

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 909
Committee Substitute Favorable 5/6/25

Short Title: State Infrastructure Bank Board.

(Public)

Sponsors:

Referred to:

April 14, 2025

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH A STATE INFRASTRUCTURE BANK BOARD.
The General Assembly of North Carolina enacts:

SECTION 1. Article 6 of Chapter 147 of the General Statutes is amended by adding the following new sections to read:

"§ 147-86.5. Establishment of State Infrastructure Bank Board.

(a) Establishment. – There is established a State Infrastructure Bank Board. The Board shall be located in the Department of State Treasurer for administrative purposes only and shall function independently of the Department. The Board shall establish, administer, and receive federal funds for a State Infrastructure Bank authorized by the Intermodal Surface Transportation Efficiency Act of 1991, Public Law 102-240, as amended, the National Highway System Designation Act of 1995, Public Law 104-59, as amended, and any other federal law authorizing and governing the use of federal funds for a transportation infrastructure banking program. Through the State Infrastructure Bank, the Board may also administer and receive State funds and private funds for transportation projects, water and sewer projects, and other infrastructure projects. For purposes of this section, "other infrastructure projects" means projects that are publicly owned or undertaken through a public-private partnership and that are essential to the health, safety, and economic vitality of the State.

(b) Federal Financial Assistance. – The Board may apply for, receive, and administer federal financial assistance necessary to fund the State Infrastructure Bank. The Board shall comply with all conditions and requirements related to the federal financial assistance.

(c) Use of Funds. – Except as otherwise prohibited under federal law, the Board may utilize the following funds for the purpose of providing loans or other financial assistance to governmental units, including toll authorities:

(1) Federal funds, State funds, and private funds to finance the costs of transportation projects, including aviation projects.

(2) State funds and private funds to finance the costs of water and sewer projects and other infrastructure projects.

(d) Conditions and Repayment. – Loans or other financial assistance provided under this section are subject to repayment and conditioned upon the establishment of any security and the payment of any fees and interest rates deemed necessary by the Board. Governmental units may apply for loans and execute debt instruments payable to the State in order to obtain loans or other financial assistance provided for in this section. The Board shall require that applicants pledge as security for the obligations revenues derived from operation of the benefited facilities or systems, other sources of revenue, or their faith and credit, or any combination thereof. The faith and credit of the governmental units shall not be pledged or be deemed to have been pledged



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1 unless the requirements of Article 4 of Chapter 159 of the General Statutes have been met. The
2 Board may apply a municipality's share of funds allocated under G.S. 136-41.1 or G.S. 136-44.20
3 as necessary to ensure repayment of funds advanced under this section.

4 (e) Loan Term Requirements. – Loans made pursuant to this section shall not exceed 30
5 years in duration unless otherwise approved by a unanimous vote of the Board. Interest rates
6 shall not be less than fifty percent (50%) of the market AAA municipal bond rate prevailing at
7 the time of loan approval, except if federal law requires otherwise or if the Board finds, by a
8 supermajority vote, that a lower rate is necessary to achieve a compelling public interest.

9 (f) Concessionary Lending Authority. – The Board may provide loans or other financial
10 assistance at interest rates below prevailing market rates, including zero percent (0%), if doing
11 so would meet all of the following requirements:

- 12 (1) Facilitate the participation of private capital through blended financing or
13 public-private partnerships.
- 14 (2) Enable projects that otherwise would not proceed due to insufficient
15 commercial viability or excessive capital costs.
- 16 (3) Advance critical infrastructure goals, including regional equity, economic
17 development, environmental resilience, or public health.

18 (g) Blended Financing Authority. – In order to leverage private investment, the Board
19 may structure financial assistance packages that combine public and private funds. These
20 packages may include any of the following:

- 21 (1) Subordinated or concessionary loans from the State Infrastructure Bank
22 designed to reduce risk to senior private capital.
- 23 (2) Loan guarantees, partial credit guarantees, or partial credit guarantees to
24 improve the creditworthiness of infrastructure projects.
- 25 (3) Participation agreements with private financial institutions under which the
26 State Infrastructure Bank assumes first-loss or mezzanine positions.
- 27 (4) Public-private partnership agreements, including those that allow private
28 capital to recover investments through tolls, user fees, or service payments.

