

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 254*
Committee Substitute Favorable 5/26/05
Committee Substitute #2 Favorable 7/7/05

Short Title: GARVEE Bond Issuance.

(Public)

Sponsors:

Referred to:

February 16, 2005

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE STATE TREASURER TO ISSUE "GARVEE"
2 GRANT ANTICIPATION REVENUE VEHICLE BONDS ON BEHALF OF THE
3 DEPARTMENT OF TRANSPORTATION AND TO DIRECT THE SECRETARY
4 OF THE DEPARTMENT OF TRANSPORTATION AND THE STATE
5 TREASURER TO DEVELOP AN IMPLEMENTATION PLAN FOR ISSUANCE
6 OF THE BONDS, AS RECOMMENDED BY THE JOINT LEGISLATIVE
7 TRANSPORTATION OVERSIGHT COMMITTEE.
8

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.** The Secretary of the Department of Transportation and the
11 State Treasurer shall jointly form a committee to develop a plan to implement the
12 provisions of this act. The plan shall address all financial, legal, and practical issues
13 involved in issuing "GARVEE" bonds. The two Departments shall jointly submit their
14 implementation plan to the cochairs of the Transportation Appropriations Subcommittee
15 and the cochairs of the Joint Legislative Transportation Oversight Committee by
16 December 1, 2005.

17 **SECTION 2.** G.S. 136-18 is amended by adding a new subdivision to read:

18 "(12b) To issue "GARVEE" bonds (Grant Anticipation Revenue Vehicles) or
19 other eligible debt financing instruments to finance federal-aid
20 highway projects using federal funds to pay a portion of principal,
21 interest, and related bond issuance costs, as authorized by 23 U.S.C. §
22 122, as amended (the National Highway System Designation Act of
23 1995, Pub. L. 104-59). These bonds shall be issued by the State
24 Treasurer on behalf of the Department and shall be issued pursuant to
25 an order adopted by the Council of State under G.S. 159-88. The State
26 Treasurer shall develop and adopt appropriate debt instruments,
27 consistent with the terms of the State and Local Government Revenue
28 Bond Act, Article 5 of Chapter 159 of the General Statutes, for use

1 under this subdivision. Prior to issuance of any "GARVEE" or other
2 eligible debt instrument using federal funds to pay a portion of
3 principal, interest, and related bond issuance costs, the State Treasurer
4 shall determine (i) that the total outstanding principal of such debt does
5 not exceed the total amount of federal transportation funds authorized
6 to the State in the prior federal fiscal year; or (ii) that the maximum
7 annual principal and interest of such debt does not exceed fifteen
8 percent (15%) of the expected average annual federal revenue shown
9 for the seven-year period in the most recently adopted Transportation
10 Improvement Program. Notes issued under the provisions of this
11 subdivision may not be deemed to constitute a debt or liability of the
12 State or of any political subdivision thereof, or a pledge of the full
13 faith and credit of the State or of any political subdivision thereof, but
14 shall be payable solely from the funds and revenues pledged therefor.
15 All the notes shall contain on their face a statement to the effect that
16 the State of North Carolina shall not be obligated to pay the principal
17 or the interest on the notes, except from the federal transportation fund
18 revenues as shall be provided by the documents governing the revenue
19 note issuance, and that neither the faith and credit nor the taxing power
20 of the State of North Carolina or of any of its political subdivisions is
21 pledged to the payment of the principal or interest on the notes. The
22 issuance of notes under this Part shall not directly or indirectly or
23 contingently obligate the State or any of its political subdivisions to
24 levy or to pledge any form of taxation whatever or to make any
25 appropriation for their payment."

26 **SECTION 3.** Section 2 of this act becomes effective February 1, 2006. The
27 remainder of this act is effective when it becomes law.