

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1993**

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SENATE BILL 1157\*

Short Title: Economic Dev. Financing Bonds.

(Public)

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Sponsors: Senators Winner of Buncombe and Hunt.

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Referred to: Select Committee on Bonds.

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May 13, 1993

A BILL TO BE ENTITLED

AN ACT TO AMEND THE CONSTITUTION TO PERMIT CITIES AND COUNTIES  
TO ISSUE BONDS TO FINANCE THE PUBLIC PORTION OF ECONOMIC  
DEVELOPMENT PROJECTS.

Whereas, the State of North Carolina and local governments in North Carolina are and should be actively engaged in economic development efforts to attract and stimulate private sector job creation and capital investors in their areas; and

Whereas, over 40 other states and local governments in other states are authorized to utilize a wide variety of incentives, including, but not limited to, economic development financing, to attract private sector economic development; and

Whereas, other states and local governments in other states have been successful in attracting private sector job creation and capital investment to their areas through inventive packages which have included the provision of infrastructure improvements financed through the issuance of economic development bonds; and

Whereas, economically distressed areas, particularly in rural areas of North Carolina, could utilize economic development bonds to attract new industry to their areas; and

Whereas, economic development financing bonds could enable North Carolina to be more nationally or internationally competitive in attracting private sector job creation and capital investments, particularly in attracting major economic development efforts; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Article V of the Constitution of North Carolina is amended by adding a new section to read:

1 "Sec. 14. Economic development financing bonds.

2 Notwithstanding Section 4 of this Article or any other provision of this Constitution,  
3 the General Assembly may enact general laws authorizing any county, city, or town to  
4 define territorial areas in the county, city, or town, and borrow money, without need of  
5 voter approval, to be used to finance public activities associated with private economic  
6 development projects within the territorial areas, as provided in this section. The  
7 General Assembly shall set forth by statute the method for determining the size of the  
8 territorial area and the issuing unit. This method shall be deemed to be conclusive.  
9 When a territorial area is defined pursuant to this section, the current assessed value of  
10 taxable real and personal property in the area shall be determined. Thereafter, property  
11 in the territorial area continues to be subject to taxation to the same extent and in like  
12 manner as property not in the territorial area, but the net proceeds of taxes levied on the  
13 excess, if any, of the assessed value of taxable real and personal property in the area at  
14 the time the taxes are levied over the assessed value of taxable real and personal  
15 property in the area at the time the area was defined may be set aside. The bonds shall  
16 be secured by these set-aside proceeds. The General Assembly may authorize a county,  
17 city, or town issuing these bonds to add, as additional security to the bonds, revenues  
18 available to the issuing unit from sources other than the issuing unit's exercise of its  
19 taxing power. The county, city, or town may not pledge any property tax revenues other  
20 than the set-aside proceeds authorized in this section, or in any other manner pledge its  
21 full faith and credit unless a vote of the people is held as required by and in compliance  
22 with the requirements of Section 4 of this Article."

23 Sec. 2. Article 6 of Chapter 159 of the General Statutes is reenacted and is  
24 rewritten to read:

25 **"ARTICLE 6.**

26 **"ECONOMIC DEVELOPMENT FINANCING ACT.**

27 **"§ 159-101. Short title.**

28 This Article may be cited as the 'North Carolina Economic Development Financing  
29 Act.'

30 **"§ 159-102. Definitions.**

31 The following definitions apply in this Article:

32 (1) Costs. – Capital costs, as defined in G.S. 159-48(h). The term also  
33 includes (i) interest on the bonds being issued or on notes issued in  
34 anticipation of the bonds during construction and for a period not  
35 exceeding four years after the estimated date of completion of  
36 construction and (ii) the establishment of debt service reserves.

37 (2) Unit of local government. – A county or city.