29 (h) Private Capital Participation. – The Board may solicit and receive private capital
30 contributions, co-investments, or subordinated capital for projects meeting State infrastructure
31 objectives. The Board shall ensure that this participation meets all of the following requirements:

- 32 (1) Complies with applicable federal and State law.
- 33 (2) Does not compromise the long-term affordability or public utility of the
34 infrastructure asset.
- 35 (3) Includes safeguards to ensure accountability, transparency, and public benefit.

36 (i) Regional Infrastructure Projects. – The Board may provide financial assistance to
37 regional entities, joint agencies, or multijurisdictional authorities, districts, or consortia of
38 governmental units formed under Chapter 160A of the General Statutes or other applicable
39 statutes for the purpose of undertaking infrastructure projects that serve multiple governmental
40 units. In these cases, the Board may do one or more of the following:

- 41 (1) Facilitate the formation of interlocal agreements to support these projects.
- 42 (2) Treat the regional entity as the sole borrower of record.
- 43 (3) Recognize pooled or shared revenues as security.
- 44 (4) Waive individual creditworthiness tests for participating localities so long as
45 the aggregate repayment capacity of the region is sufficient.
- 46 (5) Structure financing that leverages the aggregate creditworthiness of
47 participating governmental units.
- 48 (6) Prioritize projects with independent or region-wide revenue streams.

49 (j) Council of Governments' Participation. – A council of governments established under
50 Article 20 of Chapter 160A of the General Statutes may apply for and receive financial assistance
51 from the State Infrastructure Bank if both of the following are met:

- (1) The council of governments is acting as the administrative agent for a joint infrastructure project involving two or more governmental units.
- (2) The council of governments is acting pursuant to an interlocal agreement or joint agency agreement that provides for repayment from pledged revenues or guarantees repayment by the participating governmental units.
- (k) Account; Nonreversion of Funds. – The Board shall establish jointly with the State Treasurer one or more separate infrastructure banking accounts with necessary fiscal controls and accounting procedures. State funds for funds credited to this account shall not revert, and interest and other investment income shall accrue to the account and may be used to provide loans and other financial assistance as provided under this section.
- (l) Long-Term Capitalization. – The State Infrastructure Bank may be capitalized through appropriations from the General Assembly, federal grants, and contributions from private entities. The Board may, subject to approval by the Local Government Commission and the State Treasurer, issue revenue bonds secured by repayments, fees, and revenues of the State Infrastructure Bank. In addition, the Board shall propose to the General Assembly annually a standing appropriation amount to ensure continued capitalization of the State Infrastructure Bank.
- (m) Rules. – The Board may establish rules necessary to establish and administer the State Infrastructure Bank.
- (n) No Effect on Transportation Investment Strategy Formula. – Nothing in this section affects the transportation investment strategy formula established by G.S. 136-189.11.
- (o) Projects Funded by the Department of Environmental Quality. – No funds administered under Chapter 159G of the General Statutes, including the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, shall be deposited in, transferred to, or otherwise used to capitalize the State Infrastructure Bank or any account established under this section. The Board shall ensure that all funds under Chapter 159G of the General Statutes remain segregated and administered solely for the purposes set forth in that Chapter.
- (p) Debt Instruments. – The State Treasurer, with the assistance of the Local Government Commission, shall develop and adopt appropriate debt instruments for use under this section. The Local Government Commission shall develop and adopt appropriate procedures for the delivery of debt instruments to the State without any public bidding.
- (q) Review and Approval of Loans. – The Board shall review and approve all proposed loans and other financial assistance to applicants under this section. In addition, the Local Government Commission shall review and approve proposed loans to applicants under this section pursuant to Articles 4 and 5 of Chapter 159 of the General Statutes, as if the issuance of bonds was proposed, so far as those provisions are applicable.
- (r) Outstanding Debt. – Loans authorized by this section are outstanding debt for the purpose of Article 10 of Chapter 159 of the General Statutes.
- "§ 147-86.6. Membership of State Infrastructure Bank Board; meetings.**
- (a) Members. – The State Infrastructure Bank Board shall consist of the following voting members:
- (1) The Secretary of Commerce.
 - (2) The Secretary of Transportation.
 - (3) The Secretary of Environmental Quality.
 - (4) The State Treasurer.
 - (5) The State Auditor.
 - (6) The State Budget Officer.
 - (7) One member appointed by the Governor, having at least 10 years of experience in local government or infrastructure finance.
 - (8) One member appointed by the Governor, having at least 10 years of experience in banking.

