

NORTH CAROLINA GENERAL ASSEMBLY  
1973 SESSION

CHAPTER 494  
HOUSE BILL 710

AN ACT TO AMEND CHAPTER 780 OF THE 1971 SESSION LAWS, IN ORDER TO MAKE TECHNICAL AMENDMENTS TO SUBCHAPTER IV OF G.S. CHAPTER 159, AS ENACTED BY CHAPTER 780, AND TO MAKE CORRESPONDING AMENDMENTS TO EXISTING CHAPTERS OF THE GENERAL STATUTES.

The General Assembly of North Carolina enacts:

**Section 1.** Each time G.S. Chapter 159 is amended in this act, the amendment is to Chapter 159 as enacted by Section 1 of Chapter 780 of the 1971 Session Laws and as G.S. Chapter 159 appears in Chapter 780.

**Sec. 2.** G.S. 159-43(b) is amended by rewriting the second sentence thereof to read as follows:

"To this end, all provisions of special, local, or private acts in effect as of July 1, 1973, authorizing the issuance of bonds or notes secured by a pledge of the taxing power or prescribing procedures therefor are repealed. No special, local, or private act enacted or taking effect after July 1, 1973, may be construed to modify, amend, or repeal any portion of this Article unless it expressly so provides by specific reference to the appropriate section of this Article."

**Sec. 3.** G.S. 159-44 is amended by rewriting paragraph (1) as follows:

"(1) 'Unit', 'unit of local government', or 'local government' means counties; cities, towns, and incorporated villages; sanitary districts; mosquito control districts; hospital districts; metropolitan sewerage districts; and metropolitan water districts."

**Sec. 4.** G.S. 159-48 is rewritten to read as follows:

"§ 159-48. **For what purposes bonds may be issued** — (a) Each unit of local government is authorized to borrow money and issue its bonds under this Article in evidence thereof for any one or more of the following purposes:

- (1) To suppress riots, insurrections, or any extraordinary breach of law and order.
- (2) To supply an unforeseen deficiency in the revenue when taxes actually received or collected during the fiscal year fall below collection estimates made in the annual budget ordinance within the limits prescribed in G.S. 159-13.
- (3) To meet emergencies threatening the public health or safety, as conclusively determined in writing by the Governor.
- (4) To refund outstanding revenue bonds or revenue bond anticipation notes.
- (5) To refund outstanding general obligation bonds or general obligation bond anticipation notes.
- (6) To fund judgments for specified sums of money entered against the unit by a court of competent jurisdiction.
- (7) To fund valid, existing obligations of the unit not incurred by the borrowing of money.

(b) Each county and city is authorized to borrow money and issue its bonds under this Article in evidence thereof for the purpose of paying any capital costs of any one or more of the following:

- (1) Providing airport facilities, including without limitation related land, landing fields, runways, clear zones, lighting, navigational and signal systems, hangars, terminals, offices, shops, and parking facilities.
- (2) Providing armories for the North Carolina National Guard.
- (3) Providing auditoriums, coliseums, arenas, stadiums, civic centers, convention centers, and facilities for exhibitions, athletic and cultural events, shows, and public gatherings.
- (4) Providing beach improvements, including without limitation jetties, seawalls, groins, moles, sand dunes, vegetation, additional sand, pumps and related equipment, and drainage channels, for the control of beach erosion and the improvement of beaches.
- (5) Providing cemeteries.
- (6) Providing facilities for fire fighting and prevention, including without limitation headquarters buildings, station buildings, training facilities, hydrants, alarm systems, and communications systems.
- (7) Providing hospital facilities, including without limitation general, tuberculosis, mental, chronic disease, and other types of hospitals and related facilities such as laboratories, outpatient departments, nurses' homes and training facilities, and central service facilities operated in connection with hospitals; facilities for the provision of public health services, including related facilities such as laboratories, clinics, and administrative offices; facilities specially designed for the diagnosis, treatment, education, training, or custodial care of the mentally retarded, including facilities for training specialists and sheltered workshops for the mentally retarded; nursing homes; and in connection with the foregoing, laundries, nurses', doctors', or interns' residences, administrative buildings, research facilities, maintenance, storage, and utility facilities, auditoriums, dining halls, food service and preparation facilities, fire prevention facilities, mental and physical health care facilities, dental care facilities, nursing schools, mental teaching facilities, offices, parking facilities, and other supporting service structures.
- (8) Providing land for corporate purposes.
- (9) Providing facilities for law enforcement, including without limitation headquarters buildings, station buildings, jails and other confinement facilities, training facilities, alarm systems, and communications systems.
- (10) Providing library facilities, including without limitation fixed and mobile libraries.
- (11) Providing art galleries, museums, and art centers, and providing for historic properties.
- (12) Providing parking facilities, including on and off-street parking, and in connection therewith any area or place for the parking and storing of automobiles and other vehicles open to public use, with or without charge, including without limitation meters, buildings, garages, driveways, and approaches.
- (13) Providing parks and recreation facilities, including without limitation land, athletic fields, parks, playgrounds, recreation centers, shelters, stadiums, arenas, permanent and temporary stands, golf courses, swimming pools, wading pools, marinas, and lighting.

