

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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HOUSE BILL 909  
Committee Substitute Favorable 5/6/25

Short Title: State Infrastructure Bank Board.

(Public)

Sponsors:

Referred to:

April 14, 2025

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH A STATE INFRASTRUCTURE BANK BOARD.  
3 The General Assembly of North Carolina enacts:

4 SECTION 1. Article 6 of Chapter 147 of the General Statutes is amended by adding  
5 the following new sections to read:

6 "**§ 147-86.5. Establishment of State Infrastructure Bank Board.**

7 (a) Establishment. – There is established a State Infrastructure Bank Board. The Board  
8 shall be located in the Department of State Treasurer for administrative purposes only and shall  
9 function independently of the Department. The Board shall establish, administer, and receive  
10 federal funds for a State Infrastructure Bank authorized by the Intermodal Surface Transportation  
11 Efficiency Act of 1991, Public Law 102-240, as amended, the National Highway System  
12 Designation Act of 1995, Public Law 104-59, as amended, and any other federal law authorizing  
13 and governing the use of federal funds for a transportation infrastructure banking program.  
14 Through the State Infrastructure Bank, the Board may also administer and receive State funds  
15 and private funds for transportation projects, water and sewer projects, and other infrastructure  
16 projects. For purposes of this section, "other infrastructure projects" means projects that are  
17 publicly owned or undertaken through a public-private partnership and that are essential to the  
18 health, safety, and economic vitality of the State.

19 (b) Federal Financial Assistance. – The Board may apply for, receive, and administer  
20 federal financial assistance necessary to fund the State Infrastructure Bank. The Board shall  
21 comply with all conditions and requirements related to the federal financial assistance.

22 (c) Use of Funds. – Except as otherwise prohibited under federal law, the Board may  
23 utilize the following funds for the purpose of providing loans or other financial assistance to  
24 governmental units, including toll authorities:

25 (1) Federal funds, State funds, and private funds to finance the costs of  
26 transportation projects, including aviation projects.

27 (2) State funds and private funds to finance the costs of water and sewer projects  
28 and other infrastructure projects.

29 (d) Conditions and Repayment. – Loans or other financial assistance provided under this  
30 section are subject to repayment and conditioned upon the establishment of any security and the  
31 payment of any fees and interest rates deemed necessary by the Board. Governmental units may  
32 apply for loans and execute debt instruments payable to the State in order to obtain loans or other  
33 financial assistance provided for in this section. The Board shall require that applicants pledge  
34 as security for the obligations revenues derived from operation of the benefited facilities or  
35 systems, other sources of revenue, or their faith and credit, or any combination thereof. The faith  
36 and credit of the governmental units shall not be pledged or be deemed to have been pledged



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1 unless the requirements of Article 4 of Chapter 159 of the General Statutes have been met. The  
2 Board may apply a municipality's share of funds allocated under G.S. 136-41.1 or G.S. 136-44.20  
3 as necessary to ensure repayment of funds advanced under this section.

4 (e) Loan Term Requirements. – Loans made pursuant to this section shall not exceed 30  
5 years in duration unless otherwise approved by a unanimous vote of the Board. Interest rates  
6 shall not be less than fifty percent (50%) of the market AAA municipal bond rate prevailing at  
7 the time of loan approval, except if federal law requires otherwise or if the Board finds, by a  
8 supermajority vote, that a lower rate is necessary to achieve a compelling public interest.

9 (f) Concessionary Lending Authority. – The Board may provide loans or other financial  
10 assistance at interest rates below prevailing market rates, including zero percent (0%), if doing  
11 so would meet all of the following requirements:

12 (1) Facilitate the participation of private capital through blended financing or  
13 public-private partnerships.

14 (2) Enable projects that otherwise would not proceed due to insufficient  
15 commercial viability or excessive capital costs.

16 (3) Advance critical infrastructure goals, including regional equity, economic  
17 development, environmental resilience, or public health.

18 (g) Blended Financing Authority. – In order to leverage private investment, the Board  
19 may structure financial assistance packages that combine public and private funds. These  
20 packages may include any of the following:

21 (1) Subordinated or concessionary loans from the State Infrastructure Bank  
22 designed to reduce risk to senior private capital.

23 (2) Loan guarantees, partial credit guarantees, or partial credit guarantees to  
24 improve the creditworthiness of infrastructure projects.

25 (3) Participation agreements with private financial institutions under which the  
26 State Infrastructure Bank assumes first-loss or mezzanine positions.

27 (4) Public-private partnership agreements, including those that allow private  
28 capital to recover investments through tolls, user fees, or service payments.

29 (h) Private Capital Participation. – The Board may solicit and receive private capital  
30 contributions, co-investments, or subordinated capital for projects meeting State infrastructure  
31 objectives. The Board shall ensure that this participation meets all of the following requirements:

32 (1) Complies with applicable federal and State law.

