

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

**SENATE BILL 1925  
RATIFIED BILL**

AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA; TO REVISE UNIVERSITY GENERAL OBLIGATION INDEBTEDNESS; TO ALLOW THE UNIVERSITY OF NORTH CAROLINA TO CREATE AN AIRPORT AUTHORITY TO SUPPORT THE MISSION OF THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL OR THE UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM; TO AUTHORIZE THE STATE EDUCATION ASSISTANCE AUTHORITY TO SET THE INTEREST RATE FOR THREE SCHOLARSHIP LOAN PROGRAMS AT A RATE NOT TO EXCEED TEN PERCENT PER ANNUM; AND TO MODIFY THE RESPONSIBILITIES OF THE NORTH CAROLINA FEDERAL TAX REFORM ALLOCATION COMMITTEE.

The General Assembly of North Carolina enacts:

**PART I. SELF-LIQUIDATING PROJECTS**

**SECTION 1.1.** The purpose of this act is: (i) to authorize the construction by certain constituent institutions of The University of North Carolina of the capital improvements projects listed in the act for the respective institutions, and (ii) to authorize the financing of these projects with funds available to the institutions from gifts, grants, receipts, liquidating indebtedness, Medicare reimbursements for education costs, or other funds, or any combination of these funds, but not including funds received for tuition or appropriated from the General Fund of the State.

**SECTION 1.2.** The capital improvements projects, and their respective costs, authorized by this act to be constructed and financed as provided in Section 1.1 of this act, including by revenue bonds, by special obligation bonds as authorized in Section 1.5 of this act, or by both, are as follows:

<b>Appalachian State University</b>	
Kidd Brewer Stadium Improvements	\$8,300,000
<b>East Carolina University</b>	
Athletic Facilities Expansion and Improvements	30,000,000
Dining Facilities Improvements	9,700,000
Residence Halls Improvements and Expansion	28,500,000
Dowdy-Ficklen Stadium Improvements	24,000,000
<b>North Carolina Central University</b>	
Student Facilities Improvements	11,500,000
<b>North Carolina State University</b>	
Student Health Center Expansion	10,900,000
Avent Ferry Administration Center Renovation	5,200,000

Centennial Campus Tenant Space Renovations	10,000,000
Collaborative Research Building I	35,000,000

**The University of North Carolina at Chapel Hill**

Athletic Facilities Renovation and Expansion	7,023,000
Carmichael Auditorium – Supplement	9,500,000
Carmichael Residence Hall – Supplement	1,300,000
Dental Sciences Teaching and Learning Building	26,000,000
Fetzer Gymnasium Expansion	2,500,000
Kenan Stadium Expansion, Phase I	50,000,000
Mary Ellen Jones Animal Facility Renovation	10,000,000
Medical Research Building D Renovation and Expansion	5,000,000
Old East and Old West Residence Halls Improvements – Supplement	3,200,000
Research Resource Facility – Phase III	8,600,000
Robertson Scholars Site Preparation	1,900,000
Woollen Gymnasium (Sports Medicine) – Supplement	1,500,000
Chilled Water Infrastructure	6,000,000
Cogeneration and Steam Infrastructure Improvements and Expansion	17,700,000
Electrical Infrastructure Improvements	13,500,000

**The University of North Carolina at Charlotte**

Residence Hall Fire Suppression Sprinkler System Installation	16,200,000
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**The University of North Carolina at Greensboro**

Cone Residence Hall Fire Alarm System Replacement	948,000
North and South Spencer Residence Hall Improvements	5,978,000
Baseball Locker Room and Training Facility	2,800,000

**The University of North Carolina at Wilmington**

Student Recreation Center Expansion	35,000,000
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**Winston-Salem State University**

Student Activities Center	3,750,000
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**SECTION 1.3.** Pursuant to G.S. 143C-8-12, the following projects are authorized for planning only and, for that purpose, are to be funded entirely with non-General Fund money:

