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HOUSE BILL 1734*
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Short Title: DOT Powers and Duties Changes.

(Public)

Sponsors:

Referred to:

May 17, 2010

A BILL TO BE ENTITLED

AN ACT TO ELIMINATE A DEPARTMENT OF TRANSPORTATION REPORT ON THE
CONDITION OF ITS BUILDINGS; CORRECT A STATUTORY REFERENCE TO THE
DEPARTMENT OF TRANSPORTATION'S CHIEF FINANCIAL OFFICER;
ELIMINATE STATUTORY REFERENCES TO A SEVEN-YEAR TRANSPORTATION
IMPROVEMENT PROGRAM; CLARIFY THAT THE DEPARTMENT OF
TRANSPORTATION HAS AUTHORITY AND GENERAL SUPERVISION OVER ALL
TRANSPORTATION PROJECTS; PROVIDE THAT THE DEPARTMENT OF
TRANSPORTATION HAS AUTHORITY TO ENTER INTO AGREEMENTS WITH
LOCAL GOVERNMENTS TO RECEIVE FUNDS FOR RIGHT-OF-WAY
ACQUISITION; UPDATE STATUTORY REFERENCES TO THE NORTH CAROLINA
TURNPIKE AUTHORITY; ELIMINATE A DEPARTMENT OF TRANSPORTATION
REPORT ON ACCESS TO COASTAL WATERS; REVISE THE STATUTES
GOVERNING THE DEPARTMENT OF TRANSPORTATION'S DISADVANTAGED
MINORITY-OWNED AND WOMEN-OWNED BUSINESSES PROGRAM; AND
TRANSFER TO THE SECRETARY THE POWER TO PROMULGATE DEPARTMENT
OF TRANSPORTATION RULES, AS RECOMMENDED BY THE JOINT
LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 136-11 is repealed.

SECTION 2. G.S. 136-16.10 reads as rewritten:

"§ 136-16.10. Allocations by Department ~~Controller~~ Chief Financial Officer to eliminate overdrafts.

The ~~Controller~~ Chief Financial Officer of the Department of Transportation shall allocate at the beginning of each fiscal year from the various appropriations made to the Department of Transportation for State Construction, State Funds to Match Federal Highway Aid, State Maintenance, and Ferry Operations, sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and these allocations shall not be diverted to other purposes."

SECTION 3. G. S. 136-17.2A(d) reads as rewritten:

"(d) In each fiscal year, the Department shall, as nearly as practicable, expend in a distribution region an amount equal to that region's tentative percentage share of the funds that are subject to this section and are available for that fiscal year. In any ~~consecutive seven-year~~ Transportation Improvement Plan period, the amount expended in a distribution region must be between ninety percent (90%) and one hundred ten percent (110%) of the sum of the amounts



1 established under this subsection as the target amounts to be expended in the region for ~~those~~
2 ~~seven years.~~that period."

3 **SECTION 4.** G.S. 136-18(1) reads as rewritten:

4 **"§ 136-18. Powers of Department of Transportation.**

5 The said Department of Transportation is vested with the following powers:

- 6 (1) The authority and general supervision over all matters relating to the
7 ~~construction~~construction, maintenance, and design of the State ~~highways,~~
8 transportation projects, letting of contracts therefore, and the selection of
9 materials to be used in the construction of State ~~highways~~transportation
10 projects under the authority of this Chapter.

11"

12 **SECTION 5.** G.S. 136-18(12b) reads as rewritten:

13 **"§ 136-18. Powers of Department of Transportation.**

14 The said Department of Transportation is vested with the following powers:

15 ...

- 16 (12b) To issue "GARVEE" bonds (Grant Anticipation Revenue Vehicles) or other
17 eligible debt-financing instruments to finance federal-aid highway projects
18 using federal funds to pay a portion of principal, interest, and related bond
19 issuance costs, as authorized by 23 U.S.C. § 122, as amended (the National
20 Highway System Designation Act of 1995, Pub. L. 104-59). These bonds
21 shall be issued by the State Treasurer on behalf of the Department and shall
22 be issued pursuant to an order adopted by the Council of State under
23 G.S. 159-88. The State Treasurer shall develop and adopt appropriate debt
24 instruments, consistent with the terms of the State and Local Government
25 Revenue Bond Act, Article 5 of Chapter 159 of the General Statutes, for use
26 under this subdivision. Prior to issuance of any "GARVEE" or other eligible
27 debt instrument using federal funds to pay a portion of principal, interest,
28 and related bond issuance costs, the State Treasurer shall determine (i) that
29 the total outstanding principal of such debt does not exceed the total amount
30 of federal transportation funds authorized to the State in the prior federal
31 fiscal year; or (ii) that the maximum annual principal and interest of such
32 debt does not exceed fifteen percent (15%) of the expected average annual
33 federal revenue shown for the ~~seven-year~~ period in the most recently
34 adopted Transportation Improvement Program. Notes issued under the
35 provisions of this subdivision may not be deemed to constitute a debt or
36 liability of the State or of any political subdivision thereof, or a pledge of the
37 full faith and credit of the State or of any political subdivision thereof, but
38 shall be payable solely from the funds and revenues pledged therefor. All the
39 notes shall contain on their face a statement to the effect that the State of
40 North Carolina shall not be obligated to pay the principal or the interest on
41 the notes, except from the federal transportation fund revenues as shall be
42 provided by the documents governing the revenue note issuance, and that
43 neither the faith and credit nor the taxing power of the State of North
44 Carolina or of any of its political subdivisions is pledged to the payment of
45 the principal or interest on the notes. The issuance of notes under this Part
46 shall not directly or indirectly or contingently obligate the State or any of its
47 political subdivisions to levy or to pledge any form of taxation whatever or
48 to make any appropriation for their payment.

