

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 678

SHORT TITLE: BOND PAYMENT CHANGE

SPONSOR(S): SENATOR CARPENTER

<b>FISCAL IMPACT:</b>	<b>Expenditures:</b>	<b>Increase ( )</b>	<b>Decrease (X)</b>
	<b>Revenues:</b>	<b>Increase ( )</b>	<b>Decrease ( )</b>
	<b>No Impact ( )</b>		
	<b>No Estimate Available ( )</b>		

**FUND AFFECTED:** General Fund ( ) Highway Fund ( ) Local Govt. (X)  
 Other Funds ( )

**BILL SUMMARY:**

"TO CLARIFY WHAT FUNDS MAY BE USED TO REPAY REVENUE BONDS AND SPECIAL OBLIGATION BONDS." Amends GS 159-94(a) and 159I-30 to provide that the State and local governments may at their discretion use tax proceeds or general funds to repay revenue bonds, but may not pledge or agree to do so. Amends GS 159I-30 to provide that local governments may pledge additional available nontax sources of revenue to repay special obligation bonds, provided such is approved by the Local Government Commission and to specify the conditions under which security interests in the project financed may be granted.

**EFFECTIVE DATE:** Upon Ratification

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** County and city debt service payments.

**FISCAL IMPACT**

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
<b>REVENUES:</b>					
<b>LOCAL</b>	See Technical Considerations				<b>ASSUMPTIONS AND</b>
<b>METHODOLOGY:</b>					

**SOURCES OF DATA:** Mr. Bob High, Local Government Commission  
 Mr. Stephen Johns, VP. and Manager of Public Finance  
 First Union Securities Inc.

**TECHNICAL CONSIDERATIONS:**

It is possible that by allowing revenue sources to be substituted, the overall interest rate on municipal bond issues could be more favorable. The interest rate savings could be between .05% and .15%. If a \$3 million bond were issued for 10 years the estimated monetary savings to the issuer would be between \$12,000 and \$36,000 over the life of the bond.

**FISCAL RESEARCH DIVISION**

**733-4910**

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**APPROVED BY:** Tom L. Covington **TOMC**

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