

Amendment One: Self-Financing Bonds

Overview

- Self-financing bonds are a powerful economic development tool used in 48 states in this country, including every state east of the Mississippi except North Carolina.
- An amendment to the N.C. Constitution is required before local governments can use this tool. North Carolinians will have an opportunity to vote for this financing tool in November 2004.
- North Carolinians for Jobs and Progress has been organized to develop, finance and conduct an aggressive statewide campaign to educate the voters on the merits of self-financing bonds.
- NCCBI has this issue as a top priority and is asking all local chambers to be their grassroots lobbyists among business.

Description

- Self-financing bonds (SFB) will be a tool that local governments (city/county) can choose but are not required to use.
- SFB will finance public improvements such as streets, water and sewer service and sidewalks in special development districts. They also will be used to help spur private development, including the re-use of abandoned textile or furniture factories.
- Unlike General Obligation Bonds, SFB do not require a vote of the people because it does not obligate full faith and credit.
- The net gain in property taxes, generated within the district by the improved property, will pay the debt created from bonds issues by the local government.
- When the debt is retired, total property taxes generated by the district will go into the general fund.
- Projects must be approved by independent and non-partisan N.C. Local Government Commission.
- Limits are placed on local governments' use of this tool. A total of only five percent of a government's jurisdiction can be in development districts.

Examples

1. A blighted section of a city can be renovated with a mixed-use of office, retail and resident; the local municipality may agree to construct a parking deck with self-financing bonds; the private developer would pay for all other development costs.
2. An industrial park could be jointly developed, with utilities being paid for by the self-financing bonds.