

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 583

Short Title: Pay-As-You-Go Capital & Infrastructure Fund. (Public)

Sponsors: Representatives Arp and Ross (Primary Sponsors).

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Appropriations

April 6, 2017

A BILL TO BE ENTITLED

AN ACT TO CREATE THE STATE CAPITAL AND INFRASTRUCTURE FUND THAT  
WILL UTILIZE DEBT SERVICE SAVINGS FOR THE PURPOSE OF ADDITIONAL  
DEBT SERVICE OBLIGATIONS, CAPITAL IMPROVEMENTS, ECONOMIC  
DEVELOPMENT, AND EARLY DEBT REPAYMENT.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** G.S. 143C-4-3 is repealed.

**SECTION 1.(b)** Article 4 of Chapter 143C of the General Statutes is amended by  
adding a new section to read:

**"§ 143C-4-3.1. State Capital and Infrastructure Fund.**

(a) Legislative Intent. – The General Assembly recognizes the need to establish and  
maintain a sufficient funding source to address the ongoing capital and infrastructure needs of  
the State. The General Assembly further recognizes the need to protect the State's substantial  
improvements in existing public facilities while providing a stable funding source to pay for  
new facilities to meet the needs of a growing population. In particular, the General Assembly  
recognizes that many low-wealth counties struggle to maintain aging infrastructure and public  
school facilities and lack the ability to generate the funds needed for new capital investment.

(b) Creation and Source of Funds. – There is established in the General Fund the State  
Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be  
maintained as a special fund and administered by the Office of State Budget and Management  
to carry out the provisions of this section. With the exception of debt service obligations,  
appropriations from the Fund may be administered by other State agencies as deemed  
necessary by the Office of State Budget and Management. Interest accruing from the monies in  
the Fund shall be credited to the Fund. The Fund shall consist of the following sources of  
funding:

- (1) One-fourth of any unreserved fund balance, as determined on a cash basis,  
remaining in the General Fund at the end of each fiscal year.
- (2) Four percent (4%) of the net State tax revenues that are deposited in the  
General Fund during the fiscal year.
- (3) All monies appropriated by the General Assembly for the purposes of capital  
improvements, as defined in G.S. 143C-1-1(d).
- (4) All interest and investment earnings received on monies in the Fund.
- (5) Any other funds, as directed by the General Assembly.

(c) Funding Requirements. – Each Current Operations Appropriations Act enacted by  
the General Assembly shall include (i) a transfer to the Fund of four percent (4%) of each fiscal



1 year's estimated net State tax revenues that are deposited in the General Fund and (ii)  
2 one-fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the  
3 end of each fiscal year.

4 (d) Transfer of Funds to the Fund. – Each fiscal year, the Office of State Controller  
5 shall transfer to the Fund the estimated amounts required pursuant to subsection (c) of this  
6 section. Upon calculation of the actual net State tax revenue collections that are deposited in the  
7 General Fund, the Office of State Controller shall adjust the amount of the transfer to the Fund  
8 to achieve an amount equivalent to four percent (4%) of collections. Each fiscal year, the Office  
9 of State Controller shall transfer to the Fund one-fourth of the General Fund unreserved fund  
10 balance, as determined on a cash basis, at the end of the fiscal year.

11 (e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service  
12 obligations of the State. In addition to meeting the State's debt service obligations, monies in  
13 the Fund may be used for the following purposes:

14 (1) New capital projects governed pursuant to Article 8 of Chapter 143C of the  
15 General Statutes.

16 (2) Repair and renovation of existing capital assets, as provided in  
17 G.S. 143C-8-13.

18 (3) Grants to public schools and community colleges for the cost, or apportion  
19 of the cost, of the renewal, renovation, improvement, expansion,  
20 construction, and reconstruction of facilities.

21 (4) Economic development infrastructure projects.

22 (5) Transportation capital improvement projects.

23 (6) Early repayment of outstanding General Fund debt.

24 (f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be  
25 available for expenditure only upon an act of appropriation by the General Assembly."

26 **SECTION 1.(c)** Article 8 of Chapter 143C of the General Statutes is amended by  
27 adding a new section to read:

28 **"§ 143C-8-13. Repairs and Renovations.**

29 (a) Use of Funds. – Funds for repairs and renovations shall be available for expenditure  
30 only upon an act of appropriation by the General Assembly. Funds appropriated for repairs and  
31 renovations shall be used only for State facilities and related infrastructure that are supported  
32 from the General Fund and for Department of Information Technology facilities and related  
33 infrastructure. Funds appropriated for repairs and renovations projects shall not be used for new  
34 construction or the expansion of the building area (sq. ft.) of an existing facility unless required  
35 in order to comply with federal or State codes or standards. Allowable projects include any of  
36 the following:

37 (1) Roof repairs and replacements.

38 (2) Structural repairs.

39 (3) Repairs and renovations to meet federal and State standards.

40 (4) Repairs to or installation of new electrical, plumbing, and heating,  
41 ventilating, and air-conditioning systems.

42 (5) Improvements to meet the requirements of the Americans with Disabilities  
43 Act, 42 U.S.C. § 12101, et seq., as amended.

44 (6) Improvements to meet fire safety needs.

45 (7) Improvements to existing facilities for energy efficiency.

46 (8) Improvements to remove asbestos, lead paint, and other contaminants,  
47 including the removal and replacement of underground storage tanks.

48 (9) Improvements and renovations to improve use of existing space.

49 (10) Historical restoration.

50 (11) Improvements to roads, walks, drives, and utilities infrastructure.

51 (12) Drainage and landscape improvements.

(13) Building demolition.

(b) Allocation and Reallocation of Funds for Particular Projects. – Any funds that are allocated to the Board of Governors of The University of North Carolina or to the Office of State Budget and Management may be allocated or reallocated by those agencies for repairs and renovations projects so long as all of the following conditions are satisfied:

(1) Any project that receives an allocation or reallocation satisfies the requirements of subsection (a) of this section.

(2) If the allocation or reallocation of funds from one project to another under this section is two million five hundred thousand dollars (\$2,500,000) or more for a particular project, the Office of State Budget and Management or the Board of Governors, as appropriate, consults with the Joint Legislative Commission on Governmental Operations prior to the expenditure or reallocation.

(3) If the allocation or reallocation of funds from one project to another under this section is less than two million five hundred thousand dollars (\$2,500,000) for a particular project, the allocation or reallocation of funds is reported to the Joint Legislative Commission on Governmental Operations within 60 days of the expenditure or reallocation."

**SECTION 2.** G.S. 143C-3-5 reads as rewritten:

**"§ 143C-3-5. Budget recommendations and budget message.**

...

(b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall include the following components:

...

(6) The Governor's Recommended State Budget shall include a transfer to the State Capital and Infrastructure Fund of four percent (4%) of the estimated net State tax revenues that are deposited in the General Fund for each fiscal year of the upcoming biennium.

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**SECTION 3.** This act becomes effective July 1, 2017, and applies to fiscal years beginning on or after that date.