

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

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HOUSE BILL 2045

Short Title: Capital Financing Act of 2007. (Public)

Sponsors: Representatives Luebke, Gibson, Wainwright, Weiss (Primary Sponsors);
and Faison.

Referred to: Finance.

May 10, 2007

A BILL TO BE ENTITLED

AN ACT TO ADDRESS THE INFRASTRUCTURE NEEDS OF THE STATE BY
REQUIRING THE ANNUAL DEBT AFFORDABILITY STUDY TO INCLUDE
DEBT CAPACITY FOR HIGHWAY FUNDS AND BY STUDYING THE WAYS
IN WHICH THE STATE CAN BEST PROVIDE FOR ITS CAPITAL NEEDS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 142-101(d) reads as rewritten:

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

SECTION 2. Article 8 of Chapter 143C of the General Statutes is amended by adding a new section to read:

§ 143C-8-13. Capital and Infrastructure Fund.

There is established the Capital and Infrastructure Fund. Investment earnings and interest earned on the Fund shall be credited to the Fund. Moneys in the Fund do not revert except as provided in G.S. 143C-8-11. The moneys in the Fund shall be used only for capital projects. Moneys in the Fund shall be available for expenditure only upon an act of appropriation by the General Assembly.

1 **SECTION 3.** The Legislative Research Commission may study the manner
2 in which the State provides for its capital needs. In its study, the Commission may
3 consider all of the following:

4 (1) A system for establishing priorities among the State's capital needs.

5 (2) Methods for providing adequate funding for the State's capital needs.

6 This study may include the recommendation of specific revenue
7 sources. Revenue sources may include General Fund tax revenue, tax
8 revenue dedicated to the Capital and Infrastructure Fund, and nontax
9 revenue.

10 (3) Any other item the Commission deems relevant.

11 **SECTION 4.** The Legislative Research Commission may make an interim
12 report to the 2007 General Assembly, Regular Session 2008, and shall make its final
13 report to the 2009 General Assembly.

14 **SECTION 5.** The Legislative Services Officer shall allocate funds
15 appropriated to the General Assembly for the expenditures of the Legislative Services
16 Commission in conducting this study.

17 **SECTION 6.** This act becomes effective July 1, 2007.