49"

50 **SECTION 6.** G.S. 136-18(38) reads as rewritten:

51 **"§ 136-18. Powers of Department of Transportation.**

1 The said Department of Transportation is vested with the following powers:

- 2 ...
- 3 (38) To enter into agreements with municipalities, counties, governmental
4 entities, or nonprofit corporations to receive funds for the ~~purpose~~ purposes
5 of advancing right-of-way acquisition or the construction schedule of a
6 project identified in the Transportation Improvement Program. If these funds
7 are subject to repayment by the Department, prior to receipt of funds,
8 reimbursement of all funds received by the Department shall be shown in the
9 existing Transportation Improvement Program and shall be reimbursed
10 within ~~seven years of receipt~~ the period of the existing Transportation
11 Improvement Program.

12"

13 **SECTION 7.** G.S. 136-18(39) reads as rewritten:

14 **"§ 136-18. Powers of Department of Transportation.**

15 The said Department of Transportation is vested with the following powers:

- 16 ...
- 17 (39) To enter into partnership agreements with ~~the North Carolina Turnpike~~
18 ~~Authority~~, private entities, and authorized political subdivisions to finance,
19 by tolls, contracts, and other financing methods authorized by law, the cost
20 of acquiring, constructing, equipping, maintaining, and operating
21 transportation infrastructure in this State, and to plan, design, develop,
22 acquire, construct, equip, maintain, and operate transportation infrastructure
23 in this State. An agreement entered into under this subdivision requires the
24 concurrence of the Board of Transportation. The Department shall report to
25 the Chairs of the Joint Legislative Transportation Oversight Committee, the
26 Chairs of the House of Representatives Appropriations Subcommittee on
27 Transportation, and the Chairs of the Senate Appropriations Committee on
28 the Department of Transportation, at the same time it notifies the Board of
29 Transportation of any proposed agreement under this subdivision. Any
30 contracts for construction of highways, roads, streets, and bridges which are
31 awarded pursuant to an agreement entered into under this section shall
32 comply with the competitive bidding requirements of Article 2 of this
33 Chapter.

34"

35 **SECTION 8.** G.S. 136-18(40) reads as rewritten:

36 **"§ 136-18. Powers of Department of Transportation.**

37 The said Department of Transportation is vested with the following powers:

- 38 ...
- 39 (40) To expand public access to coastal waters in its road project planning and
40 construction programs. The Department shall work with the Wildlife
41 Resources Commission, other State agencies, and other government entities
42 to address public access to coastal waters along the roadways, bridges, and
43 other transportation infrastructure owned or maintained by the Department.
44 The Department shall adhere to all applicable design standards and
45 guidelines in implementation of this enhanced access. ~~The Department shall~~
46 ~~report on its progress in expanding public access to coastal waters to the~~
47 ~~Joint Legislative Commission on Seafood and Aquaculture and to the Joint~~
48 ~~Legislative Transportation Oversight Commission no later than March 1 of~~
49 ~~each year.~~

50"

51 **SECTION 9.** G.S. 136-28.4 reads as rewritten:

1 **"§ 136-28.4. State policy concerning participation by disadvantaged minority-owned and**
2 **women-owned businesses in highway-transportation contracts.**

3 (a) It is the policy of this State, based on a compelling governmental interest, to
4 encourage and promote participation by disadvantaged minority-owned and women-owned
5 businesses in contracts let by the Department pursuant to this Chapter for the planning, design,
6 preconstruction, construction, alteration, or maintenance of State ~~highways, roads, streets, or~~
7 ~~bridges~~ transportation infrastructure and in the procurement of materials for these projects. All
8 State agencies, institutions, and political subdivisions shall cooperate with the Department of
9 Transportation and among themselves in all efforts to conduct outreach and to encourage and
10 promote the use of disadvantaged minority-owned and women-owned businesses in these
11 contracts.

