

GENERAL ASSEMBLY OF NORTH CAROLINA  
1987 SESSION

CHAPTER 588  
HOUSE BILL 996

AN ACT ESTABLISHING THE NORTH CAROLINA FEDERAL TAX REFORM  
ALLOCATION COMMITTEE IN RESPONSE TO AND IN THE  
MANAGEMENT OF FEDERAL RESTRICTIONS ON PRIVATE ACTIVITY  
BONDS AND LOW-INCOME HOUSING TAX CREDITS.

The General Assembly of North Carolina enacts:

Section 1. **Legislative Findings.** The General Assembly finds and determines that the Tax Reform Act of 1984 established a federal volume limitation upon the aggregate amount of "private activity bonds" that may be issued by each state; that, pursuant to Section 103(n) of the Internal Revenue Code of 1954, as amended, a previous Governor of North Carolina issued Executive Order 113 proclaiming a formula for allocating the federal volume limitation for North Carolina; that on October 22, 1986, the Tax Reform Act of 1986, hereinafter referred to as the "Tax Reform Act", was enacted; that the Tax Reform Act (i) establishes a new unified limitation for private activity bonds on a state by state basis, (ii) establishes a new definition of the types of private activity bonds to be included under those new limitations, (iii) establishes a new low-income housing credit to induce the construction of and the improvement of housing for low-income people, and (iv) limits the aggregate use of this low-income housing credit on a state by state basis; that the Tax Reform Act provides for federal formulas for the allocation of these "state by state" resources, and also provides for states which cannot use the federal formula for allocation to set allocation procedures and formulas which are more appropriate for the individual states; that the Tax Reform Act gives authority for the legislature of each state to formulate and execute plans for allocation; and that Section 146 of the Internal Revenue Code of 1986, as amended, and Section 42 of the Internal Revenue Code of 1986, as amended, will require continued inquiry and study in the ways in which North Carolina can best and most fairly manage and utilize resources provided therein.

Sec. 2. **North Carolina Federal Tax Reform Allocation Committee.** The North Carolina Federal Tax Reform Allocation Committee, hereinafter referred to as the "Committee", is hereby established. The Committee is a continuation of the Interim Private Activity Bond Allocation Committee established under Executive Order 28 and amended under Executive Order 31 and the North Carolina Federal Tax Reform Allocation Committee established under Executive Order 37. The Secretary of the Department of Commerce, the Executive Assistant to the Governor for Budget Management, and the Treasurer of the State of North Carolina shall constitute the

membership of this Committee. The Secretary of the Department of Commerce shall serve as Chairman of the Committee.

Sec. 3. **Duties.** The Committee may perform the following duties:

(1) Manage the allocation of tax exempt private activity bonds and low-income housing credits and receive advice from bond issuers, elected officials, and the General Assembly.

(2) Continue to monitor bond markets, economic development financing trends, housing markets, and tax incentives available to induce events and programs favorable to North Carolina, its cities and counties, and individual citizens.

(3) Continue to study the ways in which North Carolina can best and most fairly manage and utilize the allocation of private activity bonds and low-income housing credits.

(4) Report to the Governor, Lieutenant Governor, and the Speaker of the House of Representatives as requested and on not less than an annual basis.

Sec. 4. **Allocation.** To provide for the orderly and prompt issuance of private activity bonds there are hereby proclaimed formulas for allocating the unified volume limitation and the state housing credit ceiling. The unified volume limitation for all issues in North Carolina shall be considered as a single resource to be allocated under this act. The Committee shall issue allocations of the unified volume limitation and shall issue allocations of the State Housing Credit Ceiling. The Committee shall set forth procedures for making such allocations and in the making of such allocations shall take into consideration the best interest of the State of North Carolina with regard to the economic development and general prosperity of the people of North Carolina.

Sec. 5. **Effective Date.** This act is effective upon ratification.

In the General Assembly read three times and ratified this the 9th day of July, 1987.