



HOUSE BILL 620: UNC Capital Projects.

2017-2018 General Assembly

Committee:	House Finance	Date:	June 6, 2017
Introduced by:	Reps. Brawley, Saine, Szoka, Rogers	Prepared by:	Greg Roney Committee Counsel
Analysis of:	PCS to First Edition H620-CSTMx-14		

OVERVIEW: House Bill 620 would authorize the financing and construction of listed capital improvement projects by the constituent institutions of The University of North Carolina. The projects will be financed through revenue bonds, special obligation bonds, and other funds available to the institutions excluding tuition and appropriations from the General Fund. Elizabeth City State University (ECSU) is also authorized to finance projects through the US Department of Agriculture's Community Facilities Direct Loan Program and Loan Guaranty Program.

BILL ANALYSIS: House Bill 620 would authorize the campuses of The University of North Carolina (UNC) to finance and construct capital improvement projects. The proposed indebtedness authorized under this bill is not a debt of the State.

UNC is authorized to change, with approval of the Director of the Budget, the means of finance and increase or decrease the cost of the project. UNC is allowed to issue debt plus an additional 5% of the total cost of the project, including any increase authorized by the Director of the Budget, to cover the cost of debt issuance.

ECSU is authorized to finance projects through the US Department of Agriculture's Community Facilities Direct Loan Program and Loan Guaranty Program.

The table below lists the projects. The Fiscal Note contains a more detailed description of each project.

Campus	Project	Amount
ECU	Dowdy-Ficklen Stadium Southside Renovation	55,000,000
ECSU	Demolition of Hugh Cale and Doles Halls	611,294
ECSU	Renovation of Bias Hall	4,522,272
ECSU	Renovation of Butler Hall	3,790,242
ECSU	Demolition of Complex A-G Buildings	576,192
ECSU	Update Master Plan	500,000
NCCU	Baynes Residence Hall Renovations	6,542,121
UNC-CH	Indoor Practice Facility and Fetzer Field	30,000,000

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UNC-CH	Media and Communication Studio (Athletics)	10,000,000
UNC-CH	DLAM Renovations	21,890,000
UNC-CH	Kenan Labs Renovations	7,683,000
UNC-CH	Medical Education Building	22,600,000
UNC-G	Spartan Village Phase II	50,900,000
WCU	Parking Deck	23,615,185
Total		238,230,306

EFFECTIVE DATE: House Bill 620 would be effective when it becomes law.

CURRENT LAW: Under Article 8 of the State Budget Act, no State agency may expend funds for the construction or renovation of a capital improvement project unless authorized to do so by the General Assembly. The Board of Governors of The University of North Carolina may approve expenditures for projects that are to be funded entirely with non-General Fund money. However, under Article 3 of Chapter 116D, the General Assembly must approve the issuance of special obligation bonds for UNC projects.

There are two types of self-liquidating bonds that may be issued by the Board of Governors of the University of North Carolina. Article 21 of Chapter 116 of the General Statutes authorizes the Board of Governors to issue revenue bonds for the types of projects enumerated in the article. The types of projects for which revenue bonds may be issued include educational buildings, dormitories, recreational facilities, dining facilities, student centers, health care buildings, and parking decks. The projects may be for the educational institutions, the University of North Carolina Health Care System, the University of North Carolina General Administration, and the University of North Carolina Hospitals at Chapel Hill. The revenue bonds are payable from rentals, charges, fees, and other revenues generated by the facility. The bonds are not payable from tax revenues.

Article 3 of Chapter 116D of the General Statutes authorizes the Board of Governors to issue special obligation bonds payable from any sources of income or receipts of the Board of Governors or a constituent or affiliated institution, excluding tuition payments and appropriations from the General Fund. The bond proceeds could be used for construction, improvement, and acquisition of any capital facilities located at UNC constituent and affiliated institutions. The project must be approved by both the board of trustees of the recipient institution and the General Assembly. The General Assembly must also approve the maximum aggregate principal amount for the project. The bonds are not payable from tax revenues.