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SENATE BILL DRS45468-MCf-106B

Short Title: STIP Grant Anticipation Notes.

(Public)

Sponsors: Senators Sawyer and Lazzara (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE A LOCAL GOVERNMENT TO BORROW MONEY FOR THE  
3 PURPOSE OF ACCELERATING A LOCAL TRANSPORTATION PROJECT THAT IS  
4 IDENTIFIED FOR FUNDING UNDER THE STATE TRANSPORTATION  
5 IMPROVEMENT PROGRAM (STIP).

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 159-171 reads as rewritten:

8 **"§ 159-171. Grant anticipation notes.**

9 (a) ~~A~~ Except as provided in subsection (a1) of this section, a unit of local government is  
10 authorized to borrow money for the purpose of paying appropriations made for a capital project  
11 in anticipation of the receipt of moneys from grant commitments for such capital project from  
12 the State or the United States or any agencies of either, and to issue its negotiable notes in  
13 evidence thereof. Grant anticipation notes under this subsection shall mature not later than 12  
14 months after the estimated completion date of such capital project as determined by the governing  
15 body of the unit of local government and may be renewed from time to time, but no renewal shall  
16 mature later than 12 months after the estimated completion date of such capital project.

17 (a1) A unit of local government is authorized to borrow money for the purpose of paying  
18 appropriations made for a capital project identified for funding as a State Transportation  
19 Improvement (STI) regional impact or division need project under Article 14B of Chapter 136  
20 of the General Statutes (STIP project) in anticipation of the receipt of such funding from the State  
21 or the United States or any agencies of either and to issue its negotiable notes in evidence thereof.  
22 Grant anticipation notes under this subsection shall mature no later than 12 months after the first  
23 day of the calendar year following the calendar year in which the STIP project is scheduled to be  
24 completed. Renewal of grant anticipation notes under this subsection is not allowed. Prior to  
25 borrowing money under this section, the unit of local government shall enter into an expedited  
26 project agreement with the Department of Transportation in accordance with G.S. 136-66.8, the  
27 terms of which shall include all of the following:

- 28 (1) A provision requiring approval of the grant anticipation note from the Local  
29 Government Commission.  
30 (2) Project identification.  
31 (3) Cost of project.  
32 (4) A provision including, and requiring compliance with, the project plan as set  
33 out in the agreement, including the time line, whether the project is in  
34 development or delivery period, project phase, current expected completion  
35 date, accelerated completion date using funds authorized under this section,  
36 and a requirement that the project be administered accordingly.



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1           (5) Funding expected, source of funding, revenue forecasts that support funding  
2           assumptions, and expected final installment funding date. Identified funding  
3           may include financing agreements with private entities but must be equal to  
4           the full estimated cost of the project.

5           (6) Repayment plan, and contingency plan for unexpected events or  
6           circumstances such as natural disasters, delay in federal funding, unexpected  
7           revenue losses, increase in project costs, or other circumstances requiring  
8           modifying the STIP.

9           (7) Any other terms the Department of Transportation deems necessary to comply  
10          with federal law and to ensure (i) any State funds transferred to the unit of  
11          local government for repayment of a note under this subsection will not  
12          exceed the local portion of the nonfederal share of the cost of the project and  
13          (ii) that State funds either flow back to the unit of local government for  
14          repayment of the note or are used directly to repay the note.

15          (b) ~~No~~ Except as provided in subsection (b1) of this section, no grant anticipation note  
16          under subsection (a) of this section may be issued if the amount thereof, together with the amount  
17          of all other notes authorized or issued in anticipation of the same grant commitment, shall exceed  
18          exceeds ninety percent (90%) of the unpaid amount of said grant commitment. Each note shall  
19          bear on its face a statement to the effect that it is payable solely from moneys received from a  
20          described grant and that the faith and credit of the issuing unit are not pledged for the payment  
21          thereof, and on its face or reverse the following certificate signed by the finance officer: "This  
22          note and all other grant anticipation notes of (issuing unit) authorized or outstanding as of (date)  
23          and issued or to be issued in anticipation of (describe grant commitment) amount to ninety  
24          percent (90%) or less of the unpaid amount of said grant commitment." No grant anticipation  
25          note shall be valid without this certificate.

26          (b1) No grant anticipation note under subsection (a1) of this section may be issued if the  
27          amount thereof, together with the amount of all other notes authorized or issued in anticipation  
28          of the same grant commitment, exceeds the amount of funding identified for the STIP project.  
29          Each note shall bear on its face a statement to the effect that it is payable solely from moneys  
30          received from a described grant and that the faith and credit of the issuing unit are not pledged  
31          for the payment thereof, and on its face or reverse the following certificate signed by the finance  
32          officer: "This note and all other grant anticipation notes of (issuing unit) authorized or  
33          outstanding as of (date) and issued or to be issued in anticipation of (describe grant commitment)  
34          amount to not more than the unpaid amount of said grant commitment." No grant anticipation  
35          note shall be valid without this certificate.

36          (c) Grant anticipation notes issued under this section shall be special obligations of the  
37          issuing unit. Neither the credit nor the taxing power of the issuing unit may be pledged for the  
38          payment of grant anticipation notes, and no holder of such notes shall have the right to compel  
39          the exercise of the taxing power by the issuing unit or the forfeiture of any of its property in  
40          connection with any default thereon."

41                 **SECTION 2.** G.S. 136-189.11 is amended by adding a new subsection to read:

42                 "(f1) Expedited Project Funded by Local Government. – The Department shall ensure any  
43                 amendment or modification to the State Transportation Improvement Program will not cause a  
44                 delay in the repayment of a grant anticipation note issued to a local government in accordance  
45                 with G.S. 159-171(a1) and (b1)."

46                 **SECTION 3.** The Department of Transportation shall develop procedures and adopt  
47                 rules as necessary for expedited project agreements made under G.S. 136-66.8 that include the  
48                 terms and use of grant anticipation notes under G.S. 159-171(a1) and (b1), as enacted by Section  
49                 1 of this act, and the amendment or modification of the State Transportation Improvement  
50                 Program project under Section 2 of this act. The Department of the Treasurer, in consultation

1 with the Department of Transportation, shall adopt rules as necessary that are consistent with the  
2 purposes of Section 1 of this act and Article 4 of Chapter 159 of the General Statutes.  
3       **SECTION 4.** This act is effective when it becomes law.