(9) One member appointed by the Speaker of the House of Representatives, who shall have at least 10 years of experience in local government, infrastructure finance, or banking.

(10) One member appointed by the President Pro Tempore of the Senate, who shall have at least 10 years of experience in local government, infrastructure finance, or banking.

(b) Terms. – The Board members shall serve terms coinciding with their respective offices or appointments. Appointed members shall serve four-year terms.

(c) Officers. – The Board shall elect from its members a chair and vice-chair of the Board.

(d) Meetings. – The Board shall meet on the call of the chair or any two members but shall meet at least once every six months. Each member may be represented by a designee, who shall have the same voting powers as the member. The Board shall meet in offices provided by the Department of State Treasurer. In addition, the Department of State Treasurer shall provide the necessary staff and supplies to help the Board accomplish its objectives. The Department of Commerce, Department of Transportation, and Department of Environmental Quality may also provide staff assistance.

(e) Rules. – The Board shall adopt rules, consistent with the requirements of G.S. 147-86.5, for reviewing and approving loans or other financial assistance provided under G.S. 147-86.5. The Board shall publish the rules on the Board's website or, if the Board does not have its own website, on the Department of State Treasurer's website.

(f) Quorum. – A quorum of the Board consists of a majority of the Board's total membership.

(g) Stakeholder Advisory Committee. – The Board shall establish a Stakeholder Advisory Committee to provide input on infrastructure priorities, financing strategies, and private sector participation. The Committee shall include representatives from the North Carolina Chamber, the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, and other stakeholders as determined by a supermajority of the Board. The Stakeholder Advisory Committee shall do both of the following:

(1) Review and comment on all proposed rules and policies related to infrastructure funding before final adoption by the Board.

(2) Propose annual priorities and funding strategies for consideration by the Board.

The Board shall convene a joint public meeting with the Stakeholder Advisory Committee at least once per year and shall respond in writing to formal recommendations issued by the Committee within 60 days of receipt.

(h) Reports. – By July 1 each year, the Board shall report on its activities to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division of the General Assembly. The Board shall also publish on its website, or if the Board does not have its own website, on the Department of State Treasurer's website, on at least a quarterly basis, a list of all loan applications received, loans awarded, and the terms thereof. The Board shall contract annually with either the State Auditor or an independent certified public accountant selected through competitive bidding to perform a financial and performance audit of the State Infrastructure Bank. The audit shall be made available to the public.

(i) Private Investment Metrics. – The Board shall include in its report under subsection (h) of this section all of the following:

(1) The total amount of private capital leveraged by the State Infrastructure Bank's activities.

(2) A description of the financial structures used to blend public and private funds.

(3) A risk assessment of public exposure in blended finance projects.

(j) Compensation. – Members shall serve without compensation but may receive travel and subsistence in accordance with G.S. 138-6.

(k) Board members shall disclose any potential conflicts of interest and recuse themselves from deliberations and voting on matters if any conflict exists, in accordance with Chapter 138A of the General Statutes."

SECTION 2. G.S. 136-18(12a) is repealed.

SECTION 3. G.S. 147-69.2 reads as rewritten:

"§ 147-69.2. Investments authorized for special funds held by State Treasurer.

(a) This section applies to funds held by the State Treasurer to the credit of each of the following:

...

(25) Funds held by the State Infrastructure Bank established under G.S. 147-86.5.

...."

SECTION 4. The State Infrastructure Bank, established in G.S. 136-18(12a), including all funds held by it, are transferred to the State Infrastructure Bank Board, established in G.S. 147-86.5, as enacted by Section 1 of this act.

SECTION 5. The State Infrastructure Bank Board, established in G.S. 147-86.5, as enacted by Section 1 of this act, shall submit an initial report under G.S. 147-86.6(h) to the Joint Legislative Commission on Governmental Operations by February 1, 2026, in addition to the report due by July 1, 2026.

SECTION 6. Section 1 of this act becomes effective July 1, 2025, and applies to loans and other financial assistance applied for on or after that date. The remainder of this act becomes effective July 1, 2025.