

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

S

1

SENATE BILL 637

Short Title: STIP Grant Anticipation Notes. (Public)

Sponsors: Senators Sawyer, P. Newton, and Lazzara (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 6, 2023

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE A LOCAL GOVERNMENT TO BORROW MONEY FOR THE
PURPOSE OF ACCELERATING A LOCAL TRANSPORTATION PROJECT THAT IS
IDENTIFIED FOR FUNDING UNDER THE STATE TRANSPORTATION
IMPROVEMENT PROGRAM (STIP).

The General Assembly of North Carolina enacts:

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

"§ 159-171. Grant anticipation notes.

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

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

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



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.