**Appalachian State University**

Student Residential, Learning and Activity Development – Advance Planning	\$6,400,000
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**Fayetteville State University**

Student Residence Hall and Fitness Center – Advance Planning	5,900,000
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**The University of North Carolina at Charlotte**

Partnership, Outreach, and Research for Accelerated Learning (PORTAL) Building – Advance Planning	5,000,000
Motorsports Building II – Advance Planning	800,000

**UNC Health Care System**

Inpatient Bed Tower and Operating Room Facility	16,275,000
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**SECTION 1.4.** At the request of the Board of Governors of The University of North Carolina and upon determining that it is in the best interest of the State to do so, the Director of the Budget may authorize an increase or decrease in the cost of, or a change in the method of, funding the projects authorized by this act. In determining whether to authorize a change in cost or funding, the Director of the Budget shall consult with the Joint Legislative Commission on Governmental Operations.

**SECTION 1.5.** Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects authorized by Section 1.2 of this act. The maximum principal amount of bonds to be issued shall not exceed the specified project costs in Section 1.2 of this act plus twenty-five million dollars (\$25,000,000) for related additional costs, such as issuance expenses, funding of reserve funds, and capitalized interest.

**SECTION 1.6.** With respect to the University of North Carolina at Chapel Hill's Research Resource Facility – Phase III capital project, East Carolina University's Athletic Facilities Expansion and Improvements capital project, and North Carolina State University's Avent Ferry Administration Center Renovation capital project, the institution may accomplish construction and financing notwithstanding the requirement in G.S. 116D-22(5) as to location at the institution.

**SECTION 1.7.** With respect to the University of North Carolina at Chapel Hill's Kenan Stadium – Expansion, Phase I, capital project, the institution may accomplish construction and financing through lease arrangements to and from the Educational Foundation, Inc., or any other special purpose entity created for that purpose. After the completion of the renovation and improvement and acquisition of the project by the institution, and notwithstanding any provision of the General Statutes governing the negotiation and execution of contracts or leases for the operation and management of a facility, the institution may provide for the operation and management of all or part of the renovated and improved portion of Kenan Stadium by contracting with the Educational Foundation, Inc., or by leasing that portion of Kenan Stadium to the Educational Foundation, Inc., or by contracting with or leasing to any other special purpose entity created for that purpose.

**SECTION 1.8.** With respect to Appalachian State University's Kidd Brewer Stadium Improvements capital project, the institution may accomplish construction and financing through lease arrangements to and from the Appalachian State University Foundation, Inc.

**SECTION 1.9.** With respect to the University of North Carolina at Chapel Hill's Cogeneration and Steam Infrastructure Improvements and Expansion capital project, the institution may accomplish the construction and financing of the Landfill Gas Utilization portion thereof notwithstanding the requirement in G.S. 116D-22(5) as to location of the special obligation project at the institution. The University of North Carolina at Chapel Hill may enter into any other required agreements as necessary for the completion of the improvements, notwithstanding any other provisions of the General Statutes governing such acquisition, negotiation, and execution of such rights-of-way, easements, leases, or other required agreements therefor.

## **PART II. REVISE UNIVERSITY GENERAL OBLIGATION INDEBTEDNESS**

**SECTION 2.** Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at the University of North Carolina at Chapel Hill by reducing the scope of "Berryhill Laboratory Building – Comprehensive Renovation." The unused funds from "Berryhill Laboratory Building – Comprehensive Renovation" should be transferred to a new capital project "Division of Laboratory Animal Medicine Upfits." Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Chapel Hill by:

- (1) Reducing the portion to "Berryhill Laboratory Building – Comprehensive Renovation" by eight million six hundred thousand dollars (\$8,600,000) so that it reads two million one hundred thousand dollars (\$2,100,000); and
- (2) Adding a new project entitled "Division of Laboratory Animal Medicine – Upfits" with an amount of eight million six hundred thousand dollars (\$8,600,000).