- (14) Providing public buildings, including without limitation buildings housing courtrooms, other court facilities, and council rooms, office buildings, public markets, public comfort stations, warehouses, and yards.
- (15) Providing public vehicles, including without limitation those for law enforcement, fire fighting and prevention, sanitation, street paving and maintenance, safety and public health, and other corporate purposes.
- (16) Providing for redevelopment through the acquisition of land and the improvement thereof for assisting local redevelopment commissions.
- (17) Providing sanitary sewer systems, including without limitation facilities for the collection, treatment, and disposal of sewage.
- (18) Providing solid waste disposal systems, including without limitation land for sanitary land fills, incinerators, and other structures and buildings.
- (19) Providing storm sewers and flood control facilities, including without limitation levees, dikes, diversionary channels, drains, catch basins, and other facilities for storm water drainage.
- (20) Providing voting machines.
- (21) Providing water systems, including without limitation facilities for the supply, storage, treatment, and distribution of water.
- (22) Providing for any other purpose for which it is authorized, by general laws uniformly applicable throughout the State, to raise or appropriate money, except for current expenses.

(c) Each county is authorized to borrow money and issue its bonds under this Article in evidence thereof for the purpose of, in the case of paragraphs (1) to (4), inclusive, paying any capital costs of any one or more of the purposes mentioned therein and, in the case of paragraph (5), to finance the cost thereof:

- (1) Providing community college and technical institute facilities, including without limitation buildings, plants, and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, student unions, dormitories, gymnasiums, athletic fields, cafeterias, utility plants, and garages.
- (2) Providing courthouses, including without limitation offices, meeting rooms, court facilities and rooms, and detention facilities.
- (3) Providing county homes for the indigent and infirm.
- (4) Providing school facilities, including without limitation school houses, buildings, plants and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, gymnasiums, athletic fields, lunch rooms, utility plants, garages, and school buses and other necessary vehicles.
- (5) Providing for the octennial revaluation of real property for taxation.

(d) Each city is authorized to borrow money and issue its bonds under this Article in evidence thereof for the purpose of paying any capital costs of any one or more of the following:

- (1) Providing mass transit facilities, including without limitation equipment for public transportation, buses, surface and below ground railways, ferries, and garage facilities.
- (2) Providing cable television systems.
- (3) Providing electric systems, including without limitation facilities for the generation, transmission, and distribution of electric light and power.

- (4) Providing gas systems, including without limitation facilities for the storage, transmission and distribution of gas.
- (5) Providing streets and sidewalks, including without limitation bridges, viaducts, causeways, overpasses, underpasses, and alleys; paving, grading, resurfacing, and widening streets; sidewalks, curbs and gutters, culverts, and drains; traffic controls, signals, and markers; lighting; and grade crossings and the elimination thereof and grade separations.

(e) Each sanitary district, mosquito control district, hospital district, metropolitan sewerage district, and metropolitan water district is authorized to borrow money and issue its bonds under this Article in evidence thereof for the purpose of paying any capital costs of any one or more of the purposes for which it is authorized, by general laws uniformly applicable throughout the State, to raise or appropriate money, except for current expenses.

(f) For any of the purposes authorized by subsections (b), (c), (d), or (e) of this section, a unit may do any of the following that it considers necessary or convenient:

- (1) Acquire, construct, erect, provide, develop, install, furnish, and equip; and
- (2) Reconstruct, remodel, alter, renovate, replace, refurbish, and re-equip; and
- (3) Enlarge, expand, and extend; and
- (4) Demolish, relocate, improve, grade, drain, landscape, pave, widen, and resurface.

(g) Bonds for two or more unrelated purposes, not of the same general class or character, shall not be authorized by the same bond order. However, bonds for any of the purposes listed in any paragraph of any subsection of this section shall be deemed to be for one purpose and may be authorized by the same bond order. In addition, nothing herein may be deemed to prohibit the combining of purposes from any of such paragraphs and the authorization of bonds therefor by the same bond order to the extent that the purposes are not unrelated.

(h) As used in this section, 'capital costs' include, without limitation, the following:

- (1) The costs of doing any or all of the things mentioned in subsection (f) of this section; and
- (2) The costs of all property, both real and personal and both improved and unimproved, plants, works, appurtenances, structures, facilities, furnishings, machinery, equipment, vehicles, easements, water rights, franchises, and licenses used or useful in connection with the purpose authorized; and
- (3) The costs of demolishing or moving structures from land acquired and acquiring any lands to which such structures are to be moved; and
- (4) Financing charges, including estimated interest during construction and for six months thereafter; and
- (5) The costs of plans, specifications, studies and reports, surveys, and estimates of costs and revenues; and
- (6) The costs of bond printing and insurance; and
- (7) Administrative and legal expenses; and
- (8) Any other services, costs, and expenses necessary or incidental to the purpose authorized.

(i) This section does not authorize any unit to undertake any program, function, joint undertaking, or service not otherwise authorized by law. It is intended only to authorize the borrowing of money and the issuance of bonds within the limitations set out herein to finance programs, functions, joint undertakings, or services authorized by other portions of the General Statutes or by city charters."