38 **"§ 159-103. Authorization of economic development financing bonds; purposes.**

39 (a) Each unit of local government may issue economic development financing  
40 bonds pursuant to this Article and use the proceeds for one or more of the purposes for  
41 which the unit may issue general obligation bonds pursuant to G.S. 159-48. The  
42 proceeds of the bonds may be used either in a development financing district established  
43 pursuant to G.S. 160A-515.1 or G.S. 158-7.3 or, if the use directly benefits private  
44 development forecast by the development financing plan for the district, outside the

1 development financing district. The proceeds may be used only in or to benefit private  
2 development in that development financing district the revenue increment of which is  
3 pledged as security for the bonds.

4 (b) Subject to agreement with the holders of its economic development financing  
5 bonds and the limitation on duration of development financing districts set out in this  
6 Article, each unit of local government may issue additional economic development  
7 financing bonds and may issue bonds to refund any outstanding economic development  
8 financing bonds at any time before the final maturity of the bonds to be refunded.  
9 General obligation bonds issued to refund outstanding economic development financing  
10 bonds shall be issued under the Local Government Bond Act, Article 4 of this Chapter.  
11 Revenue bonds issued to refund outstanding economic development financing bonds  
12 shall be issued under the State and Local Government Revenue Bond Act, Article 5 of  
13 this Chapter.

14 Economic development financing bonds may be issued partly for the purpose of  
15 refunding outstanding economic development financing bonds and partly for any other  
16 purpose under this Article. Economic development financing bonds issued to refund  
17 outstanding economic development financing bonds shall be issued under this Article  
18 and not under Article 4 of this Chapter.

19 (c) If the private economic development project to be benefited by proposed  
20 economic development financing bonds affects tax revenues in more than one unit of  
21 local government and more than one affected unit of local government wishes to  
22 provide assistance to the private economic development project by issuing economic  
23 development financing bonds, then those units may enter into an interlocal agreement  
24 pursuant to Article 20 of Chapter 160A of the General Statutes for the purpose of  
25 issuing the bonds. The agreement may include a provision that a unit may pledge all or  
26 any part of the taxes received or to be received on the incremental valuation accruing to  
27 the development financing district to the repayment of bonds issued by another unit that  
28 is a party to the interlocal agreement.

29 **"§ 159-104. Application to Commission for approval of economic development**  
30 **financing bond issue; preliminary conference; acceptance of application.**

31 A unit of local government may not issue economic development financing bonds  
32 under this Article unless the issue is approved by the Local Government Commission.  
33 The governing body of the issuing unit shall file with the secretary of the Commission  
34 an application for Commission approval of the issue. At the time of application, the  
35 governing body shall publish a public notice of the application in a newspaper of  
36 general circulation in the unit of local government. The application shall include  
37 statements of facts and documents concerning the proposed bonds, development  
38 financing district, and development financing plan and the financial condition of the  
39 unit, required by the secretary. The Commission may prescribe the form of the  
40 application.

41 Before accepting the application, the secretary may require the governing body or its  
42 representatives to attend a preliminary conference in order to discuss informally the  
43 proposed issue, district, and plan and the timing of the steps to be taken in issuing the  
44 bonds. The development financing district need not be defined and the development

1 financing plan need not be adopted by the governing body at the time it files the  
2 application with the secretary. However, before the Commission may enter its order  
3 approving the bonds, the governing body must define the district and adopt the plan.

4 After an application in proper form and order has been filed, and after a preliminary  
5 conference if one is required, the secretary shall notify the unit in writing that the  
6 application has been filed and accepted for submission to the Commission. The  
7 secretary's statement is conclusive evidence that the unit has complied with this section.

8 **"§ 159-105. Approval of application by Commission.**

9 (a) In determining whether a proposed economic development financing bond  
10 issue shall be approved, the Commission may inquire into and consider any matters that  
11 it may believe to have a bearing on whether the issue should be approved, including:

12 (1) Whether the projects to be financed from the proceeds of the economic  
13 development financing bond issue are necessary or expedient.

14 (2) Whether the proposed projects are feasible.

15 (3) The unit of local government's debt management procedures and  
16 policies.

17 (4) Whether the unit is in default in any of its debt service obligations.

18 (5) Whether the private development forecast in the development  
19 financing plan would be likely to occur without the public project or  
20 projects to be financed by the economic development financing bonds.