**PART III. PROCUREMENT MODIFICATIONS**

**SECTION 3.** G.S. 142-94 reads as rewritten:

**"§ 142-94. Procurement of capital facilities.**

The provisions of Articles 3, 3B, 3C, 3D, and 8 of Chapter 143 of the General Statutes and any other laws or rules of the State that relate to the acquisition and construction of State property apply to the financing of capital facilities through the use of special indebtedness pursuant to this Article. This section does not apply to the construction and lease-purchase, including leases with an option to purchase at the end of the lease term for a nominal sum, of State office buildings pursuant to proposals submitted before the effective date of this Article in response to requests for proposals, to the extent any of those proposals, as they may be supplemented or amended, are approved by the Department of Administration and any of these leases or lease-purchase agreements are approved by the Council of State in accordance with G.S. 143-341(4)d2. With the exception of Article 8 of Chapter 143 of the General Statutes, this section does not apply to any special indebtedness issued pursuant to this Article for the purchase, construction, or operation of capital facilities by Gateway University Research Park, Inc., a joint Millennial Campus in Greensboro."

**PART IV. ALLOW THE UNIVERSITY OF NORTH CAROLINA TO CREATE AN AIRPORT AUTHORITY**

**SECTION 4.1.** G.S. 116-11 is amended by adding a new subdivision to

read:

"(12c) The Board of Governors may create one airport authority to support the missions of the University of North Carolina at Chapel Hill or the University of North Carolina Health Care System. An authority so created shall be a political subdivision of the State. The territorial jurisdiction of the authority shall be the county in which the the airport may be established under G.S. 116-271(c). Article 33 of this Chapter provides for such authorities."

**SECTION 4.2.** Chapter 116 of the General Statutes is amended by adding a

new Article to read:

"Article 33.

"Airport Authorities.

**"§ 116-271. General provisions.**

(a) As provided by G.S. 116-11(12c), the Board of Governors may create one airport authority to support the missions of the University of North Carolina at Chapel Hill or the University of North Carolina Health Care System. An authority so created shall be a political subdivision of the State. The territorial jurisdiction of the authority shall be the county in which the airport may be established under subsection (c) of this section.

(b) To create an airport authority under this Article, the Board of Governors by resolution shall:

- (1) Name the authority.
- (2) Describe the input from affected local jurisdictions.
- (3) Consider eligibility for State and federal funding.
- (4) Find that the authority is essential to support the missions of The University of North Carolina.

(c) An airport established under this Article may only be established in Orange County. The sole purpose of the authority is to resite Horace Williams Airport and operate the resited airport.

(d) No member of the General Assembly may serve on an airport authority created under this Article.

**"§ 116-272. Single or multi-institution authority membership.**

(a) Where an airport authority is created to support the mission of the University of North Carolina at Chapel Hill, it shall consist of 15 members appointed as follows:

- (1) One member shall be appointed by the General Assembly for a three-year term upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121;
- (2) One member shall be appointed by the General Assembly for a three-year term upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121;
- (3) Eight members shall be appointed to three-year terms by the Board of Governors upon recommendation of the Board of Trustees of the University of North Carolina at Chapel Hill, provided that four of the initial members so appointed shall serve terms of three years and four shall serve terms of two years;
- (4) Three members shall be appointed by the board of commissioners of the county having territorial jurisdiction over the authority as provided by subsection (b) of this section; and
- (5) Two members shall be appointed by the municipalities within that county as provided by subsection (c) of this section.

An airport authority may also be created to support the mission of one constituent institution and the University of North Carolina Health Care System. If the airport authority is created to support the mission of one constituent institution and the University of North Carolina Health Care System, then the eight members appointed by the Board of Governors shall include an equal number of representatives of the constituent institution and the University of North Carolina Health Care System. If it is impossible to appoint an equal number from each, then the Board of Governors shall determine a fair representation on the airport authority from each such entity.