**Sec. 5.** G.S. 159-49 is rewritten to read as follows:

"§ 159-49. When a vote of the people is required. — Bonds may be issued under this Article only if approved by a vote of the qualified voters of the issuing unit as provided in this Article, except that voter approval shall not be required for:

- (1) Bonds issued for any purpose authorized by G.S. 159-48(a)(1), (2), (3), or (5).
- (2) Bonds issued by a county or city for any purpose authorized by G.S. 159-48(a)(4), (6), or (7) or G.S. 159-48(b), (c), or (d) (except purposes authorized by G.S. 159-48(b)(3), (11), (16), or (22) or by G.S. 159-48(d)(1) or (2)) in an aggregate principal sum not exceeding two-thirds of the amount by which the outstanding indebtedness of the issuing county or city has been reduced during the next preceding fiscal year. Pursuant to Article V, subsection 4(2) of the Constitution, the General Assembly hereby declares that the purposes authorized by G.S. 159-48(a)(4), (6), and (7) and by G.S. 159-48(b),(c),and(d) (except purposes authorized by G.S. 159-48(b)(3), (11), (16), or (22) or by G.S. 159-48(d)(1) or (2)) are purposes for which bonds may be issued without a vote of the people, to the extent of two-thirds of the amount by which the outstanding indebtedness of the issuing county or city was reduced in the last preceding fiscal year."

**Sec. 6.** G.S. 159-54 is amended as follows:

- (a) Subparagraph (1) is rewritten to read as follows:

"(1) Briefly and generally and without specification of location or material of construction, the purpose for which the bonds are to be issued, but not more than one purpose may be stated. For funding or refunding bonds a brief description of the debt, judgment, or obligation to be funded or refunded shall be sufficient."
- (b) Subparagraph (7) is rewritten to read as follows:

"(7) If the bonds are issued pursuant to G.S. 159-48(a)(1), (2), (3), or (5), that the bond order will take effect upon its adoption. If the bonds are to be issued pursuant to G.S. 159-48(a)(4), (6), or (7) or G.S. 159-48(b), (c), or (d) and are not to be submitted to the voters, that the bond order will take effect 30 days after its publication following adoption, unless it is petitioned to a vote of the people as provided in G.S. 159-60, and that in that event the order will take effect when approved by the voters."
- (c) The third and final unnumbered paragraph of the section is deleted.

**Sec. 7.** (a) G.S. 159-55(a) is amended by rewriting subparagraph (1) to read as follows:

- (1) The gross debt of the unit, excluding therefrom debt incurred or to be incurred in anticipation of the collection of taxes or other revenues or in anticipation of the sale of bonds other than funding and refunding bonds. The gross debt (after exclusions) is the sum of (i) outstanding debt evidenced by bonds, (ii) bonds authorized by orders introduced but not yet adopted, (iii) unissued bonds authorized by adopted orders, and (iv) outstanding debt not evidenced by bonds. However, for purposes of the sworn statement of debt and the debt limitation, revenue bonds shall not be considered debt and such bonds shall not be included in gross debt nor deducted from gross debt."

(b) G.S. 159-55(a)(2) is amended by rewriting subparagraphs f. and g. to read as follows:

- f. The amount of uncollected special assessments theretofore levied for local improvements for which any part of the gross debt (that is not otherwise deducted) was or is to be incurred, to the extent that the

assessments will be applied, when collected, to the payment of any part of the gross debt.

- g. The amount, as estimated by the governing board of the issuing unit or an officer designated by the board for this purpose, of special assessments to be levied for local improvements for which any part of the gross debt (that is not otherwise deducted) was or is to be incurred, to the extent that the special assessments, when collected, will be applied to the payment of any part of the gross debt."

**Sec. 8.** G.S. 159-60 is amended by rewriting the third paragraph to read as follows:

"This section does not apply to bonds issued pursuant to G.S. 159-48(a)(1), (2), (3), or (5)."

**Sec. 9.** (a) G.S. 159-61(b) is amended by rewriting the third sentence thereof to read as follows:

"A special bond referendum may not be held within 30 days before or 10 days after a statewide primary, election, or referendum, or within 30 days before or 10 days after any other primary, election, or referendum to be held in the same unit holding the bond referendum and already validly called or scheduled by law at the time the bond referendum is called."

(b) G.S. 159-61(d) is amended by rewriting the ballot question to read as follows:

"Shall the order authorizing \$\_\_\_\_\_ bonds for (briefly stating the purpose) be approved?

YES

NO."

(c) G.S. 159-61(e) is amended by rewriting the portion of the subsection within quotation marks to read as follows:

"Any action or proceeding challenging the regularity or validity of this bond referendum must be begun within 30 days

(date of publication).

after \_\_\_\_\_  
(title of governing board)."

**Sec. 10.** G.S. 159-65 is amended by rewriting the section title and the first sentence, to read as follows:

"§ 159-65. **Resolution fixing the details of the bonds.** — After the bond order has been adopted, the board shall adopt a resolution fixing the details of the bonds."