33 (2) Does not compromise the long-term affordability or public utility of the  
34 infrastructure asset.

35 (3) Includes safeguards to ensure accountability, transparency, and public benefit.

36 (i) Regional Infrastructure Projects. – The Board may provide financial assistance to  
37 regional entities, joint agencies, or multijurisdictional authorities, districts, or consortia of  
38 governmental units formed under Chapter 160A of the General Statutes or other applicable  
39 statutes for the purpose of undertaking infrastructure projects that serve multiple governmental  
40 units. In these cases, the Board may do one or more of the following:

41 (1) Facilitate the formation of interlocal agreements to support these projects.

42 (2) Treat the regional entity as the sole borrower of record.

43 (3) Recognize pooled or shared revenues as security.

44 (4) Waive individual creditworthiness tests for participating localities so long as  
45 the aggregate repayment capacity of the region is sufficient.

46 (5) Structure financing that leverages the aggregate creditworthiness of  
47 participating governmental units.

48 (6) Prioritize projects with independent or region-wide revenue streams.

49 (j) Council of Governments' Participation. – A council of governments established under  
50 Article 20 of Chapter 160A of the General Statutes may apply for and receive financial assistance  
51 from the State Infrastructure Bank if both of the following are met:

- 1           (1)    The council of governments is acting as the administrative agent for a joint  
2           infrastructure project involving two or more governmental units.
- 3           (2)    The council of governments is acting pursuant to an interlocal agreement or  
4           joint agency agreement that provides for repayment from pledged revenues or  
5           guarantees repayment by the participating governmental units.
- 6           (k)    Account; Nonreversion of Funds. – The Board shall establish jointly with the State  
7           Treasurer one or more separate infrastructure banking accounts with necessary fiscal controls  
8           and accounting procedures. State funds for funds credited to this account shall not revert, and  
9           interest and other investment income shall accrue to the account and may be used to provide  
10          loans and other financial assistance as provided under this section.
- 11          (l)    Long-Term Capitalization. – The State Infrastructure Bank may be capitalized  
12          through appropriations from the General Assembly, federal grants, and contributions from  
13          private entities. The Board may, subject to approval by the Local Government Commission and  
14          the State Treasurer, issue revenue bonds secured by repayments, fees, and revenues of the State  
15          Infrastructure Bank. In addition, the Board shall propose to the General Assembly annually a  
16          standing appropriation amount to ensure continued capitalization of the State Infrastructure  
17          Bank.
- 18          (m)   Rules. – The Board may establish rules necessary to establish and administer the State  
19          Infrastructure Bank.
- 20          (n)    No Effect on Transportation Investment Strategy Formula. – Nothing in this section  
21          affects the transportation investment strategy formula established by G.S. 136-189.11.
- 22          (o)    Projects Funded by the Department of Environmental Quality. – No funds  
23          administered under Chapter 159G of the General Statutes, including the Clean Water State  
24          Revolving Fund and the Drinking Water State Revolving Fund, shall be deposited in, transferred  
25          to, or otherwise used to capitalize the State Infrastructure Bank or any account established under  
26          this section. The Board shall ensure that all funds under Chapter 159G of the General Statutes  
27          remain segregated and administered solely for the purposes set forth in that Chapter.
- 28          (p)    Debt Instruments. – The State Treasurer, with the assistance of the Local Government  
29          Commission, shall develop and adopt appropriate debt instruments for use under this section.  
30          The Local Government Commission shall develop and adopt appropriate procedures for the  
31          delivery of debt instruments to the State without any public bidding.
- 32          (q)    Review and Approval of Loans. – The Board shall review and approve all proposed  
33          loans and other financial assistance to applicants under this section. In addition, the Local  
34          Government Commission shall review and approve proposed loans to applicants under this  
35          section pursuant to Articles 4 and 5 of Chapter 159 of the General Statutes, as if the issuance of  
36          bonds was proposed, so far as those provisions are applicable.
- 37          (r)    Outstanding Debt. – Loans authorized by this section are outstanding debt for the  
38          purpose of Article 10 of Chapter 159 of the General Statutes.
- 39          **"§ 147-86.6. Membership of State Infrastructure Bank Board; meetings.**
- 40          (a)    Members. – The State Infrastructure Bank Board shall consist of the following voting  
41          members:
- 42                  (1)    The Secretary of Commerce.
- 43                  (2)    The Secretary of Transportation.
- 44                  (3)    The Secretary of Environmental Quality.
- 45                  (4)    The State Treasurer.
- 46                  (5)    The State Auditor.
- 47                  (6)    The State Budget Officer.
- 48                  (7)    One member appointed by the Governor, having at least 10 years of  
49                  experience in local government or infrastructure finance.
- 50                  (8)    One member appointed by the Governor, having at least 10 years of  
51                  experience in banking.

1           (9)    One member appointed by the Speaker of the House of Representatives, who  
2           shall have at least 10 years of experience in local government, infrastructure  
3           finance, or banking.

