



This Bill Analysis reflects the contents of the bill as it was presented in committee.

HOUSE BILL 1068: UNC Non-Appropriated Capital Projects.

2021-2022 General Assembly

Committee:	House Education - Universities. If favorable, re-refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	June 2, 2022
Introduced by:	Reps. Hardister, Pickett, Hawkins, Hunter	Prepared by:	Brian Gwyn*
Analysis of:	PCS to First Edition H1068-CSMQx-10		Committee Co-Counsel

OVERVIEW: *House Bill 1068 would authorize constituent institutions of The University of North Carolina to finance and acquire or construct the listed capital improvement projects reviewed and approved by the Board of Governors of The University of North Carolina on April 7, 2022. 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. The PCS would include additional capital improvement projects that were approved by the Board of Governors on May 26, 2022.*

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 (Board of Governors) 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 projects of The University of North Carolina (UNC).

There are two types of self-liquidating bonds that may be issued by the Board of Governors:

- Article 21 of Chapter 116 of the General Statutes authorizes the Board of Governors to issue revenue bonds for 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 System Office, 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. Examples of sources of income or receipts would include rents, charges, fees, earnings on investments of endowment funds, or overhead receipts. 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.

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578

House 1068 PCS

Page 2

BILL ANALYSIS: The PCS would authorize six campuses of UNC to finance and acquire or construct the following capital improvement projects that have been reviewed and approved by the Board of Governors:

- Appalachian State University, Holmes Convocation Center Parking Deck
\$20,000,000
A new 600-space parking deck to support the Holmes Convocation Center. The scope includes (i) the demolition of 110 existing surface parking spaces, (ii) relocation of the main underground electrical feeds to the campus, (iii) improvements to the intersections at Rivers Street, Hill Street, Faculty Street, and Blowing Rock Road for both vehicular and pedestrian traffic, (iv) construction of a 600-space multi-level parking deck, and (v) the potential construction of a new pedestrian bridge or plaza from the parking deck to the Holmes Convocation Center.
- Elizabeth City State University, New Residence Hall
\$5,000,000
A new 400-bed residence hall, replacing 200 established beds in University Towers residence hall and adding 200 new beds.
- North Carolina State University, Integrative Science (S.T.E.M.) Building
\$80,000,000
S.L. 2021-180 requires North Carolina State University to commit to providing funding of at least \$80,000,000 from non-State sources by June 30, 2022, for the new Integrated Science (S.T.E.M.) Building. The Integrative Science Building will provide science, technology, engineering, and mathematics (S.T.E.M.) teaching and research space. The building will be located in the heart of North Campus and will be approximately 145,000 gross square feet comprised of classrooms, teaching labs, research labs, research core facilities, collaboration/study space, and office space.
- North Carolina Agricultural and Technical State University, Bluford Street Residence Hall
\$58,000,000
A new 445-bed residence hall on Bluford Street to meet the increasing demand for on-campus housing.
- University of North Carolina Wilmington (UNCW), Acquisition of P3 Housing Project
\$167,000,000
Acquisition of the 1800-bed student housing village constructed through a public-private partnership (P3). The project is currently supported through lease payments from housing receipts. The purchase of the P3 project would provide significant cost savings.
- Western Carolina University, Acquisition of P3 Housing Project
\$28,500,000
Acquisition of the P3 housing project (Noble Hall), which is currently supported through lease payments from housing receipts. The purchase of the P3 project would provide significant cost savings.

The proposed indebtedness authorized under this PCS 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 can 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.

EFFECTIVE DATE: The PCS would be effective when it becomes law.

**Cindy Avrette, Staff Attorney with the Legislative Analysis Division, substantially contributed to this summary.*