**Sec. 11.** The first paragraph of G.S. 159-72 is rewritten as follows:

"§ 159-72. **Purposes for which funding and refunding bonds may be issued; when such bonds may be issued.** — A unit of local government may issue funding or refunding bonds for the purposes listed in G.S. 159-48(a)(4), (5), (6), or (7). Funding or refunding bonds may be issued if the debt, judgment, or other obligation to be paid is payable at the time of the passage of the bond order or within one year thereafter, or if the debt or obligation to be refinanced is to be cancelled prior to its maturity and simultaneously with the issuance of the refunding bonds."

**Sec. 12.** G.S. 159-75 is amended by deleting the reference to "G.S. 159-76" in the second paragraph thereof and inserting in lieu thereof "G.S. 159-74."

**Sec. 13.** G.S. 159-76 is amended by rewriting the first sentence thereof, to read as follows: "All bonds and notes issued before March 26, 1931, for which the issuing unit received an amount of money not less than the face amount of the bonds or notes and the proceeds of which have been spent for public purposes, and all bonds and notes subsequently issued to refund all or any portion of those bonds or notes, are hereby validated notwithstanding any lack of statutory authority or failure to observe any statutory provisions concerning the issuance of the bonds or notes."

**Sec. 14.** G.S. 159-80 is amended as follows:

(a) The title of the section is rewritten as follows: "Short title: repeal of local acts."

(b) The present paragraph is numbered subsection (a).

(c) A new paragraph, numbered subsection (b), is added as follows:

"(b) It is the intent of the General Assembly by enactment of this Article to prescribe a uniform system of limitations upon and procedures for the exercise by all municipalities in North Carolina of the power to finance revenue bond projects through the issuance of revenue bonds and notes. To this end, all provisions of special, local, or private acts in effect as of July 1, 1973, authorizing the issuance of bonds or notes secured solely by the revenues of the projects for which the bonds or notes are issued or prescribing procedures therefor are repealed. No special, local or private act enacted or taking effect after July 1, 1973, may be construed to modify, amend, or repeal any portion of this Article unless it expressly so provides by specific reference to the appropriate section of this Article."

**Sec. 15.** G.S. 159-81 is amended as follows:

(a) Paragraph (3)d. is rewritten as follows:

"d. Systems, facilities and equipment for the collection, treatment, or disposal of solid waste."

(b) Paragraph (4) is rewritten as follows:

"(4) 'Municipality' means a county, city, town, incorporated village, sanitary district, metropolitan sewerage district, metropolitan water district, water and sewer authority, hospital authority, hospital district, parking authority, and airport authority but not any other form of local government."

**Sec. 16.** G.S. 159-82 is amended by rewriting the second sentence thereof to read as follows:

"Its provisions are intended to vest authority in and enable municipalities to secure and pay revenue bonds and the interest thereon solely out of revenues without pledging the faith and credit of the municipality."

**Sec. 17.** G.S. 159-83(a) is amended as follows:

(a) Paragraph (1) is rewritten as follows:

"(1) To acquire by gift, purchase, or exercise of the power of eminent domain, or to construct, reconstruct, improve, maintain, better, extend, and operate, one or more revenue bond projects or any portion thereof without regard to location within or without its boundaries, upon determination by resolution of the governing board that a location wholly or partially outside its boundaries is necessary and in the public interest".

(b) The second sentence of paragraph (6) is rewritten as follows: "The rates, fees, rentals, tolls, and charges so fixed and charged shall be such as will produce revenues at least sufficient with any other available funds to meet the expense of maintenance and operation of and renewals and replacements to the revenue bond project, including reserves therefor, to pay when due the principal, interest, and redemption premiums (if any) on all revenue bonds or bond anticipation notes secured thereby, and to fulfill the terms of any agreements made by the issuing municipality with the holders of revenue bonds issued to finance all or any portion of the cost of the project".

(c) Paragraph (7) is rewritten as follows:

"(7) To pledge all or part of any proceeds derived from the use of on-street parking meters to the payment of the cost of operating, maintaining, and improving parking facilities whether on-street or off-street, and the principal of and the interest on revenue bonds or bond anticipation notes issued for on-street or off-street parking facilities."

(d) Paragraph (8) is rewritten to read as follows:

"(8) To pledge to the payment of its revenue bonds or bond anticipation notes and interest thereon revenues from one or more revenue bond projects and any leases or agreements to secure such payment, including revenues from improvements, betterments, or extensions to such projects thereafter

constructed or acquired as well as the revenues from existing systems, plants, works, instrumentalities, and properties of the projects to be improved, bettered, or extended."

**Sec. 18.** G.S. 159-85 is amended as follows:

(a) In the first paragraph of the section, the word "unit", which appears in the second and third sentences, is deleted each time it appears and the word "municipality" inserted in its stead.

(b) In the third paragraph of the section, the word "unit", which appears in each sentence in the paragraph, is deleted each time it appears and the word "municipality" inserted in its stead.

**Sec. 19.** G.S. 159-88 is rewritten to read as follows:

"§ 159-88. **Adoption of revenue bond order.** — At any time after the Commission approves an application for the issuance of revenue bonds, the governing board of the issuing municipality may adopt a revenue bond order pursuant to this Article.

