

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE DRS35060-MLz-23 (01/03)

Short Title: Study State-Owned Banks.

(Public)

Sponsors: Senator Kinnaird (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH A JOINT LEGISLATIVE STUDY COMMISSION TO STUDY  
3 THE VIABILITY OF ESTABLISHING THE "NORTH CAROLINA INVESTMENT  
4 TRUST," WHICH WOULD BE A STATE-OWNED BANK RECEIVING DEPOSITS OF  
5 STATE FUNDS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.(a)** There is established the Commission to Study the Viability of  
8 Establishing the "North Carolina Investment Trust," which would be a State bank receiving  
9 deposits of State funds. The Commission would study how the creation of such a trust could  
10 strengthen economic and community development, provide financial stability to businesses,  
11 reduce the cost paid by State government for banking services, and provide for excess earnings  
12 of the trust to be used to supplement General Fund purposes.

13 **SECTION 1.(b)** The Commission shall be composed of 16 members as follows:

- 14 (1) Three members of the Senate, appointed by the President Pro Tempore of  
15 the Senate.  
16 (2) Three members of the House of Representatives, appointed by the Speaker  
17 of the House of Representatives.  
18 (3) Three members to be appointed by the Governor, one of whom shall be a  
19 nationally recognized expert in the area of public finance with expertise in  
20 the area of State-owned banking institutions, and one of whom shall be a  
21 member of the public representing consumer interests.  
22 (4) The State Treasurer or the Treasurer's designee.  
23 (5) The State Controller or the Controller's designee.  
24 (6) A representative from the Office of State Budget and Management.  
25 (7) One member of the banking community and one member of a consumer  
26 advocacy organization, each appointed by the President Pro Tempore of the  
27 Senate.  
28 (8) One member of the banking community and one member of a consumer  
29 advocacy organization, each appointed by the Speaker of the House of  
30 Representatives.

31 **SECTION 1.(c)** Vacancies on the Commission shall be filled by the appointing  
32 authority. The President Pro Tempore of the Senate and the Speaker of the House of  
33 Representatives shall each appoint a cochair of the Commission. The Commission shall meet  
34 upon the call of the joint cochairs. The Commission may contract for professional, clerical, or  
35 consultant services as provided by G.S. 120-32.02.



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1           **SECTION 1.(d)** A quorum of the Commission shall be eight members. The  
2 Commission, while in the discharge of its official duties, may exercise all powers provided for  
3 under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request all  
4 officers, agents, agencies, and departments of the State to provide any information, data, or  
5 documents within their possession, ascertainable from their records, or otherwise available to  
6 them.

7           **SECTION 1.(e)** The Commission shall hold at least five public meetings in distinct  
8 geographic regions of the State. The Commission may meet in the Legislative Building, the  
9 Legislative Office Building, or in any of the seven other locations that are agreed upon by the  
10 Commission.

11           **SECTION 1.(f)** The Legislative Services Commission, through the Legislative  
12 Services Officer, shall assign professional staff to assist the Commission in its work. The  
13 House of Representatives' and Senate's Directors of Legislative Assistants shall assign clerical  
14 staff to the Commission, and the expenses relating to the clerical employees shall be borne by  
15 the Commission. Members of the Commission shall receive subsistence and travel expenses at  
16 the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

17           **SECTION 1.(g)** The Commission shall study the following issues related to the  
18 establishment of the "North Carolina Investment Trust" including, but not limited to, the  
19 following:

- 20           (1) Supporting the economic development of North Carolina by increasing  
21 access to capital for businesses in the State.
- 22           (2) Providing financing for housing development, public works infrastructure,  
23 educational infrastructure, student loans, and community quality of life  
24 projects.
- 25           (3) Providing stability to the local financial sector.
- 26           (4) Reducing the cost paid by State government for banking services.
- 27           (5) Lending capital to banks, credit unions, and nonprofit community  
28 development financial institutions to assist in meeting their goals of  
29 increasing access to capital and providing banking services.
- 30           (6) Managing trust funds for 529 College Savings Fund matching grants for  
31 low-income families.
- 32           (7) Providing capital for continued expansions of the State's  
33 workforce-contingent student aid loans.
- 34           (8) Undertake a general assessment of the State's current network of public and  
35 private financial resources and assess the impact on government services,  
36 including public and private banking services, for the purpose of identifying  
37 potential areas of State trust focus. Among other resource issues, the  
38 Commission shall consider, at a minimum, how a State trust could be  
39 designed to do the following:
  - 40           a. Generate earnings beyond those necessary for continued operation of  
41 the trust, which could be used to supplement the General Fund.
  - 42           b. Examine various administrative and operational structures for  
43 organizing a trust, including, but not limited to, boards of directors,  
44 sources of deposits, oversight and audit of financial activities, and  
45 guarantees of financial products.
  - 46           c. Consider options for integrating a State trust model into the existing  
47 State financial resource network, including, but not limited to, ideas  
48 such as lending capital to banks, credit unions, and whether the  
49 "North Carolina Investment Trust" should be created as a separate  
50 entity or involving, using, modifying, or expanding the existing  
51 financial infrastructure or the functions of any other State agency.

- 1                   d.       Consider the manner in which the trust should be regulated to protect
- 2                   the safety and soundness of the institution and its depositors and to
- 3                   avoid conflicts of interest that could arise from State or federal
- 4                   regulation of the trust.
- 5                   e.       Consider the extent to which the trust should be allowed to compete
- 6                   with retail-banking establishments operating in North Carolina.
- 7                   f.       Consider the oversight of the trust to protect the interests of the State
- 8                   and the rights of individuals and entities that may access the products
- 9                   or services, or both, of the trust.
- 10                  g.       Create an outline of transition actions necessary for establishing the
- 11                  trust.

12                   **SECTION 1.(h)** The Commission may make an interim report, including any  
13 legislative recommendations, to the 2013 Regular Session of the General Assembly when it  
14 reconvenes in 2014, and shall submit a final report, including any legislative recommendations,  
15 prior to the convening of the 2013 Regular Session of the General Assembly in 2014. The  
16 Commission shall terminate upon the filing of its final report or on January 1, 2015, whichever  
17 occurs first.

18                   **SECTION 2.** This act is effective when it becomes law.