

N.C. GENERAL ASSEMBLY LEGISLATIVE FISCAL NOTE

Fiscal Research
733-4910

Prepared By: Louise Young	Date Prepared: 2/2/89	Bill No. S 68	Edition: 1_
Approved By:			Sponsor: Senator Rauch
Short Title: Two-thirds Bond Bill			

TYPE OF FISCAL IMPACT		FUNDS AFFECTED:		
		(X) General	() Highway	() Other: Local
	County/			
	State Gov't	Local Gov't	State Fiscal Impact	FY 89-90 FY 90-91
No Fiscal Impact	()	(X)	State Total Req'ments* Receipts/Revenues	\$5,475,000 \$10,675,000 -0- -0-
Increase Expenditure	(X)	()	Net State Expend./Rev.	\$5,475,000 \$10,675,000
Decrease Expenditure	()	()	No. of Positions	*See top of page 2
			Local Fiscal Impact	FY FY FY
Increase Revenue	()	()	Local Total Req'ments Receipts/Revenues	
Decrease Revenue	()	()	Net Local Expend./Rev.	
No Estimate Avail.	()	()	No. of Positions	

+Prepared-

Description of Legislation

- Summary of Legislation Authorizes the issuance, without an election, of a maximum of \$73 million bonds or notes of the State to provide funds for construction, acquisition, and equipping of certain capital improvements for the State and its departments and agencies during the biennium ending June 30, 1991. Level of issuance may not exceed \$73 million authorized maximum or two-thirds of the amount by which the State's outstanding indebtedness is reduced during the 1987-89 biennium.
- Effective Date Upon ratification
- Fund Affected General fund

4. Principal Department/Program Affected Debt Service Obligation of the State
and Capital Improvement Projects

Cost or Revenue Impact on State

	FY 88-89	FY 89-90	FY
1. Non-Recurring Costs/Revenues	\$150,000	\$ -0-	
Estimate of expenses for up to two sales; amount to be prorated among purposes and paid from proceeds.			
	FY 88-89	FY 89-90	
2. Recurring Costs/Revenues	\$5,475,000	\$10,675,000	
The Annual Requirements of the Proposed Debt are:			

Fiscal Year	Principal	Principal Balance	Est. Interest
88-89		\$73,000,000	
89-90		\$73,000,000	\$5,475,000
90-91	\$5,200,000	67,800,000	5,475,000
91-92	5,200,000	62,600,000	5,085,000
92-93	5,800,000	56,800,000	4,695,000
93-94	5,700,000	51,100,000	4,260,000
94-95	5,800,000	45,300,000	3,832,500
95-96	6,000,000	39,300,000	3,397,500
96-97	5,900,000	33,400,000	2,947,500
97-98	6,600,000	26,800,000	2,505,000
98-99	6,700,000	20,100,000	2,010,000
99-00	6,700,000	13,400,000	1,507,500
2000-01	6,700,000	6,700,000	1,005,000
01-02	6,700,000	0	502,500
02-03	0	0	0
TOTALS	\$73,000,000		\$42,697,500

3. Fiscal/Revenue Assumptions Based on issuance of total \$73 million authorized at beginning of 1989-90 FY at an interest rate of 7.5%. Costs may vary depending on date of issuance, rate of interest, and whether total is issued and sold at one time or from time to time.

Cost/Revenue Impact on County or Local Government

FY
88-89

FY
89-90

FY

1. Non-Recurring Costs/Revenues

2. Recurring Costs/Revenues

3. Fiscal/Revenue Assumptions

Sources of Data for Fiscal Note

Staff - Office of the State Treasurer.

Comments: The \$73 million issuance authorized in the bill includes \$8 million for low-level radioactive waste facilities. Under the provisions of G.S. 104G-15 the State is entitled to repayment of the \$8 million with interest from the North Carolina Low-Level Radioactive Waste Management Authority. The statute states that it is the intent of the General Assembly that all costs affiliated with a

low-level radioactive waste facility be borne by the waste generators served by the facility. The Authority is required to develop proposed schedules of fees and other charges, including user charges, penalties, and surcharges for the reimbursement of State agencies costs, General Fund expenditures and other expenses incurred by the State in furtherance of the provisions of the Chapter. Repayment of the \$8 million plus interest by the Authority in all probability would not occur until sometime after the January 1, 1993 scheduled operational date of the facility. Information is not currently available to establish a repayment plan or schedule but repayment should begin or be made during the latter years of the State's indebtedness. Any repayments received by the State could be applied to reduce State funds required for payment of debt service.

To clarify Legislative intent of whether the \$8 million is to be repaid to the State with interest, it may be desirable to incorporate appropriate language in the bill to that effect.

Another option which may merit consideration is to reduce the \$73 million maximum authorization in the bill by \$8 million and notify the Authority to issue \$8 million in bonds under the authority vested in them by G.S. 104G-6.(a)(15). However, the

Authority may have difficulty in issuing the bonds now at a favorable rate and pledging revenues to be collected after January 1, 1993 for repayment.

The funds are needed by the Authority to perform the work necessary to have a low-level radioactive waste disposal site operational by the required January 1, 1993 deadline.



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