

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2724

Short Title: Modify TRAC Responsibilities.

(Public)

Sponsors: Representatives Yongue; and Lucas.

Referred to: Finance.

May 28, 2008

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE RESPONSIBILITIES OF THE NORTH CAROLINA
FEDERAL TAX REFORM ALLOCATION COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-433.6 reads as rewritten:

"§ 143-433.6. Legislative Findings.

(a) The General Assembly finds and determines that the Tax Reform Act of 1984 established a federal volume limitation upon the aggregate amount of "private activity bonds" that may be issued by each state; that, pursuant to Section 103(n) of the Internal Revenue Code of 1954, as amended, a previous Governor of North Carolina issued Executive Order 113 proclaiming a formula for allocating the federal volume limitation for North Carolina; that on October 22, 1986, the Tax Reform Act of 1986, hereinafter referred to as the "Tax Reform Act", was enacted; that the Tax Reform Act (i) establishes a new unified limitation for private activity bonds on a state by state basis, (ii) establishes a new definition of the types of private activity bonds to be included under those new limitations, (iii) establishes a new low-income housing credit to induce the construction of and the improvement of housing for low-income people, and (iv) limits the aggregate use of this low-income housing credit on a state by state basis; that the Tax Reform Act provides for federal formulas for the allocation of these "state by state" resources, and also provides for states which cannot use the federal formula for allocation to set allocation procedures and formulas which are more appropriate for the individual states; that the Tax Reform Act gives authority for the legislature of each state to formulate and execute plans for allocation; and that Section 146 of the Internal Revenue Code of 1986, as amended, and Section 42 of the Internal Revenue Code of 1986, as amended, will require continued inquiry and study in the ways in which North Carolina can best and most fairly manage and utilize resources provided therein.

(b) The General Assembly further finds and determines that the Economic Growth and Tax Relief Reconciliation Act of 2001 added new subsections (a)(13) and (k) to section 142 of the Internal Revenue Code of 1986, as amended, which (i)

1 establish a new type of private activity bond that can be issued to finance "qualified
2 public educational facilities," (ii) establish an annual aggregate limitation on the face
3 amount of qualified public educational facility bonds that may be issued on a state-by-
4 state basis, (iii) provide that each state may allocate the annual aggregate limitation for
5 any calendar year in such manner as each state determines appropriate, and (iv) provide
6 for an elective carryforward by each state of the unused annual aggregate limitation; and
7 that subsections (a)(13) and (k) will require continued inquiry and study in the ways in
8 which North Carolina can best and most fairly manage and utilize the resource provided
9 therein."

10 **SECTION 2.** G.S. 143-433.8 reads as rewritten:

11 **"§ 143-433.8. Duties.**

12 The Committee ~~may~~ shall perform the following duties:

- 13 (1) Manage the allocation of ~~tax exempt private activity bonds and~~
14 ~~low income housing credits~~private activity bonds, low-income housing
15 credits, and qualified public educational facility bonds and receive
16 advice from bond issuers, elected officials, and the General Assembly.
- 17 (2) Continue to monitor bond markets, economic development financing
18 trends, school financing trends, housing markets, and tax incentives
19 available to induce events and programs favorable to North Carolina,
20 its cities and counties, and individual citizens.
- 21 (3) Continue to study the ways in which North Carolina can best and most
22 fairly manage and utilize the allocation of ~~private activity bonds and~~
23 ~~low income housing credits~~private activity bonds, low-income
24 housing credits, and qualified public educational facility bonds.
- 25 (4) Report to the Governor, Lieutenant Governor, and the Speaker of the
26 House of Representatives as requested and on not less than an annual
27 basis."

28 **SECTION 3.** G.S. 143-433.9(a) reads as rewritten:

29 "(a) To provide for the orderly and prompt issuance of private activity bonds and
30 qualified public educational facility bonds, there are hereby proclaimed formulas for
31 allocating the following: (i) the unified volume ~~limitation and~~ limitation, (ii) the state
32 housing credit ~~ceiling~~ ceiling, and (iii) the annual aggregate limitation on the face
33 amount of qualified public educational facility bonds. The unified volume limitation for
34 all issues of private activity bonds, other than qualified public educational facility
35 bonds, in North Carolina shall be considered as a single resource to be allocated under
36 this Article. The annual aggregate limitation on the face amount of qualified public
37 educational facility bonds for all issues in North Carolina shall be considered as a single
38 resource to be allocated under this Article. The Committee shall issue the following: (i)
39 allocations of the unified volume ~~limitation and shall issue~~ limitation, (ii) allocations of
40 the ~~State Housing Credit Ceiling~~ state housing credit ceiling, and (iii) allocations of the
41 aggregate limitation on the face amount of qualified public educational facility bonds.
42 The Committee shall set forth procedures for making such allocations and in the making
43 of such allocations shall take into consideration the best interest of the State of North
44 Carolina with regard to the economic ~~development~~ development, school facility needs,

1 and general prosperity of the people of North Carolina. The Committee shall make all
2 elective carryforwards of the unused unified volume limitation and the annual aggregate
3 limitation on the face amount of qualified public educational facility bonds on behalf of
4 the State."

5 **SECTION 4.** This act is effective when it becomes law.