

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**SENATE DRS35021-RWz-5A\* (12/2)**

Short Title: GARVEE Bond Issuance. (Public)

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Sponsors: Senator Jenkins.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE STATE TREASURER TO ISSUE "GARVEE" GRANT ANTICIPATION REVENUE VEHICLE BONDS ON BEHALF OF THE DEPARTMENT OF TRANSPORTATION AND TO DIRECT THE SECRETARY OF THE DEPARTMENT OF TRANSPORTATION AND THE STATE TREASURER TO DEVELOP AN IMPLEMENTATION PLAN FOR ISSUANCE OF THE BONDS, AS RECOMMENDED BY THE JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

**SECTION 1.** The Secretary of the Department of Transportation and the State Treasurer shall jointly form a committee to develop a plan to implement the provisions of this act. The plan shall address all financial, legal, and practical issues involved in issuing "GARVEE" bonds. The two Departments shall jointly submit their implementation plan to the cochairs of the Transportation Appropriations Subcommittee and the cochairs of the Joint Legislative Transportation Oversight Committee by March 1, 2006.

**SECTION 2.** G.S. 136-18 is amended by adding a new subdivision to read:  
"(12b) To issue "GARVEE" bonds (Grant Anticipation Revenue Vehicles) or other eligible debt financing instruments to finance federal-aid highway projects using federal funds to pay a portion of principal, interest, and related bond issuance costs, as authorized by 23 U.S.C. § 122, as amended (the National Highway System Designation Act of 1995, Pub. L. 104-59). These bonds shall be issued by the State Treasurer on behalf of the Department. The State Treasurer shall develop and adopt appropriate debt instruments, consistent with the terms of the State and Local Government Revenue Bond Act, Article 5 of Chapter 159 of the General Statutes, for use under this subdivision.

1                   Prior to issuance of any "GARVEE" or other eligible debt instrument  
2                   using federal funds to pay a portion of principal, interest, and related  
3                   bond issuance costs, the State Treasurer shall determine (i) that the  
4                   principal and interest of such debt does not exceed the total amount of  
5                   federal transportation funds authorized to the State in the prior federal  
6                   fiscal year; and (ii) that the principal and interest of such debt does not  
7                   exceed fifteen percent (15%) of the expected federal revenue shown  
8                   for the seven-year period in the most recently adopted Transportation  
9                   Improvement Program."

10                   **SECTION 3.** Section 2 of this act becomes effective July 1, 2006. The  
11 remainder of this act is effective when it becomes law.