



HOUSE BILL 866: Public School Building Bond Act of 2017.

2017-2018 General Assembly

Committee:	House Education - K-12. If favorable, re-refer to Finance	Date:	May 16, 2017
Introduced by:	Reps. Johnson, Horn, Corbin, Carney	Prepared by:	Kara McCraw
Analysis of:	Second Edition		Staff Attorney

OVERVIEW: *HB 866 would place a referendum on the November 2018 ballot for a \$1.9 billion bond for public school outlay projects statewide.*

[As introduced, this bill was identical to S542, as introduced by Sens. Tillman, Foushee, Gunn, which is currently in Senate Rules and Operations of the Senate.]

BILL ANALYSIS: HB 866 establishes a bond referendum for consideration by the voters of the State on the November 2018 ballot on whether to issue \$1.9 billion in general obligation bonds for the purpose of providing funds for grants to counties for costs of public schools.

Section 1.(e) of the bill sets out the amounts of grants based on 4 categories that each local school administrative unit would be eligible for under the bond. These 4 categories are:

- Average daily membership (ADM)
- Low-wealth county
- ADM growth
- Small county

Requirements for grants to counties include the following:

- Grants allocated for low-wealth and small county designations would not require a county match.
- All other grants would be required to match every bond proceeds dollar with an amount equal to the product of 3 cents multiplied by the county's "ability to pay" rank, as assigned by the State Board of Education for the 2016-2017 fiscal year, using the formula for low-wealth funding established in the 2015 budget. The match must be satisfied by non-State expenditures for public school facilities made on or after January 1, 2017. If a county does not meet its matching requirement by January 1, 2024, the funds would be reallocated to other qualifying counties who have met the match requirements.

The bill also provides:

- The process for issuance of the bonds and notes.
- The role of the State Treasurer in holding and investing the bond money until disbursed.
- The role of the State Board of Education in supervising administration or issuance of the proceeds of the bond.

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- The role of the Office of State Budget and Management in maintaining a portion of funds needed for cost escalation to be released under certain circumstances.
- Reporting requirements for local school administrative units on a quarterly basis on projects funded from the bonds to the Department of Public Instruction, which will be combined and reported to the Joint Legislative Capital Oversight Committee, the House of Representatives Appropriations Committee, and the Senate Committee on Appropriations/Base Budget.
- Requirements that the transfer of voters to an adjacent precinct for the November 2018 election be limited only to that election (rather than for the term of office of the county board of elections making the transfer).
- Requirement that any bond funds expended for school technology be credited against the judgment in *N.C Sch. Bds. Ass'n. v. Moore*.

EFFECTIVE DATE: This bill would become effective when it becomes law.