

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H.B. 1010
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10429-MLfz-205A

Short Title: Build NC Bond Act. (Public)

Sponsors: Representatives Torbett, Iler, Presnell, and Shepard (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE BUILD NC BOND ACT OF 2018, AS RECOMMENDED BY THE
3 HOUSE SELECT COMMITTEE ON STRATEGIC TRANSPORTATION PLANNING
4 AND LONG TERM FUNDING SOLUTIONS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Short Title. – This act shall be known as the "Build NC Bond Act of
7 2018."

8 **SECTION 2.** G.S. 142-82 reads as rewritten:

9 "**§ 142-82. Definitions.**

10 The following definitions apply in this Article:

11 ...

12 (2a) Build NC Bonds. – Special indebtedness issued to finance Build NC Projects,
13 with the Build NC Net Proceeds of such special indebtedness used in
14 accordance with both of the following requirements, measured in the
15 aggregate for all issues in successive periods of 10 fiscal years each, with the
16 first such period beginning with the 2019-2020 fiscal year:

17 a. Within two percent (2%) of fifty percent (50%) of the Build NC Net
18 Proceeds during such period used for Division Need Projects in
19 accordance with the requirements of Article 14B of Chapter 136 of the
20 General Statutes.

21 b. The remainder of the Build NC Net Proceeds during such period used
22 for Regional Impact Projects in accordance with the requirements of
23 Article 14B of Chapter 136 of the General Statutes.

24 (2b) Build NC Net Proceeds. – The proceeds of an issue of Build NC Bonds net of
25 deposits for the costs described in sub-subdivisions d., e., and f. of subdivision
26 (6) of this section.

27 (2c) Build NC Project. – A capital facility identified and selected for financing
28 with Build NC Bonds under this Article by the process set forth in Article 14B
29 of Chapter 136 of the General Statutes.

30"

31 **SECTION 3.** Article 9 of Chapter 142 of the General Statutes is amended by adding
32 a new section to read:

33 "**§ 142-97. Additional provisions with respect to Build NC Bonds.**

34 The following requirements and limitations apply to the issuance and sale of Build NC Bonds:



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- 1 (1) Subject to appropriation by the General Assembly, funds from the Highway
2 Trust Fund shall be the source for repayment of special indebtedness resulting
3 from the sale of Build NC Bonds.
- 4 (2) The State Treasurer shall not issue any Build NC Bonds unless (i) the State
5 Treasurer recommends the issuance of the Build NC Bonds and (ii) the State
6 Treasurer has made a determination that all of the following requirements
7 have been or shall be met:
- 8 a. The Department of Transportation's average combined month-end
9 cash balance required under G.S. 143C-6-11(f) for the first 3 months
10 in the calendar year prior to the date of determination is equal to or
11 less than twenty percent (20%) of the total expenditures from the
12 Highway Fund and Highway Trust Fund for the most recent complete
13 fiscal year. In calculating the total expenditures from the Highway
14 Fund and Highway Trust Fund under this sub-subdivision, any
15 transfers to the General Fund shall be excluded.
- 16 b. The total amount of Build NC Bonds outstanding after such issuance
17 will not cause the recommended transportation debt target established
18 by the Debt Affordability Advisory Committee in accordance with
19 G.S. 142-101 to be exceeded.
- 20 c. At least six months prior to the expected date of the Build NC Bond
21 issuance, the Department of Transportation:
- 22 1. Consulted with the State Treasurer about the proposed Build
23 NC Bond issuance.
- 24 2. Consulted with the Joint Legislative Transportation Oversight
25 Committee and the Joint Legislative Commission on
26 Governmental Operations to provide details of the proposed
27 issuance, including (i) the total amount of the Build NC Bonds
28 that will be issued, (ii) the estimated amount of the debt service
29 payments, and (iii) the estimated amount of debt capacity that
30 would be remaining after the issuance.
- 31 (3) Except as otherwise provided in subdivision (7) of this subsection, the total
32 amount of special indebtedness resulting from the sale of Build NC Bonds
33 shall not exceed three billion dollars (\$3,000,000,000).
- 34 (4) Except as otherwise provided in subdivision (7) of this subsection, each
35 individual issuance of Build NC Bonds is limited to no more than three
36 hundred million dollars (\$300,000,000) in each fiscal year.
- 37 (5) The Department of Transportation may not use the proceeds realized from the
38 sale of Build NC Bonds for a nonhighway project or a project utilizing tolling
39 pursuant to the authority set forth in subdivision (39) or (39a) of G.S. 136-18.
- 40 (6) For purposes of satisfying the requirements of G.S. 142-15.17, Build NC
41 Projects constitute projects as to which the General Assembly has enacted
42 legislation expressly approving the use of a State-supported financing
43 arrangement.
- 44 (7) The restrictions set forth in sub-subdivision a. of subdivision (2) of this section
45 and subdivisions (3) and (4) of this subsection do not apply to Build NC Bonds
46 that are refunding bonds meeting the requirements set forth in G.S. 142-29.5.
- 47 (8) The provisions of subsection (b) of G.S. 142-83 do not apply to Build NC
48 Bonds, nor shall Build NC Bonds be counted for the purposes of that
49 subsection in limiting the issuance of other debt.
- 50 (9) The provisions of subsection (e) of G.S. 142-84 do not apply to Build NC
51 Bonds."

1 **SECTION 4.** G.S. 142-89(a) reads as rewritten:

2 "(a) Terms and Conditions. – Bonds or notes may bear any dates; may be serial or term
3 bonds or notes, or any combination of these; may mature in any amounts and at any times, not
4 exceeding 15 years from their dates for Build NC Bonds and 40 years from their ~~dates~~; dates for
5 all other bonds and notes; may be payable at any places, either within or without the United
6 States, in any coin or currency of the United States that at the time of payment is legal tender for
7 payment of public and private debts; may bear interest at any rates, which may vary from time
8 to time; and may be made redeemable before maturity, at the option of the State or otherwise as
9 may be provided by the State, at any prices, including a price greater than the face amount of the
10 bonds or notes, and under any terms and conditions, all as may be determined by the State
11 Treasurer, by and with the consent of the Council of State."

12 **SECTION 5.** The State Treasurer, in consultation with the Department of
13 Transportation, shall develop and implement a debt management policy to guide the
14 Department's practices in regards to issuing Build NC Bonds, as defined in G.S. 142-82(2a), as
15 enacted in Section 2 of this act. By July 1, 2019, the State Treasurer shall submit a report to the
16 Joint Legislative Transportation Oversight Committee detailing the debt management plan
17 developed in accordance with this subsection.

18 **SECTION 6.** This act is effective when it becomes law.