



STATE OF NORTH CAROLINA  
**DEPARTMENT OF STATE TREASURER**

State and Local Government Finance Division  
 and the Local Government Commission

JANET COWELL  
 TREASURER

T. VANCE HOLLOMAN  
 DEPUTY TREASURER

**Memorandum # 2010-28**

April 19, 2010

**TO:** Officials of Local Governments and Public Authorities and Their Independent Auditors

**FROM:** Tim Romocki, Director  
 Debt Management Section

**SUBJECT:** Update on Changes to Stimulus Bond Programs from Passage of the Jobs Bill (HR 2847)

This memorandum provides updated information on the Jobs Bill (HR 2847; P.L. 111-147) enacted by the U. S. Congress on March 17, 2010 that contains several changes in various bond programs originally authorized by the American Recovery and Reinvestment Act (ARRA) in February of 2009. The main provisions of the bill would allow local government units to sell four types of bonds that were previously only able to be issued as tax credit bonds and receive a Build America Bond-type payment from the U. S. Treasury instead of the bonds providing tax credits to investors.

Under this bill the U. S. Treasury will make direct payments to issuers of qualified school construction bonds (QSCBs) qualified zone academy bonds (QZABs), new clean renewable energy bonds (CREBs), and qualified energy conservation bonds (QECBs). For QSCBs and QZABs, local governmental units will receive payments from the U. S. Treasury equal to the lesser of 100% of the interest cost on the bonds or the tax credit rate that would apply if the bonds had been sold as tax-credit bonds. For CREBs and QECBs, local government units will receive payments equal to the lesser of 70% of the interest cost on the bonds or the tax credit rate. Under this program, the governmental units will receive the subsidy payments by filing form 8038CP within 45 days prior to each interest payments date.

Also on March 17, the U.S. Department of Treasury and the Department of Education announced \$11 billion in allocation authority to issue qualified school construction bonds under the American Recovery and Reinvestment Act of 2009 (Recovery Act). Qualified school construction bonds can be used to finance the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. The State received an allocation of \$188,591,000. Five qualifying large school districts received an additional allocation of \$88,467,000 as follows:

- Charlotte-Mecklenburg Schools \$25,051,000
- Cumberland County Schools \$14,805,000
- Forsyth County Schools \$14,162,000
- Guilford County Schools \$ 16,843,000
- Wake County Schools \$17,606,000

The Department of Public Instruction (DPI) has issued a memorandum dated March 26, 2010 to all school units regarding the new 2010 QSCB allocations for each unit as well as an application and the procedures and deadlines for using the new allocations. Applications for using the new allocations must be made to DPI by June 15, 2010. The memo and application instructions can be found on DPI's website at [schoolclearinghouse.org](http://schoolclearinghouse.org).

As additional information becomes available concerning these bonds, we will notify our local units. Our staff is available to provide additional information to any units or authorities who may have an interest in or need for these types of financing and the changes that have been enacted. For more information related to debt issues, please contact Jim Baker at (919) 807-2370 or [jim.baker@nctreasurer.com](mailto:jim.baker@nctreasurer.com) or Tim Romocki at 919-807-2360 or [tim.romocki@nctreasure.com](mailto:tim.romocki@nctreasure.com).