

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H.B. 583
Apr 5, 2017
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH30261-MQ-75B (03/15)

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

Sponsors: Representatives Arp and Ross (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE THE STATE CAPITAL AND INFRASTRUCTURE FUND THAT
3 WILL UTILIZE DEBT SERVICE SAVINGS FOR THE PURPOSE OF ADDITIONAL
4 DEBT SERVICE OBLIGATIONS, CAPITAL IMPROVEMENTS, ECONOMIC
5 DEVELOPMENT, AND EARLY DEBT REPAYMENT.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.(a)** G.S. 143C-4-3 is repealed.

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

10 "**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

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

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

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

34 (c) Funding Requirements. – Each Current Operations Appropriations Act enacted by
35 the General Assembly shall include (i) a transfer to the Fund of four percent (4%) of each fiscal
36 year's estimated net State tax revenues that are deposited in the General Fund and (ii)



1 one-fourth of the General Fund unreserved fund balance, as determined on a cash basis, at the
2 end of each fiscal year.

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

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

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

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

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

20 (4) Economic development infrastructure projects.

21 (5) Transportation capital improvement projects.

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

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

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

27 **"§ 143C-8-13. Repairs and Renovations.**

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

36 (1) Roof repairs and replacements.

37 (2) Structural repairs.

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

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

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

43 (6) Improvements to meet fire safety needs.

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

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

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

48 (10) Historical restoration.

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

50 (12) Drainage and landscape improvements.

51 (13) Building demolition.

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

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

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

13 (3) If the allocation or reallocation of funds from one project to another under
14 this section is less than two million five hundred thousand dollars
15 (\$2,500,000) for a particular project, the allocation or reallocation of funds is
16 reported to the Joint Legislative Commission on Governmental Operations
17 within 60 days of the expenditure or reallocation."

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

19 **"§ 143C-3-5. Budget recommendations and budget message.**

20 ...

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

23 ...

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

28"

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