Notwithstanding the provisions of any city charter, general law, or local act, a revenue bond order may be introduced at any regular or special meeting of the governing board and adopted at such a meeting by a simple majority of those present and voting, a quorum being present, and need not be published or subjected to any procedural requirements governing the adoption of ordinances or resolutions by the governing board other than the procedures set out in this Article. Revenue bond orders are not subject to the provisions of any city charter or local act concerning initiative or referendum."

**Sec. 20.** G.S. 159-93 is rewritten to read as follows:

"§ 159-93. **Agreement of the State.** — The State of North Carolina does pledge to and agree with the holders of any revenue bonds or revenue bond anticipation notes heretofore or hereafter issued by any municipality in this State that so long as any of such bonds or notes are outstanding and unpaid the State will not limit or alter the rights vested in the municipality at the time of issuance of the bonds or notes to establish, maintain, revise, charge, and collect such rates, fees, rentals, tolls, and other charges for the use, services, facilities, and commodities of or furnished by the revenue bond project in connection with which the bonds or notes, or bonds or notes refunded by the bonds or notes, were issued as shall produce revenues at least sufficient with other available funds to meet the expense of maintenance and operation of and renewals and replacements to such project, including reserves therefor, to pay when due the principal, interest, and redemption premiums (if any) of the bonds or notes, and to fulfill the terms of any agreements made with the bondholders or noteholders, nor will the State in any way impair the rights and remedies of the bondholders or noteholders until the bonds or notes and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders or noteholders, are fully paid, met, and discharged."

**Sec. 21.** G.S. 159-95 is amended by striking all of the section after the words and punctuation "North Carolina Utilities Commission."

**Sec. 22.** G.S. 159-121 is rewritten to read as follows:

"§ 159-121. **Coupon or registered bonds to be issued.** — Bonds may be issued as (i) coupon bonds payable to bearer, (ii) coupon bonds registrable as to principal only or as to both principal and interest, or (iii) bonds without coupons registered as to both principal and interest. Each issuing unit may appoint or designate a bond registrar who shall be charged with the duty of attending to the registration and the registration of transfer of bonds."

**Sec. 23.** G.S. 159-122(a) is rewritten to read as follows:

"(a) Except as provided in this subsection, the last installment of each bond issue shall mature not later than the date of expiration of the period of usefulness of the capital project to be financed by the bond issue, computed from the date of the bonds. The last installment of a refunding bond issue issued pursuant to G.S. 159-48(a)(4) or (5) shall mature not later than either (i) the shortest period, but not more than 40 years, in which the debt to be refunded can

be finally paid without making it unduly burdensome on the taxpayers of the issuing unit, as determined by the Commission, computed from the date of the bonds, or (ii) the end of the unexpired period of usefulness of the capital project financed by the debt to be refunded. The last installment of bonds issued pursuant to G.S. 159-48(a)(1), (2), (3), (6), or (7) shall mature not later than 10 years after the date of the bonds, as determined by the Commission. The last installment of bonds issued pursuant to G.S. 159-48(c)(5) shall mature not later than eight years after the date of the bonds, as determined by the Commission."

**Sec. 24.** G.S. 159-129 is rewritten to read as follows:

"§ 159-129. **Obligations of units certified by Commission.** — Each bond or bond anticipation note shall bear on its face or reverse a certificate signed by the Secretary of the Commission or an assistant designated by him that the issuance of the bond or note has been approved under the provisions of The Local Government Bond Act or The Local Government Revenue Bond Act. The certificate shall be conclusive evidence that the requirements of this Subchapter have been observed, and no bond or note without the Commission's certificate shall be valid."

**Sec. 25.** G.S. 159-130 is rewritten to read as follows:

"§ 159-130. **Record of issues kept.** — The Secretary shall make a record of all bonds and notes issued under this Subchapter, showing the name of the issuing unit, the amount, date, the time fixed for payment of principal and interest, the rate of interest, the place at which the principal and interest will be payable, the denominations, the purpose of issuance, the name of the board in which is vested the authority and power to levy taxes or raise other revenues for the payment of the principal and interest thereof, and a reference to the law under which the bonds or notes were issued. The clerk of the issuing unit shall file with the Secretary copies of all proceedings of the board in authorizing the bonds or notes, his certificate that they are correctly recorded in a bound book of the minutes and proceedings of the board, and a notation of the pages or other identification of the exact portion of the book in which the records appear."

**Sec. 26.** G.S. 159-131 is amended by rewriting the first two sentences to read as follows: "Any contract or agreement made by any unit with any person, firm, or corporation for services to be rendered in drafting forms of proceedings for a proposed bond issue or a proposed issue of notes shall be void unless approved by the Commission. Before giving its certificate to bonds or notes, the Commission shall satisfy itself, by such evidence as it may deem sufficient, that no unapproved contract is in effect."

**Sec. 27.** G.S. 159-133 is rewritten as follows:

"§ 159-133. **Suit to enforce contract of sale.** — The Commission may enforce in any court of competent jurisdiction any contract or agreement made by the Commission for the sale of any bonds or notes of a unit."

