

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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BILL DRAFT 2017-MLz-205A [v.3]

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
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Short Title: Build NC Bond Act.

(Public)

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 non-highway project or a project utilizing tolling  
39           pursuant to the authority set forth in subdivisions (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  
45           section and subdivisions (3) and (4) of this subsection do not apply to Build  
46           NC Bonds that are refunding bonds meeting the requirements set forth in  
47           G.S. 142-29.5.
- 48           (8)    The provisions of subsection (b) of G.S. 142-83 do not apply to Build NC  
49           Bonds, nor shall Build NC Bonds be counted for the purposes of that  
50           subsection in limiting the issuance of other debt.

1           (9)    The provisions of subsection (e) of G.S. 142-84 do not apply to Build NC  
2                Bonds."

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

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

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

20           **SECTION #.(j)** This act is effective when it becomes law.