

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

S

1

SENATE BILL 464

Short Title: Managing Debt Capacity. (Public)

Sponsors: Senators Hoyle and Clodfelter.

Referred to: Appropriations/Base Budget.

March 20, 2003

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE THE DEBT AFFORDABILITY ADVISORY COMMITTEE
3 AND THE CAPITAL PROJECTS PRIORITY COMMITTEE.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Chapter 142 of the General Statutes is amended by adding a
6 new Article to read:

"Article 10.

"Managing Debt Capacity.

9 **"§ 142-100. Purpose.**

10 The purpose of this Article is to provide tools for sound debt management by
11 providing an annual debt affordability study to establish guidelines for maintaining
12 prudent debt levels and by establishing a system for prioritizing State capital needs
13 when the needs exceed the State's capacity for new debt.

14 **"§ 142-101. Debt Affordability Advisory Committee.**

15 (a) Membership. – The Debt Affordability Advisory Committee is created in the
16 Department of State Treasurer. The Committee shall consist of four ex officio members
17 or their designees and two appointed members, as follows:

18 (1) The State Treasurer.

19 (2) The Secretary of Revenue.

20 (3) The State Budget Officer.

21 (4) The State Auditor.

22 (5) A member of the public appointed by the President Pro Tempore of the
23 Senate.

24 (6) A member of the public appointed by the Speaker of the House of
25 Representatives.

26 (b) Officers and Staff. – The State Treasurer shall serve as the chair of the
27 Committee. The Committee shall meet at the call of the chair. The Department of State
28 Treasurer shall provide space for the Committee to meet. The Department shall also

1 provide the Committee with necessary staff and supplies to enable it to carry out its
2 duties in an effective manner.

3 (c) Compensation. – Members of the Committee shall serve without pay but shall
4 receive per diem and allowances provided by G.S. 138-5 and G.S. 138-6.

5 (d) Duties. – The Debt Affordability Advisory Committee shall annually advise
6 the Governor and the General Assembly on the estimated debt capacity of the State for
7 the upcoming 10 fiscal years. The Committee shall oversee the undertaking of an annual
8 debt affordability study and the establishment of guidelines for evaluating the State's
9 debt burden. The guidelines should include target and ceiling ratios of net tax-supported
10 debt to personal income and debt service to revenues, target and floor percentages for
11 the 10-year payout ratio, and target and floor percentages for the unreserved General
12 Fund balance. The Committee shall also recommend any other debt management
13 policies it considers desirable and consistent with sound management of the State's debt.

14 (d) Reports. – The Committee shall report its findings and recommendations to
15 the Governor, the President Pro Tempore of the Senate, the Speaker of the House of
16 Representatives, and the Fiscal Research Division by February 1 of each year.

17 **"§ 142-102. Capital Projects Priority Committee.**

18 (a) Membership. – The Capital Projects Priority Committee is created in the
19 General Assembly. The Committee shall consist of five ex officio members or their
20 designees and four appointed members, as follows:

21 (1) The State Treasurer.

22 (2) The Secretary of Administration.

23 (3) The State Budget Officer.

24 (4) The Chair of the Board of Governors of The University of North
25 Carolina.

26 (5) The Chair of the State Board of Community Colleges.

27 (6) A Senator appointed by the President Pro Tempore of the Senate.

28 (7) A Representative appointed by the Speaker of the House of
29 Representatives.

30 (8) A member of the public appointed by the President Pro Tempore of the
31 Senate.

32 (9) A member of the public appointed by the Speaker of the House of
33 Representatives.

34 (b) Officers and Staff. – The State Treasurer shall serve as the chair of the
35 Committee. The Committee shall meet at the call of the chair. The General Assembly
36 shall provide space for the Committee to meet. The General Assembly shall also
37 provide the Committee with necessary staff and supplies to enable it to carry out its
38 duties in an effective manner.

39 (c) Compensation. – Members of the Committee shall serve without pay but shall
40 receive per diem and allowances provided by G.S. 138-5 and G.S. 138-6.

41 (d) Duties. – The Capital Projects Priority Committee shall develop a scoring
42 system as a tool to assist the Governor and the General Assembly in evaluating
43 priorities for capital projects supported by General Fund revenues. The Committee shall
44 update the system annually based on changing conditions as well as input from the

1 public and from State agencies. The scoring system shall include two categories of
2 criteria for evaluating capital projects: critical criteria and strategic criteria. Points shall
3 be assigned to each criterion. Critical criteria include consideration of danger to life and
4 health, legal liability, binding prior commitments, and other similar criteria identified by
5 the Committee. Strategic criteria include consideration of the following:

- 6 (1) The need for the project (i) as a necessary component of identifiable
7 State programs or policies, (ii) to address longer term safety issues, or
8 (iii) to improve services to citizens,
- 9 (2) The extent to which the project will benefit citizens of the entire State
10 rather than just a part of the State.
- 11 (3) The extent to which the project is supported by user revenue or
12 non-State funding.
- 13 (4) Whether the project is necessary for maintenance and repair of existing
14 capital facilities.
- 15 (5) The extent to which the project will improve operating efficiencies.
- 16 (6) Any other strategic criteria identified by the Committee.

17 (d) Reports. – The Committee shall report its scoring system as well as its
18 findings and recommendations to the Governor, the President Pro Tempore of the
19 Senate, the Speaker of the House of Representatives, and the Fiscal Research Division
20 by November 1 of each year."

21 **SECTION 2.** There is appropriated from the General Fund to the
22 Department of State Treasurer the sum of twenty thousand dollars (\$20,000) for the
23 2003-2004 fiscal year and the sum of twenty thousand dollars (\$20,000) for the
24 2004-2005 fiscal year to support the Debt Affordability Advisory Committee created in
25 this act.

26 **SECTION 3.** There is appropriated from the General Fund to the General
27 Assembly the sum of twenty thousand dollars (\$20,000) for the 2003-2004 fiscal year
28 and the sum of twenty thousand dollars (\$20,000) for the 2004-2005 fiscal year to
29 support the Capital Projects Priority Committee created in this act.

30 **SECTION 4.** This act becomes effective July 1, 2003.