**Sec. 28.** G.S. 159-135 is amended by rewriting the first sentence to read as follows:

"After payment of any notes issued in anticipation of the sale of the bonds and after payment of the cost of preparing, marketing, and issuing the bonds, the proceeds of the sale of a bond issue shall be applied only to the purposes for which the issue was authorized."

**Sec. 29.** G.S. 159-139 is amended as follows:

(a) The last sentence of "Method 1" is rewritten to read as follows: "Cancelled bonds, notes, or coupons shall not be destroyed until after one year from the date of payment."

(b) The last sentence of the first paragraph of "Method 2" is rewritten to read as follows: "Cancelled bonds or coupons shall not be destroyed until one year from the date of payment."

**Sec. 30.** G.S. Chapter 159. Article 7, is amended by adding a new section at the end thereof to read as follows:

"§ 159-140. 'Unit' defined. — As used in this Article, unless the context clearly requires another meaning, the words 'unit' or 'issuing unit' mean 'unit of local government' as defined in G.S. 159-44 and 'municipality' as defined in G.S. 159-81."

**Sec. 31.** G.S. 159-148 is amended by rewriting the first sentence of subsection (a), up to but not including paragraph (1), to read as follows: "Except as provided in subsection (b) of this section, this Article applies to any contract, agreement, memorandum of understanding, and any other transaction having the force and effect of a contract (other than agreements made in connection with the issuance of revenue bonds or of general obligation bonds additionally secured by a pledge of revenues) made or entered into by a unit of local government (as defined by G.S. 159-7(b)), relating to the lease, acquisition, or construction of capital assets, which contract".

**Sec. 32.** G.S. 159-151(a) is amended by rewriting paragraph (8), to read as follows: "(8) The unit's appraised and assessed value of property subject to taxation."

**Sec. 33.** G.S. 159-161 is amended as follows:

(a) The first sentence is rewritten, to read as follows: "At any time after a bond order has taken effect and with the approval of the Commission, the issuing unit may borrow money for the purposes for which the bonds are to be issued, in anticipation of the receipt of the proceeds of the sale of the bonds, and within the maximum authorized amount of the bond issue."

(b) The second sentence is amended by striking the first word ("Bond") and inserting in lieu thereof the words "General obligation bond".

(c) The third sentence is rewritten, to read as follows: "Any extension of the time for issuing bonds under a bond order granted by act of the General Assembly pursuant to G.S. 159-64 shall also extend the time for issuing and paying notes under this section for the same period of time."

**Sec. 34.** G.S. 159-164 is amended by striking the third sentence thereof and inserting in lieu thereof the following: "The governing board may authorize the issuance of bond anticipation notes by resolution which shall fix the maximum aggregate principal amount of the notes and may authorize any officer to fix, within the limitations prescribed by the resolution, the rate of interest, the place or places of payment, and the denomination or denominations of the notes. The notes shall be signed with the manual or facsimile signatures of officers designated by the governing board for that purpose, but at least one manual signature must appear on each note (which may be the signature of the representative of the Commission to the Commission's certificate)."

**Sec. 35.** G.S. 159-165 is rewritten as follows:

"§ 159-165. **Sale and delivery of bond anticipation notes.** — (a) Bond anticipation notes shall be sold by the Commission at public or private sale according to such procedures as the Commission may prescribe.

(b) When the bond anticipation notes are executed, they shall be delivered to the State Treasurer who shall deliver them to the order of the purchaser and collect the purchase price or proceeds. The Treasurer shall then deduct from the proceeds the Commission's expense in connection with the issue, and remit the net proceeds to the official depository of the unit after assurance that the deposit will be adequately secured as required by law. The net proceeds of revenue bond anticipation notes shall be remitted to the trustee or other depository specified in the trust agreement or resolution securing them. If the notes have been issued to renew outstanding notes, the Treasurer, in lieu of collecting the purchase price or proceeds may provide for the exchange of the newly issued notes for the notes to be renewed."

**Sec. 36.** G.S. Chapter 159, Article 9, is amended by inserting a new- section, numbered G.S. 159-166, to read as follows:

"§ 159-166. 'Unit' defined. — As used in this Part, the words 'unit' or 'issuing unit' mean 'unit of local government' as defined in G.S. 159-44 and 'municipality' as defined in G.S. 159-81."

**Sec. 37.** G.S. 159-169(b) is amended by rewriting that portion of the second sentence inside quotation marks, to read as follows:

"This note and all other tax anticipation notes of (issuing unit) authorized or outstanding as of (date) amount to fifty percent (50%) or less of the amount of taxes for the current fiscal year uncollected as of the above date."

**Sec. 38.** G.S. 159-170(b) is amended by rewriting that portion of the second sentence inside quotation marks, to read as follows:

"This note and all other revenue anticipation notes of (issuing unit) authorized or outstanding as of (date) amount to eighty percent (80%) or less of the budgeted nontax revenues for the current fiscal year as of the above date."