(b) The board of commissioners of the county with territorial jurisdiction over the authority shall appoint three members. One of the initial members shall be appointed for a one-year term, one for a two-year term, and one for a three-year term. Successors shall be appointed for three-year terms.

(c) The municipality with the largest population within the county having territorial jurisdiction over the authority based on the most recent decennial federal census shall appoint one member for a two-year term. The municipalities with the second and third largest populations within that county based on the most recent decennial federal census shall alternately appoint one member for a two-year term, with the second largest municipality making the initial appointment.

(d) All vacancies on the authority shall be filled by the governing board authorized to make the initial appointment, and the appointment is for the remainder of the unexpired term, except that vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122.

**"§ 116-273. UNC Health Care System authority membership.**

(a) Where an airport authority is created to support the mission of the University of North Carolina Health Care System, it shall consist of 15 members appointed as follows:

- (1) One member shall be appointed by the General Assembly for a three-year term upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121;

- (2) One member shall be appointed by the General Assembly for a three-year term upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121;
- (3) Eight members shall be appointed to three-year terms by the Board of Directors, provided that four of the initial members so appointed shall serve terms of three years and three shall serve terms of two years;
- (4) Three members shall be appointed by the board of commissioners of the county or counties having territorial jurisdiction over the authority as provided by subsection (b) of this section; and
- (5) Two members shall be appointed by the municipalities within that county as provided by subsection (c) of this section.

(b) The board of commissioners of the county with territorial jurisdiction over the authority shall appoint three members. One of the initial members shall be appointed for a one-year term, one for a two-year term, and one for a three-year term. Successors shall be appointed for three-year terms.

(c) The municipality with the largest population within the county having territorial jurisdiction over the authority based on the most recent decennial federal census shall appoint one member for a two-year term. The municipalities with the second and third largest populations within that county based on the most recent decennial federal census shall alternately appoint one member for a two-year term, with the second largest municipality making the initial appointment.

(d) All vacancies on the authority shall be filled by the governing board authorized to make the initial appointment, and the appointment is for the remainder of the unexpired term, except vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122.

**"§ 116-274. General powers.**

(a) An authority created under this Article has all powers that a city or county has under Articles 1 through 7 of Chapter 63 of the General Statutes and, in regard to financing capital expenditures and operations, shall have such powers as are delegated to or conferred upon the constituent institutions or the University of North Carolina Health Care System. Notwithstanding other provisions of law, both regulations adopted by an authority under this Article and development regulations adopted by a county or municipality under Article 18 of Chapter 153A or Article 19 of Chapter 160A of the General Statutes shall be applicable to land owned by and the approaches to land owned by an authority created under this Article. In the event the regulations conflict, the more restrictive regulation applies.

(b) In addition to the powers granted by subsection (a) of this section, an authority created under this Article has the following powers:

- (1) To sue and be sued in the name of the airport authority, and all pleadings served upon the airport authority shall be served on the chairperson or secretary of the airport authority.
- (2) To expend funds appropriated to it from time to time for airport purposes and to expend funds received by the authority from fees, charges, rents, and dues arising out of the operation of the airport, the facilities, improvements, and concessions located thereat or operated thereon.
- (3) To establish, construct, control, lease, maintain, improve, operate, and regulate an airport on lands acquired by it with buildings necessary to accommodate all types of business to operate an airport, runways, taxi ramps, parking ramps, and any equipment to operate an airport, to have complete authority for rules and regulations over all airport property for the control of all types of vehicular traffic, mobile or stationary, and pedestrian traffic with respect to areas or roadways not under the control of the Department of Transportation and any rules adopted by the airport authority for property exclusively under its

control, and to have conjunctive authority to work with and cooperate with all duly constituted law enforcement agencies to enforce rules established by the State of North Carolina. The penalty for violation of rules established by the airport authority shall be a Class 3 misdemeanor and, upon conviction, shall be punishable by a fine not to exceed fifty dollars (\$50.00) or imprisonment not to exceed 30 days. All rules and regulations so adopted by the airport authority shall be recorded by delivering true copies thereof certified by the chairperson and secretary of the authority to the Secretary of the Board of Governors and to the Secretary of State.