12 (b) At least every five years, the Department shall conduct a study on the availability
13 and utilization of disadvantaged minority-owned and women-owned business enterprises and
14 examine relevant evidence of the effects of race-based or gender-based discrimination upon the
15 utilization of such business enterprises in contracts for planning, design, preconstruction,
16 construction, alteration, or maintenance of State ~~highways, roads, streets, or bridges~~
17 transportation infrastructure and in the procurement of materials for these projects. Should the
18 study show a strong basis in evidence of ongoing effects of past or present discrimination that
19 prevents or limits disadvantaged minority-owned and women-owned businesses from
20 participating in the above contracts at a level which would have existed absent such
21 discrimination, such evidence shall constitute a basis for the State's continued compelling
22 governmental interest in remedying such race and gender discrimination in highway
23 transportation contracting. Under such circumstances, the Department shall, in conformity with
24 State and federal law, adopt by rule and contract provisions a specific program to remedy such
25 discrimination. This specific program shall, to the extent reasonably practicable, address each
26 barrier identified in such study that adversely affects contract participation by disadvantaged
27 minority-owned and women-owned businesses.

28 (b1) Based upon the findings of the Department's ~~Second Generation Disparity Study~~
29 ~~completed in 2004~~, 2009 study entitled "Measuring Business Opportunity: A Disparity Study of
30 NCDOT's State and Federal Programs" hereinafter referred to as "Study", the program design
31 shall, to the extent reasonably practicable, incorporate narrowly tailored remedies identified in
32 the Study, and the Department shall implement a comprehensive antidiscrimination
33 enforcement policy. As appropriate, the program design shall be modified by rules adopted by
34 the Department that are consistent with findings made in the Study and in subsequent studies
35 conducted in accordance with subsection (b) of this section. As part of this program, the
36 Department shall review its budget and establish ~~annual~~ aspirational goals every three years,
37 not mandatory goals, in percentages, for the overall participation in contracts by disadvantaged
38 minority-owned and women-owned businesses. These ~~annual~~ aspirational goals for
39 disadvantaged minority-owned and women-owned businesses shall be established consistent
40 with federal methodology specified in the Study, methodology, and they shall not be applied
41 rigidly on specific contracts or projects. Instead, the Department shall establish
42 contract-specific goals or project-specific goals for the participation of such firms in a manner
43 consistent with availability of disadvantaged minority-owned and women-owned businesses, as
44 appropriately defined by its most recent Study, for each disadvantaged minority-owned and
45 women-owned business category that has demonstrated significant disparity in contract
46 utilization. Nothing in this section shall authorize the use of quotas. Any program implemented
47 as a result of the Study conducted in accordance with this section shall be narrowly tailored to
48 eliminate the effects of historical and continuing discrimination and its impacts on such
49 disadvantaged minority-owned and women-owned businesses without any undue burden on
50 other contractors. The Department shall give equal opportunity for contracts it lets without

1 regard to race, religion, color, creed, national origin, sex, age, or handicapping condition, as
2 defined in G.S. 168A-3, to all contractors and businesses otherwise qualified.

3 (c) The following definitions apply in this section:

4 (1) "Disadvantaged ~~business~~Business" has the same meaning as "disadvantaged
5 business enterprise" in 49 C.F.R. § 26.5 Subpart A or any subsequently
6 promulgated replacement regulation.

7 (2) "Minority" includes only those racial or ethnicity classifications identified by
8 a study conducted in accordance with this section that have been subjected to
9 discrimination in the relevant marketplace and that have been adversely
10 affected in their ability to obtain contracts with the Department.

11 (3) "Women" means nonminority persons born of the female sex.

12 (d) The Department shall report ~~semiannually~~annually to the Joint Legislative
13 Transportation Oversight Committee on the utilization of disadvantaged minority-owned
14 businesses and women-owned businesses and any program adopted to promote contracting
15 opportunities for those businesses. Following each study of availability and utilization, the
16 Department shall report to the Joint Legislative Transportation Oversight Committee on the
17 results of the study for the purpose of determining whether the provisions of this section should
18 continue in force and effect.

19 (e) This section expires August 31, ~~2010~~ 2014."

20 **SECTION 10.** G.S. 136-89.189 reads as rewritten:

21 "**§ 136-89.189. Turnpike Authority revenue bonds.**

22 The Authority shall be a municipality for purposes of Article 5 of Chapter 159 of the
23 General Statutes, the State and Local Government Revenue Bond Act, and may issue revenue
24 bonds pursuant to that Act to pay all or a portion of the cost of a Turnpike Project or to refund
25 any previously issued bonds. In connection with the issuance of revenue bonds, the Authority
26 shall have all powers of a municipality under the State and Local Government Revenue Bond
27 Act, and revenue bonds issued by the Authority shall be entitled to the protection of all
28 provisions of the State and Local Government Revenue Bond Act.

