

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 464
Finance Committee Substitute Adopted 7/15/03

Short Title: Managing Debt Capacity.

(Public)

Sponsors:

Referred to:

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 five 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) The State Controller.

23 (6) A member of the public appointed by the President Pro Tempore of the
24 Senate.

25 (7) A member of the public appointed by the Speaker of the House of
26 Representatives.

27 (b) Officers and Staff. – The State Treasurer shall serve as the chair of the
28 Committee. The Committee shall meet at the call of the chair. The Department of State
29 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 Department of State Treasurer. The Committee shall consist of six ex officio members
20 or their 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 State Controller.

25 (5) The Chair of the Board of Governors of The University of North
26 Carolina.

27 (6) The Chair of the State Board of Community Colleges.

28 (7) A Senator appointed by the President Pro Tempore of the Senate.

29 (8) A Representative appointed by the Speaker of the House of
30 Representatives.

31 (9) A member of the public appointed by the President Pro Tempore of the
32 Senate.

33 (10) A member of the public appointed by the Speaker of the House of
34 Representatives.

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

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

42 (d) Duties. – The Capital Projects Priority Committee shall develop a scoring
43 system as a tool to assist the Governor and the General Assembly in evaluating
44 priorities for capital projects supported by General Fund revenues. The Committee shall

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

7 (1) The need for the project (i) as a necessary component of identifiable
8 State programs or policies, (ii) to address longer term safety issues, or
9 (iii) to improve services to citizens,

10 (2) The extent to which the project will benefit citizens of the entire State
11 rather than just a part of the State.

12 (3) The extent to which the project is supported by user revenue or
13 non-State funding.

14 (4) Whether the project is necessary for maintenance and repair of existing
15 capital facilities.

16 (5) The extent to which the project will improve operating efficiencies.

17 (6) Any other strategic criteria identified by the Committee.

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

22 **SECTION 2.** From funds appropriated to the Department of State Treasurer
23 for the 2003-2005 fiscal biennium, the State Treasurer shall allocate the amounts
24 necessary to implement the provisions of this act.

25 **SECTION 3.** This act is effective when it becomes law.