**Sec. 39.** G.S. 159-172 is rewritten to read as follows:

**"§ 159-172. Authorization and issuance of notes.** — (a) Notes issued under G.S. 159-169 and 159-170 shall be authorized by resolution of the governing board of the issuing unit. The resolution shall fix the maximum aggregate principal amount of notes to be issued thereunder, and may authorize any officer to fix, within the limitations prescribed by the resolution, the rate of interest, the place or places of payment, and the denomination or denominations of the notes. The notes shall be signed with the manual or facsimile signatures of officers designated by the governing board for that purpose, but at least one manual signature must appear on each note (which may be the signature of the representative of the Commission to the Commission's certificate). Several notes may be issued under one authorization so long as the aggregate principal amount of notes outstanding at any one time does not exceed the limits of the authorization.

(b) Before any notes may be issued pursuant to this Part, they must be approved by the Commission. In determining whether to approve the issuance of notes, the Commission may consider (i) the reasonableness of the budget estimates of the taxes or other revenues in anticipation of which the notes are to be issued, (ii) whether the amount of the notes, together with the amount of other authorized or outstanding notes issued or to be issued in anticipation of the same taxes or other revenues, exceeds the limitations prescribed in G.S. 159-169 or 159-170, as the case may be, and (iii) any other matters that the Commission considers to have a bearing on whether the issue should be approved. The Commission shall approve the issuance of the notes if, upon the information and evidence it receives, it finds and determines that (i) the issue is necessary and expedient, (ii) the budget estimates of the taxes or other revenues are reasonable, and (iii) the amount of the notes, together with the amounts of other authorized or outstanding notes issued or to be issued in anticipation of the same taxes or other revenues, do not exceed the appropriate limitations prescribed by this Part. An order approving an issue shall not be regarded as an approval of the legality of the notes in any respect.

(c) Notes issued under G.S. 159-169 and 159-170 shall be sold by the Commission at public or private sale according to such procedures as the Commission may prescribe. Each such note shall bear on its face or reverse a certificate signed by the Secretary of the Commission or an assistant designated by him that the issuance of the note has been approved under the provisions of The Local Government Finance Act. The certificate is conclusive evidence that the requirements of this Part have been observed, and no note without the Commission's certificate is valid.

(d) When the notes are executed, they shall be delivered to the State Treasurer who shall deliver them to the order of the purchaser and collect the purchase price or proceeds. The Treasurer shall then deduct from the proceeds the Commission's expense in connection with the issue, and remit the net proceeds to the official depository of the unit after assurance that the deposit will be adequately secured as required by law. If the notes have been issued to renew outstanding notes, the Treasurer, in lieu of collecting the purchase price or proceeds, may provide for the exchange of the newly issued notes for the notes to be renewed."

**Sec. 40.** G.S. Chapter 159, Article 9 is amended by adding a new section, numbered G.S. 159-173, to read as follows:

"§ 159-173. **'Unit' defined.** — For purposes of this Part, 'unit', 'unit of local government', or 'issuing unit' mean a 'unit of local government' as defined by G.S. 159-7(b) and a 'public authority' as defined by G.S. 159-7(b)."

**Sec. 41.** (a) G.S. 159-176 is amended near the end of the first sentence, twice in the second sentence, in the fifth sentence, and in the sixth sentence, by inserting immediately after the word "unit" each time it appears the words "or municipality".

(b) G.S. 159-177 is amended in the second sentence by inserting immediately after the word "unit" the words "or municipality".

(c) G.S. 159-178 is amended by inserting immediately after the word "unit" each of the two times it appears the words "or municipality".

(d) G.S. 159-176 is amended in the first sentence by inserting immediately after the word "unit's" the words "or municipality's".

(e) G.S. 159-177 is amended in the first sentence by inserting immediately after the word "unit's" each of the two times it appears the words "or municipality's".

(f) G.S. 159-178 is amended by inserting immediately after the word "unit's" the words "or municipality's".

**Sec. 42.** G.S. 159-177 is amended by inserting immediately after the word "budget" the first, second, and fourth times it appears in the section the word "ordinance".

**Sec. 43.** G.S. 159-181(a) and (b) are rewritten as follows:

"(a) If any finance officer, governing board member, or other officer or employee of any local government or public authority (as local government and public authority are defined in G.S. 159-7(b)) shall approve any claim or bill knowing it to be fraudulent, erroneous, or otherwise invalid, or make any written statement, give any certificate, issue any report, or utter any other document required by this Chapter, knowing that any portion of it is false, or shall willfully fail or refuse to perform any duty imposed upon him by this Chapter, he is guilty of a misdemeanor and upon conviction shall be fined not more than one thousand dollars (\$1,000) and forfeits his office, and shall be personally liable in a civil action for all damages suffered thereby by the unit or authority or the holders of any of its obligations.

(b) If any person embezzles any funds belonging to any local government or public authority, or appropriates to his own use any personal property having a value of more than fifty dollars (\$50.00) belonging to any local government or public authority, in addition to the crimes and punishment otherwise provided by law, upon conviction he forfeits his office or position and is forever thereafter barred from holding any office or place of trust or profit under the State of North Carolina or any political subdivisions thereof until the disability is removed in the manner provided for restoration of citizenship in Chapter 13 of the General Statutes."