- (4) The authority may acquire by purchase or gift any property for the purpose of establishing, extending, enlarging, or improving an airport. The authority does not possess the power of eminent domain over property held on July 1, 2008 by a tax-exempt Internal Revenue Code section 501(c)(3) organization organized for educational purposes. In all other cases, the authority possesses the power of eminent domain and may acquire property by eminent domain for the purpose of establishing, extending, enlarging, or improving an airport. In cases where the authority may exercise the power of eminent domain, the authority is declared to be a local public condemnor under the provisions of Chapter 40A of the General Statutes and in exercising the powers of eminent domain shall follow the procedures of Article 3 of Chapter 40A of the General Statutes. Title to the property and the right of immediate possession shall vest pursuant to subsection (a) of G.S. 40A-42. If property acquired by condemnation contains a burial ground or graveyard, then it shall be lawful for the airport authority after 30 days' notice to the surviving spouse, or the next of kin of the deceased buried therein, or the person in control of the graves, if any are known, to remove the body interred therein and reinter the same in some cemetery in the same county. If no surviving spouse or next of kin or person in control can be found, then the airport authority can advertise for four consecutive weeks in a newspaper published in the county of the intended removal of the gravesite, and the removal shall be conducted under the supervision of the clerk of the superior court for that county or his or her representative, and the expense of such removal shall be borne by the airport authority. The airport authority may dispose of any real or personal property belonging to it according to the procedures described in Article 12 of Chapter 160A of the General Statutes.
- (5) To lease to other entities for a term not to exceed 20 years and for purposes not inconsistent with airport purposes or usage, real or personal property or both, under the supervision of or administered by the airport authority.
- (6) To contract with persons, firms, or corporations for terms not to exceed 20 years, for the operation of passenger and freight flights, scheduled or nonscheduled, and any other plane or flight activities not inconsistent with airport operations and to charge and collect reasonable fees, charges, and rents for the use of such property and services rendered in the operation thereof.
- (7) To operate, own, control, regulate, lease, or grant to others the license to operate amusements or concessions for a term not exceeding 20 years.
- (8) To enter into contracts to pledge as security the property of the airport authority.

- (9) To pledge any lease agreement to which it is a party as security for any loan.
- (10) To adopt and use a seal.
- (11) To contract with the Federal Aviation Administration of the United States of America or with the State of North Carolina or with any of the agencies or representatives of either of said governmental bodies relating to the grading, constructing, equipping, improving, maintaining, or operating of an airport or its facilities, or both.
- (12) To receive refunds of sales and use taxes under G.S. 105-164.14(c).
- (13) To accept grants, loans, or contributions from the United States, the State of North Carolina, or any agency or instrumentality of either of them, or from any county or other municipality, and to expend the proceeds for any purposes of the authority.
- (14) To accept grants, loans, or contributions from nonprofit organizations and to expend the proceeds for any purposes of the authority.
- (15) To adopt organizational bylaws that shall include, but not be limited to, provision for election, duties, and terms of a Chair and Secretary.
- (16) To borrow money in accordance with Article V of Chapter 159 of the General Statutes, provided that all powers and duties conferred on the Local Government Commission shall for purposes of this section be held by the Board of Governors.

(c) The authority shall enjoy governmental immunity, however, the authority may contract to insure itself and any of its officers, agents, or employees against liability for wrongful death or negligence or intentional damage to persons or property or against absolute liability for damage to persons or property caused by an act or omission of the authority or of any of its officers, agents, or employees when acting within the scope of their authority and the course of their employment. The members of the authority shall determine what liabilities and what officers, agents, and employees shall be covered by any insurance purchased pursuant to this provision.