4           (10)   One member appointed by the President Pro Tempore of the Senate, who shall  
5           have at least 10 years of experience in local government, infrastructure  
6           finance, or banking.

7           (b)    Terms. – The Board members shall serve terms coinciding with their respective  
8           offices or appointments. Appointed members shall serve four-year terms.

9           (c)    Officers. – The Board shall elect from its members a chair and vice-chair of the Board.

10          (d)    Meetings. – The Board shall meet on the call of the chair or any two members but  
11          shall meet at least once every six months. Each member may be represented by a designee, who  
12          shall have the same voting powers as the member. The Board shall meet in offices provided by  
13          the Department of State Treasurer. In addition, the Department of State Treasurer shall provide  
14          the necessary staff and supplies to help the Board accomplish its objectives. The Department of  
15          Commerce, Department of Transportation, and Department of Environmental Quality may also  
16          provide staff assistance.

17          (e)    Rules. – The Board shall adopt rules, consistent with the requirements of  
18          G.S. 147-86.5, for reviewing and approving loans or other financial assistance provided under  
19          G.S. 147-86.5. The Board shall publish the rules on the Board's website or, if the Board does not  
20          have its own website, on the Department of State Treasurer's website.

21          (f)    Quorum. – A quorum of the Board consists of a majority of the Board's total  
22          membership.

23          (g)    Stakeholder Advisory Committee. – The Board shall establish a Stakeholder Advisory  
24          Committee to provide input on infrastructure priorities, financing strategies, and private sector  
25          participation. The Committee shall include representatives from the North Carolina Chamber,  
26          the North Carolina League of Municipalities, the North Carolina Association of County  
27          Commissioners, and other stakeholders as determined by a supermajority of the Board. The  
28          Stakeholder Advisory Committee shall do both of the following:

29               (1)   Review and comment on all proposed rules and policies related to  
30               infrastructure funding before final adoption by the Board.

31               (2)   Propose annual priorities and funding strategies for consideration by the  
32               Board.

33          The Board shall convene a joint public meeting with the Stakeholder Advisory Committee at  
34          least once per year and shall respond in writing to formal recommendations issued by the  
35          Committee within 60 days of receipt.

36          (h)    Reports. – By July 1 each year, the Board shall report on its activities to the Joint  
37          Legislative Commission on Governmental Operations, the Joint Legislative Economic  
38          Development and Global Engagement Oversight Committee, the Joint Legislative Transportation  
39          Oversight Committee, and the Fiscal Research Division of the General Assembly. The Board  
40          shall also publish on its website, or if the Board does not have its own website, on the Department  
41          of State Treasurer's website, on at least a quarterly basis, a list of all loan applications received,  
42          loans awarded, and the terms thereof. The Board shall contract annually with either the State  
43          Auditor or an independent certified public accountant selected through competitive bidding to  
44          perform a financial and performance audit of the State Infrastructure Bank. The audit shall be  
45          made available to the public.

46          (i)    Private Investment Metrics. – The Board shall include in its report under subsection  
47          (h) of this section all of the following:

48               (1)   The total amount of private capital leveraged by the State Infrastructure Bank's  
49               activities.

50               (2)   A description of the financial structures used to blend public and private funds.

51               (3)   A risk assessment of public exposure in blended finance projects.

1 (j) Compensation. – Members shall serve without compensation but may receive travel  
2 and subsistence in accordance with G.S. 138-6.

3 (k) Board members shall disclose any potential conflicts of interest and recuse themselves  
4 from deliberations and voting on matters if any conflict exists, in accordance with Chapter 138A  
5 of the General Statutes."

6 **SECTION 2.** G.S. 136-18(12a) is repealed.

7 **SECTION 3.** G.S. 147-69.2 reads as rewritten:

8 "**§ 147-69.2. Investments authorized for special funds held by State Treasurer.**

9 (a) This section applies to funds held by the State Treasurer to the credit of each of the  
10 following:

11 ...

12 (25) Funds held by the State Infrastructure Bank established under G.S. 147-86.5.

13 ...."

14 **SECTION 4.** The State Infrastructure Bank, established in G.S. 136-18(12a),  
15 including all funds held by it, are transferred to the State Infrastructure Bank Board, established  
16 in G.S. 147-86.5, as enacted by Section 1 of this act.

17 **SECTION 5.** The State Infrastructure Bank Board, established in G.S. 147-86.5, as  
18 enacted by Section 1 of this act, shall submit an initial report under G.S. 147-86.6(h) to the Joint  
19 Legislative Commission on Governmental Operations by February 1, 2026, in addition to the  
20 report due by July 1, 2026.

21 **SECTION 6.** Section 1 of this act becomes effective July 1, 2025, and applies to  
22 loans and other financial assistance applied for on or after that date. The remainder of this act  
23 becomes effective July 1, 2025.