**Sec. 44.** G.S. 159-182 is amended by rewriting the first sentence, to read as follows:

"If an officer or employee of a local government or public authority persists, after notice and warning from the Commission, in failing or refusing to comply with any provision of this Chapter, he forfeits his office or employment. The Commission may enter an order suspending the offender from further performance of his office or employment after first giving him notice and an opportunity to be heard in his own defense, pending the outcome of quo warranto proceedings."

**Sec. 45.** Chapter 780 of the 1971 Session Laws is amended by adding thereto a new section, numbered Section 37.4, to read as follows:

"Sec. 37.4(a). G.S. 131-126.33 is rewritten as follows:

"§ 131-126.33. **District is a municipal corporation.** — The inhabitants of a hospital district created pursuant to this Article are a body corporate and politic by the name specified by the North Carolina Medical Care Commission. Under that name they are vested with all the property and rights of property belonging to the corporation; have perpetual succession; may

sue and be sued; may contract and be contracted with; may acquire and hold any property, real and personal, devised, bequeathed, sold, or in any manner conveyed, dedicated to, or otherwise acquired by them, and from time to time may hold, invest, sell, or dispose of the same; may have a common seal and alter and renew it at will; and may exercise those powers conferred on them by this Article.'

(b) G.S. 131-126.34 is rewritten as follows:

**"§ 131-1 26.34. Bonds and notes authorized.** — A hospital district may from time to time issue general obligation and revenue bonds and bond anticipation notes pursuant to The Local Government Finance Act, for the purposes of paying all or part of the cost of planning and acquiring, establishing, developing, constructing, enlarging, improving, or equipping any type of hospital, clinic, or public health center, including related facilities such as laboratories, outpatient departments, nurses' homes, and training facilities operated in connection with hospitals, and the cost of purchasing sites within the district for any one or more of these purposes, including any public or nonprofit hospital facility.

A hospital district may from time to time issue tax and revenue anticipation notes pursuant to G.S. Chapter 159, Article 9, Part 2.'

(c) The following sections of G.S. Chapter 131 are repealed: G.S. 131-126.35, G.S. 131-126.36, G.S. 131-126.37, G.S. 131-126.38a., G.S. 131-126.40.

(d) G.S. 131-126.40b is amended by striking subsection (b) thereof and renumbering subsection (c) accordingly."

**Sec. 46.** Chapter 780 of the 1971 Session Laws is amended by adding thereto a new section, numbered Section 37.5, to read as follows:

"Sec. 37.5. (a) G.S. 162A-37 is rewritten as follows:

**"§ 162A-37. Bonds and notes authorized.** — A metropolitan water district may from time to time issue bonds and notes under The Local Government Finance Act.'

(b) The following sections of G.S. Chapter 162A are repealed: G.S. 162A-38, G.S. 162A-39, G.S. 162A-40, G.S. 162A-41, G.S. 162A-42, G.S. 162A-43, G.S. 162A-44, G.S. 162A-46, G.S. 162A-47, G.S. 162A-48, G.S. 162A-50, G.S. 162A-51, G.S. 162A-52."

**Sec. 47.** Chapter 780 of the 1971 Session Laws is amended as follows:

(a) A new Section 40.1 is added, to read as follows:

"Sec. 40.1. This act does not invalidate or impair any bond order, bond ordinance, or bond resolution in effect on the effective date of this act, which bond order, ordinance, or resolution was adopted pursuant to any general law or special, private, or local act revised, superseded, or repealed by this act. Therefore, and in reliance on Article V, Section 4(6) of the Constitution of North Carolina, any bonds authorized by such a bond order, ordinance, or resolution, which bonds have not been issued nor advertised for sale by the effective date of this act, and any notes in anticipation of those bonds, may be issued on or after July 1, 1973, in accordance with the terms of the bond order, ordinance, or resolution and the provisions of G.S. Chapter 159, Articles 7 and 9, as enacted by Section 1 of this act."

(b) A new Section 41.1 is added, to read as follows:

"Sec. 41.1. If the governing board of a unit of local government or municipality as those terms are defined by G.S. Chapter 159, Subchapter IV, as enacted by Section 1 of this act, has under consideration, on the effective date of this act, a bond order, bond ordinance, or bond resolution that has been introduced but not yet adopted, the governing board may adopt the bond order, ordinance, or resolution under the provisions of the law under which it was introduced, even though that law is otherwise repealed or superseded by this act. The bonds authorized by such an order, ordinance, or resolution and any notes in anticipation of those bonds shall be issued pursuant to the provisions and procedures of G.S. Chapter 159, Articles 7 and 9, as enacted by Section 1 of this act."

(c) A new Section 41.2 is added to read as follows:

"Sec. 41.2. If The Local Government Commission has published notice of sale of bonds or bond anticipation notes prior to July 1, 1973, which bonds or notes are to be sold after July 1, 1973, or if bonds or bond anticipation notes have been sold prior to July 1, 1973, but will not be delivered until after July 1. 1973, the bonds or notes shall be sold and delivered, or delivered, as the case may be, in accordance with former G.S. Chapter 159, which is otherwise repealed by Section 1 of this act."

**Sec. 48.** This act shall become effective upon its ratification.

In the General Assembly read three times and ratified, this the 14th day of May, 1973.