Purchase of insurance pursuant to this provision waives the authority's governmental immunity to the extent of insurance coverage for any act or omission occurring in the exercise of a governmental function. By entering into an insurance contract with the authority, an insurer waives any defense based upon the governmental immunity of the authority.

If the authority has waived its governmental immunity pursuant to the foregoing provisions of this section, any person, or if he dies, his personal representative, sustaining damages as a result of an act or omission of the authority or any of its officers, agents, or employees occurring in the exercise of a governmental function, may sue the authority for recovery of damages. To the extent of the coverage of insurance purchased pursuant to this section, governmental immunity may not be a defense to the action. Otherwise, however, the authority has all defenses available to private litigants in any action brought pursuant to these provisions without restriction, limitation, or other effect whether the defense arises from common law or by virtue of a statute.

**"§ 116-275. Cessation of operation.**

In the event of cessation of the operation of an airport established under this Article, or the abandonment of any of the property acquired hereunder for airport purposes, the title to such real or personal property or rights under any existing lease shall vest in The University of North Carolina, and upon the sale of any property after cessation of operations, the proceeds therefrom shall first be distributed pro rata to the constituent university member or to the University of North Carolina Health Care System to reimburse their or their affiliated foundations' investments in the authority and thereafter shall vest in the University."

**PART V. INTEREST RATE FOR SCHOLARSHIP LOAN PROGRAMS**

**SECTION 5.1. G.S. 90-171.62(a) reads as rewritten:**



"(a) All scholarship loans shall be evidenced by notes made payable to the State Education Assistance Authority that bear interest at ~~the rate of a rate not to exceed~~ ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the nursing education program, or 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission."

**SECTION 5.2.** G.S. 90-171.101(a) reads as rewritten:

"(a) All scholarship loans shall be evidenced by notes made payable to the State Education Assistance Authority that bear interest at ~~the rate of a rate not to exceed~~ ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the nursing education program, or 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission."

**SECTION 5.3.** G.S. 116-74.43(a) reads as rewritten:

"(a) All scholarship loans shall be evidenced by notes made payable to the State Education Assistance Authority that bear interest at ~~the rate of a rate not to exceed~~ ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school administrator program, or 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission."

**SECTION 5.4.** This section becomes effective January 1, 2009, and applies to all scholarship loans issued on and after July 1, 2009.

## **PART VI. MODIFY TRAC RESPONSIBILITIES**

**SECTION 6.1.** G.S. 143-433.6 reads as rewritten:

### **"§ 143-433.6. Legislative findings.**

(a) The General Assembly finds and determines that the Tax Reform Act of 1984 established a federal volume limitation upon the aggregate amount of "private activity bonds" that may be issued by each state; that, pursuant to Section 103(n) of the Internal Revenue Code of 1954, as amended, a previous Governor of North Carolina issued Executive Order 113 proclaiming a formula for allocating the federal volume limitation for North Carolina; that on October 22, 1986, the Tax Reform Act of 1986, hereinafter referred to as the "Tax Reform Act", was enacted; that the Tax Reform Act (i) establishes a new unified limitation for private activity bonds on a state by state basis, (ii) establishes a new definition of the types of private activity bonds to be included under those new limitations, (iii) establishes a new low-income housing credit to induce the construction of and the improvement of housing for low-income people, and (iv) limits the aggregate use of this low-income housing credit on a state by state basis; that the Tax Reform Act provides for federal formulas for the allocation of these "state by state" resources, and also provides for states which cannot use the federal formula for allocation to set allocation procedures and formulas which are more appropriate for the individual states; that the Tax Reform Act gives authority for the legislature of each state to formulate and execute plans for allocation; and that Section 146 of the Internal Revenue Code of 1986, as amended, and Section 42 of the Internal Revenue Code of 1986, as amended, will require continued inquiry and study in the ways in which North Carolina can best and most fairly manage and utilize resources provided therein.

