

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

FILED SENATE
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S.B. 936

PRINCIPAL CLERK

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SENATE DRS85267-ME-166 (05/23)

Short Title: Study State-Owned Bank.

(Public)

Sponsors: Senator Kinnaird.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A JOINT LEGISLATIVE STUDY COMMISSION TO STUDY THE FEASIBILITY OF ESTABLISHING THE "NORTH CAROLINA INVESTMENT TRUST," WHICH WOULD BE A STATE-OWNED BANK RECEIVING DEPOSITS OF STATE FUNDS.

The General Assembly of North Carolina enacts:

SECTION 1. There is established the Commission to Study the Feasibility of Establishing the North Carolina Investment Trust, which would be a State bank receiving deposits of State funds. The Commission shall study how the creation of such a trust could strengthen economic and community development, provide financial stability to businesses, reduce the cost paid by State government for banking services, and provide for excess earnings of the trust to be used to supplement General Fund purposes.

SECTION 2. The Commission shall be composed of 16 members as follows:

- (1) Three members of the Senate, appointed by the President Pro Tempore of the Senate.
- (2) Three members of the House of Representatives, appointed by the Speaker of the House of Representatives.
- (3) Three members to be appointed by the Governor, one of whom shall be a nationally recognized expert in the area of public finance with expertise in the area of state-owned banking institutions and one of whom should be a member of the public representing consumer interests.
- (4) The State Treasurer or her or his designee.
- (5) The State Controller or her or his designee
- (6) A representative from the Office of State Budget and Management.
- (7) One member of the banking community and one member of a consumer advocacy organization, both appointed by the President Pro Tempore of the Senate.
- (8) One member of the banking community and one member of a consumer advocacy organization, both appointed by the Speaker of the House of Representatives.

SECTION 3. Vacancies on the Commission shall be filled by the appointing authority. The Commission shall be chaired by a senator and a representative designated by the appointing authority. A quorum of the Commission shall be eight members. The Commission, while in the discharge of its official duties, may exercise all powers provided for under



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1 G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request all
2 officers, agents, agencies, and departments of the State to provide any information, data, or
3 documents within their possession, ascertainable from their records, or otherwise available to
4 them.

5 **SECTION 4.** The Commission may meet at any time upon the call of the chairs.
6 The Commission may meet in the Legislative Building, the Legislative Office Building, or any
7 other location as agreed upon by the Commission. The Commission may contract for
8 professional, clerical, or consultant services as provided by G.S. 120-32.02.

9 **SECTION 5.** The Commission shall hold at least five public meetings in distinct
10 geographic regions of the State.

11 **SECTION 6.** The Legislative Services Commission, through the Legislative
12 Services Officer, shall assign professional staff to assist the Commission in its work. The
13 House of Representatives' and Senate's Directors of Legislative Assistants shall assign clerical
14 staff to the Commission, and the expenses relating to the clerical employees shall be borne by
15 the Commission. Members of the Commission shall receive subsistence and travel expenses at
16 the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

17 **SECTION 7.** The Commission shall study the following issues related to the
18 establishment of the "North Carolina Investment Trust," including, but not limited to, the
19 following:

- 20 (1) Supporting the economic development of North Carolina by increasing
21 access to capital for businesses in the State.
- 22 (2) Providing financing for housing development, public works infrastructure,
23 educational infrastructure, student loans, and community quality of life
24 projects.
- 25 (3) Providing stability to the local financial sector.
- 26 (4) Reducing the cost paid by State government for banking services.
- 27 (5) Lending capital to banks, credit unions, and nonprofit community
28 development financial institutions to assist in meeting their goals of
29 increasing access to capital and providing banking services.
- 30 (6) Managing trust funds for 529 College Savings Fund matching grants for
31 low-income families.
- 32 (7) Providing capital for continued expansion of the State's workforce
33 contingent student aid loans.
- 34 (8) Undertake a general assessment of the State's current network of public and
35 private financial resources and assess the impact on government services,
36 including public and private banking services, for the purpose of identifying
37 potential areas of State trust focus.
- 38 (9) Among other resource issues, the Commission shall consider, at a minimum,
39 how a State trust could be designed to generate earnings beyond those
40 necessary for continued operation of the trust, which could be used to
41 supplement the General Fund.
- 42 (10) Examine various administrative and operational structures for organizing a
43 trust, including, but not limited to, boards of directors, sources of deposits,
44 oversight and audit of financial activities, and guarantees of financial
45 products.
- 46 (11) Consider options for integrating a state trust model into the existing State
47 financial resource network, including, but not limited to, ideas such as
48 lending capital to banks and credit unions and whether the North Carolina
49 Investment Trust should be created as a separate entity or involving, using,
50 modifying, or expanding the existing financial infrastructure or the functions
51 of any other State agency.

- 1 (12) The manner in which the trust should be regulated to protect the safety and
- 2 soundness of the institution and its depositors and to avoid conflicts of
- 3 interest that could arise from State or federal regulation of the trust.
- 4 (13) The extent to which the trust should be allowed to compete with retail
- 5 banking establishments operating in North Carolina.
- 6 (14) The oversight of the trust to protect the interests of the State and the rights of
- 7 individuals and entities that may access the products or services, or both, of
- 8 the trust.
- 9 (15) An outline of transition actions necessary for establishing the trust.
- 10 **SECTION 8.** The Commission may make an interim report, including any
- 11 legislative recommendations, to the 2012 General Assembly, 2012 Regular Session, prior to its
- 12 convening and shall submit a final report, including any legislative recommendations, by the
- 13 end of the 2012 Regular Session of the General Assembly.
- 14 **SECTION 9.** This act is effective when it becomes law.