

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 464
Finance Committee Substitute Adopted 7/15/03
Third Edition Engrossed 7/17/03
House Committee Substitute Favorable 6/16/04

Short Title: Managing Debt Capacity.

(Public)

Sponsors:

Referred to:

March 20, 2003

A BILL TO BE ENTITLED

AN ACT TO CREATE THE DEBT AFFORDABILITY ADVISORY COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 142 of the General Statutes is amended by adding a new Article to read:

"Article 10.

"Managing Debt Capacity.

"§ 142-100. Purpose.

The purpose of this Article is to provide a tool for sound debt management by requiring the undertaking of an annual debt affordability study to establish guidelines for maintaining prudent debt levels.

"§ 142-101. Debt Affordability Advisory Committee.

(a) Membership. – The Debt Affordability Advisory Committee is created in the Department of State Treasurer. The Committee shall consist of five ex officio members or their designees and two appointed members, as follows:

(1) The State Treasurer.

(2) The Secretary of Revenue.

(3) The State Budget Officer.

(4) The State Auditor.

(5) The State Controller.

(6) A member of the public appointed by the President Pro Tempore of the Senate.

(7) A member of the public appointed by the Speaker of the House of Representatives.

(b) Officers and Staff. – The State Treasurer shall serve as the chair of the Committee. The Committee shall meet at the call of the chair. The Department of State Treasurer shall provide space for the Committee to meet. The Department shall also

1 provide the Committee with necessary staff and supplies to enable it to carry out its
2 duties in an effective manner.

3 (c) Compensation. – Members of the Committee shall serve without pay but shall
4 receive per diem and allowances provided by G.S. 138-5 and G.S. 138-6.

5 (d) Duties. – The Debt Affordability Advisory Committee shall annually advise
6 the Governor and the General Assembly on the estimated debt capacity of the State for
7 the upcoming 10 fiscal years. The Committee shall oversee the undertaking of an annual
8 debt affordability study and the establishment of guidelines for evaluating the State's
9 debt burden. The guidelines should include target and ceiling ratios of net tax-supported
10 debt to personal income and debt service to revenues, target and floor percentages for
11 the 10-year payout ratio, and target and floor percentages for the unreserved General
12 Fund balance. The Committee shall also recommend any other debt management
13 policies it considers desirable and consistent with sound management of the State's debt.

14 (e) Reports. – The Committee shall report its findings and recommendations to
15 the Governor, the President Pro Tempore of the Senate, the Speaker of the House of
16 Representatives, and the General Assembly's Fiscal Research Division by February 1 of
17 each year."

18 **SECTION 2.** From funds appropriated to the Department of State Treasurer
19 for the 2003-2005 fiscal biennium, the State Treasurer shall allocate the amounts
20 necessary to implement this act.

21 **SECTION 3.** This act is effective when it becomes law.