29 Except as provided in this section, the provisions of Chapter 159 of the General Statutes,
30 the Local Government Finance Act, apply to revenue bonds issued by the Turnpike Authority.

31 (1) The term of a lease between the Turnpike Authority and the Department
32 executed prior to July 27, 2009, for all or any part of a Turnpike Project may
33 exceed 40 years, as agreed by the Authority and the Department.

34 (2) The maturity date of a refunding bond may extend to the earlier of the
35 following:

36 a. Forty years from the date of issuance of the refunding bond.

37 b. The date the Turnpike Authority determines is the maturity date
38 required for the Turnpike Project funded with the refunding bonds to
39 generate sufficient revenues to retire the refunding bonds and any
40 other outstanding indebtedness issued for that Project. The
41 Authority's determination of the appropriate maturity date is
42 conclusive and binding. In making its determination, the Authority
43 may take into account appropriate financing terms and conventions."

44 **SECTION 11.** G.S. 143B-348 reads as rewritten:

45 "**§ 143B-348. Department of Transportation – head; rules, regulations, etc., of Board of**
46 **Transportation.**

47 The Secretary of Transportation shall be the head of the Department of Transportation. He
48 shall carry out the day-to-day operations of the Department and shall be responsible for
49 carrying out the policies, programs, priorities, and projects approved by the Board of
50 Transportation. He shall be responsible for all other transportation matters assigned to the
51 Department of Transportation, except those reserved to the Board of Transportation by statute.

1 Except as otherwise provided for by statute, the Secretary shall have all the powers and duties
 2 as provided for in Article 1 of Chapter 143B including the responsibility for all management
 3 functions for the Department of Transportation. The Secretary shall be vested with authority to
 4 adopt design criteria, construction specifications, and standards as required for the Department
 5 of Transportation to construct and maintain highways, bridges, and ferries. The Secretary or the
 6 Secretary's designee shall be vested with authority to promulgate rules and regulations
 7 concerning all transportation functions assigned to the Department.

8 All rules, regulations, ordinances, specifications, standards, and criteria adopted by the
 9 Board of Transportation and in effect on July 1, 1977, shall continue in effect until changed by
 10 the Board of Transportation or the Secretary of Transportation. The Secretary shall have
 11 complete authority to modify any of these matters existing on July 1, 1977, except as
 12 specifically restricted by the Board. Whenever any such criteria, rule, regulation, ordinance,
 13 specification, or standards are continued in effect under this section and the words "Board of
 14 Transportation" are used, the words shall mean the "Department of Transportation" unless the
 15 context makes such meaning inapplicable. All actions pending in court by or against the Board
 16 of Transportation may continue to be prosecuted in that name without the necessity of formally
 17 amending the name to the Department of Transportation."

18 **SECTION 12.** G.S. 143B-350(f)(4) reads as rewritten:

19 "(f) Duties of the Board. – The Board of Transportation has the following duties and
 20 powers:

21 ...

22 (4) To approve a schedule of all major transportation improvement projects and
 23 their anticipated ~~cost for a period of seven years into the future.~~ cost. This
 24 schedule is designated the Transportation Improvement Program; it must be
 25 published and copies must be available for distribution. The document that
 26 contains the Transportation Improvement Program, or a separate document
 27 that is published at the same time as the Transportation Improvement
 28 Program, must include the anticipated funding sources for the improvement
 29 projects included in the Program, a list of any changes made from the
 30 previous year's Program, and the reasons for the changes.

31"

32 **SECTION 13.** G.S. 143B-350(f)(13) is repealed.

33 **SECTION 14.** G.S. 159-81(1) reads as rewritten:

34 "§ 159-81. **Definitions.**

35 The words and phrases defined in this section shall have the meanings indicated when used
 36 in this Article:

37 (1) "Municipality" means a county, city, town, incorporated village, sanitary
 38 district, metropolitan sewerage district, metropolitan water district, county
 39 water and sewer district, water and sewer authority, hospital authority,
 40 hospital district, parking authority, special airport district, special district
 41 created under Article 43 of Chapter 105 of the General Statutes, regional
 42 public transportation authority, regional transportation authority, regional
 43 natural gas district, regional sports authority, airport authority, joint agency
 44 created pursuant to Part 1 of Article 20 of Chapter 160A of the General
 45 Statutes, a joint agency authorized by agreement between two cities to
 46 operate an airport pursuant to G.S. 63-56, and the North Carolina Turnpike
 47 Authority ~~created pursuant to~~ described in Article 6H of Chapter 136 of the
 48 General ~~Statutes,~~ Statutes and transferred to the Department of
 49 Transportation pursuant to G.S. 136-89.182(b), but not any other forms of
 50 State or local government.

51"

1

SECTION 15. This act is effective when it becomes law.