



SENATE BILL 356: DOT Cash and Accountability.

2019-2020 General Assembly

Committee:		Date:	December 20, 2019
Introduced by:		Prepared by:	Howard Marsilio*
Analysis of:	S.L. 2019-251		Staff Attorney

OVERVIEW: *S.L. 2019-251 implements budget stabilization and financial transparency measures for the Department of Transportation (DOT).*

Except as otherwise provided, this act became effective November 18, 2019.

BILL ANALYSIS:

SECTION 1.1: For fiscal year 2019-2020, this section of the act authorizes the issuance and sale of \$400 million in Build NC Bonds (an issuance of \$100 million more than provided for in the Build NC Bond Act).

SECTION 1.2: This section of the act directs the Department to transfer \$100 million (\$50 million by February 1, 2020, and \$50 million by May 1, 2020) from the Highway Trust Fund to the Highway Fund as a loan. Repayment to the Highway Trust Fund shall be according to a schedule approved by the Department of the State Treasurer.

SECTION 1.3: This section of the act creates a Transportation Emergency Reserve to hold \$125 million in funds for use by the Department for presidentially declared major disasters. Initial funding of \$64 million is from General Fund. Going forward, the Department shall fund the reserve by July 30 each fiscal year to maintain the fund at \$125 million.

Additionally, the Department (in coordination with OSBM): (1) shall report at the beginning of each biennium on projected minimum funds needed for the reserve; (2) may adjust the Department budget for any category of expenditure (except salaries) to pay for unanticipated expenditures from snow and ice removal and emergencies (action taken under this authorization has reporting requirement); and (3) shall revise the base budget to increase funds available for snow and ice removal and emergencies.

SECTION 1.4: Effective December 1, 2019, this section of the act limits the amount of Department funds available each fiscal year to pay for Map Act damages to \$150 million.

For causes of action filed on or after January 1, 2020, this section of the act revises the statute governing the interest rate for condemnation actions of the Department by making the legal rate apply until satisfaction of the judgment, and by disallowing the addition of compound interest to just compensation damages.

SECTION 1.5: This section of the act directs the Department to expeditiously seek reimbursement from the federal government for qualifying disaster expenditures, along with a reporting requirement.

SECTION 1.6: This section of the act removes the requirement to repay a General Fund loan made to the Department pursuant to S.L. 2019-15 of \$90 million.

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SECTION 1.7: This section of the act appropriates \$36 million from the General Fund to the Department for disaster relief.

SECTION 2.1: This section of the act imposes additional reporting requirements on the Department, including a weekly cash watch report modeled after the General Fund Cash Watch report produced by the Office of State Controller.

SECTION 2.3: This section of the act requires the Office of the State Auditor to conduct a performance audit of the Department with a report due by March 1, 2020.

SECTION 2.4: This section of the act requires the Department to submit a comprehensive financial management report to the Joint Legislative Transportation Oversight Committee by January 15, 2020.

EFFECTIVE DATE:

Except at otherwise provided, the act became effective November 18, 2019.

** Joshua Freeman, Staff Attorney substantially contributed to this summary.*