonds.

The Highway Account would be funded from the transfer of 7% of the annual gross revenue of the Highway Fund.

Aviation Account

The following basic principles will form the framework for the proposed Aviation portion of the program:

- *the Aviation Account will provide the sole source of State funding for aviation purposes.
- *the Aviation Account will provide a stable and predictable funding source which will replace annual appropriations from the General Fund.

It is proposed that a funding amount equal to the greater of \$3,500,000 or 100% of the State's total sales and use taxes paid by the aviation industry in North Carolina be transferred each year from the General Fund to the Aviation Account.

Rail Account

The following basic principles will form the framework for the proposed Rail portion of the program:

- *the Rail Account will provide the sole source of the State funding for rail purposes.
- *the Rail Account will provide a stable and predictable funding source which will replace annual appropriations from the General Fund.
- *the Rail Account will help to compensate for the reduction in the amount of Federal Funds heretofore provided to railroads for branch-line service.

It is proposed that a funding amount equal to the greater of \$200,000 or 100% of the annual dividends from the North Carolina Railroad stock be transferred each year from the General Fund to the Rail Account.

Public Transportation Account

The following basic principles will form the framework for the proposed Public Transportation portion of the program:

- *the Public Transportation Account will provide the sole source of State funding for public transportation purposes.
- *the Public Transportation Account will provide a stable and predictable funding source which will replace annual appropriations from the General Fund.

It is proposed that a funding amount equal to the greater of \$1,600,000 or the proceeds of an allocation of 50 cents from each annual motor vehicle registration renewal, be transferred each year to the Public Transportation Account.

II. Additional County/City Authority

Current Law (Counties) - Prohibits county financing of ROW or construction of highways.

Proposed Law - Authorizes counties to appropriate and expend property tax revenues, to borrow money, and to issue funds in cooperation with a municipality. This proposal has been coordinated with and has the support of N.C. Association of County Commissioners.

Current Law (Cities) - Generally does not provide for municipalities to expend funds outside their corporate limits.

Proposed Law - Authorizes municipalities to expend funds for the purpose of acquiring right-of-way, constructing or improving streets and highways outside corporate limits, and to acquire by dedication, purchase or eminent domain an easement or fee simple title to necessary rights of way. This proposal has been coordinated with and has the support of the N.C. League of Municipalities.

III. Transfer of Development Rights

Current Law - Voluntary on-site transfer of development rights is permissible under existing zoning law but not explicit.

Proposed Law - Allows local zoning authorities to transfer development rights such as density and floor area ratios on-site and off-site. Off-site transfers are needed because the residual property left after removal of needed right of way may be insufficient to support or market the transferred development rights. This concept has been used for a variety of preservation purposes such as historic preservation, right-of-way preservation, watershed protection, scenic vista protection and prime agricultural land preservation.

IV. Driveway Permit Processes

Current Law - No State authority to require safety improvements currently exists.

Proposed Law - Gives the Department of Transportation authority to require driveway applicants to provide needed safety improvements (such as turning lanes, speed change lanes, etc.) to existing roadways into which the driveway

is proposed.

V. Official Roadway Corridor Map- With Property Tax Relief

Current Law - Local Official Map Acts exist for Wilson, Session Laws 1971, Chapter 7; Charlotte, Session Law 1967, Chapter 719; Winston-Salem/Forsyth Session Law 1947, Chapter 667 #11; and Durham, Pvt. Laws 1927, Chapter 156.

Proposed Law - Official Map reserves roadway right of way corridors for a specified period of time. During this period, buildings and permanent improvements and subdivisions are either prevented or discounted in the valuation process when right of way is acquired. For over twenty years, a majority of the states have had an official map act. North Carolina does not.

The proposed legislation:

- (a) allows protection of roadway corridors without first requiring detailed engineering designs for these protected corridors patterned after the Florida law;
- (b) requires protected corridors to appear on the Thoroughfare Plan and to be in either the state's transportation improvement plan or on a local capital improvements plan of similar duration;
- (c) reserves protected corridors for a period of no more than three years, beginning with submittal of a formal application for development by an affected property owner;
- (d) allows the state or local governments to establish protected corridors;
- (e) contains procedural safeguards such as a public hearing prior to adoption of any official map act, recording of the official map with the county register of deeds, an appeal procedure to assist property owners from undue hardships, and protection of vested rights;
- (f) provides for both local property tax relief on lands reserved for rights-of-way and authorizes a state income tax deduction equal to the local property tax relieved.

VI. Controlling Withdrawal of Previously Dedicated Right of Way

Current Law - G.S. 136-96. " Any road or street right of way dedicated but not used within 15 years after dedication is automatically deemed to be abandoned.

Proposed Law - Amends existing G.S. 136-96 to

require that a municipality formally approve any abandonment of dedicated rights of way especially if that right of way was a part of a future street on an adopted coordinated street system.

VII. Early Condemnation Authority

Current Law - G.S. 40A-3(6)(1) provides for condemnation of right of way for programmed projects.

Proposed Law - Amends the existing statute to allow condemnation of all future rights of way which are put on the coordinated street system required in G.S. 136-66.2.

VIII. Local Roadway Protection

Current Law - G.S. 169A-306 and G.S. 153A-331 provides for setback regulations as a part of local zoning ordinances.

Proposed Law - Gives local governments authority to apply setback regulations to buildings and other permanent facilities. These setback lines will be measured from the center line of the street or from the right-of-way line. This section will also allow local governments to condition some driveway permits on adequacy of existing roadway facilities such as acceleration & deceleration lanes. This section will also allow local governments the right to collect funds from a developer based on a formula that include trip generation and the right to spend these funds in and around this development.

IX. DOT Participation in Private Contracts

Current Law - Expires after this year.

Proposed Law - This section allows the Department of Transportation to continue to participate in private contracts for highway construction.

X. State Funded Roads

Current Law - Expires after this year.

Proposed Law - Allows the Department of Transportation to continue State Construction Programs which will utilize all State funds on certain selected projects.