(b) The General Assembly further finds and determines that the Economic Growth and Tax Relief Reconciliation Act of 2001 added new subsections (a)(13) and (k) to section 142 of the Internal Revenue Code of 1986, as amended, which (i) establish a new type of private activity bond that can be issued to finance "qualified public educational facilities," (ii) establish an annual aggregate limitation on the face amount of qualified public educational facility bonds that may be issued on a

state-by-state basis, (iii) provide that each state may allocate the annual aggregate limitation for any calendar year in such manner as each state determines appropriate, and (iv) provide for an elective carryforward by each state of the unused annual aggregate limitation; and that subsections (a)(13) and (k) will require continued inquiry and study in the ways in which North Carolina can best and most fairly manage and utilize the resource provided therein."

**SECTION 6.2.** G.S. 143-433.8 reads as rewritten:

**"§ 143-433.8. Duties.**

The Committee ~~may~~ shall perform the following duties:

- (1) Manage the allocation of ~~tax exempt private activity bonds and low income housing credits~~ private activity bonds, low-income housing credits, and qualified public educational facility bonds and receive advice from bond issuers, elected officials, and the General Assembly.
- (2) Continue to monitor bond markets, economic development financing trends, school financing trends, housing markets, and tax incentives available to induce events and programs favorable to North Carolina, its cities and counties, and individual citizens.
- (3) Continue to study the ways in which North Carolina can best and most fairly manage and utilize the allocation of ~~private activity bonds and low income housing credits~~ private activity bonds, low-income housing credits, and qualified public educational facility bonds.
- (4) Report to the Governor, Lieutenant Governor, ~~and the Speaker of the House of Representatives~~ Representatives, the President Pro Tempore of the Senate, and the Revenue Laws Study Committee as requested and on not less than an annual basis. The annual report is due by November 1 of each year."

**SECTION 6.3.** G.S. 143-433.9(a) reads as rewritten:

"(a) To provide for the orderly and prompt issuance of private activity bonds and qualified public educational facility bonds, there are hereby proclaimed formulas for allocating the following: (i) the unified volume limitation and limitation, (ii) the state housing credit ceiling ceiling, and (iii) the annual aggregate limitation on the face amount of qualified public educational facility bonds. The unified volume limitation for all issues of private activity bonds, other than qualified public educational facility bonds, in North Carolina shall be considered as a single resource to be allocated under this Article. The annual aggregate limitation on the face amount of qualified public educational facility bonds for all issues in North Carolina shall be considered as a single resource to be allocated under this Article. The Committee shall issue the following: (i) allocations of the unified volume limitation and shall issue limitation, (ii) allocations of the State Housing Credit Ceiling state housing credit ceiling, and (iii) allocations of the aggregate limitation on the face amount of qualified public educational facility bonds. The Committee shall set forth procedures for making such allocations and in the making of such allocations shall take into consideration the best interest of the State of North Carolina with regard to the economic ~~development~~ development, school facility needs, and general prosperity of the people of North Carolina. The Committee shall make all elective carryforwards of the unused unified volume limitation and the annual aggregate limitation on the face amount of qualified public educational facility bonds on behalf of the State."

**SECTION 6.4.** This section is effective when it becomes law.

## **PART VII. EFFECTIVE DATE**

**SECTION 7.** Except as otherwise provided, this act is effective when it becomes law.  
In the General Assembly read three times and ratified this the 18<sup>th</sup> day of July, 2008.

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Marc Basnight  
President Pro Tempore of the Senate

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Joe Hackney  
Speaker of the House of Representatives

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Michael F. Easley  
Governor

Approved \_\_\_\_\_ .m. this \_\_\_\_\_ day of \_\_\_\_\_, 2008