21 (6) Whether taxes on the incremental valuation accruing to the  
22 development financing district, together with any other revenues  
23 available, will be sufficient to service the proposed economic  
24 development financing bonds.

25 (7) The ability of the Commission to market the proposed economic  
26 development financing bonds at reasonable rates of interest.

27 (b) The Commission shall approve the application if, upon the information and  
28 evidence it receives, it finds that:

29 (1) The proposed economic development financing bond issue is  
30 necessary or expedient.

31 (2) The amount proposed is adequate and not excessive for the proposed  
32 purpose of the issue.

33 (3) The proposed projects are feasible.

34 (4) The unit of local government's debt management procedures and  
35 policies are good, or that reasonable assurances have been given that  
36 its debt will henceforth be managed in strict compliance with law.

37 (5) The private development forecast in the development financing plan  
38 would not be likely to occur without the public projects to be financed  
39 by the economic development financing bonds.

40 (6) The proposed economic development financing bonds can be marketed  
41 at reasonable interest cost to the issuing unit.

42 (7) The issuing unit has, pursuant to G.S. 160A-515.1 or G.S. 158-7.3,  
43 adopted a development financing plan for the development financing  
44 district for which the bonds are to be issued.

1 **"§ 159-106. Order approving or denying the application.**

2 (a) After considering an application, the Commission shall enter its order either  
3 approving or denying the application. An order approving an issue is not an approval of  
4 the legality of the bonds in any respect.

5 (b) Unless the bonds are to be issued for a development financing district for  
6 which an economic development financing bond issue has already been approved, the  
7 day upon which the Commission enters its order approving an application for economic  
8 development financing bonds is also the effective date of the development financing  
9 district for which the bonds are issued.

10 (c) If the Commission enters an order denying the application, the proceedings  
11 under this Article are at an end.

12 **"§ 159-107. Determination of incremental valuation; use of taxes levied on**  
13 **incremental valuation; duration of the district.**

14 (a) Base Valuation in the Development Financing District. – After the Local  
15 Government Commission has entered its order approving a unit of local government's  
16 application for economic development financing bonds, the unit shall immediately  
17 notify the tax assessor of the county in which the development financing district is  
18 located of the existence of the development financing district. Upon receiving this  
19 notice, the tax assessor shall determine the base valuation of the district, which is the  
20 assessed value of taxable property located in the district on the January 1 immediately  
21 preceding the effective date of the district. If the unit or an agency of the unit acquired  
22 property within the district within one year before the effective date of the district, the  
23 tax assessor shall presume, subject to rebuttal, that the property was acquired in  
24 contemplation of the district and shall include the value of the property so acquired in  
25 determining the base valuation of the district. The unit may rebut this presumption by  
26 showing that the property was acquired primarily for a purpose other than to reduce the  
27 tax incremental base. After determining the base valuation of the development  
28 financing district, the tax assessor shall certify the valuation to: (i) the issuing unit; (ii)  
29 the county in which the district is located if the issuing unit is not the county; and (iii)  
30 any special district, as defined in G.S. 159-7, within which the development financing  
31 district is located.

32 (b) Adjustments to the Base Valuation. – During the lifetime of the development  
33 financing district, the base valuation shall be adjusted as follows:

34 (1) If the unit amends its development financing plan, pursuant to G.S.  
35 160A-515.1 or G.S. 158-7.3, to remove property from the development  
36 financing district, on the succeeding January 1, that property shall be  
37 removed from the district and the base valuation reduced accordingly.

38 (2) If the unit amends its development financing plan, pursuant to G.S.  
39 160A-515.1 or G.S. 158-7.3, to expand the district, the new property  
40 shall be added to the district immediately. The base valuation of the  
41 district shall be increased by the assessed value of the taxable property  
42 situated in the added territory on the January 1 immediately preceding  
43 the effective date of the district.

1           (3) If, at the time of revaluation pursuant to G.S. 105-286, of property in  
2 the county in which the district is located, it appears that, based on the  
3 schedule of values, standards, and rules approved by the board of  
4 county commissioners pursuant to G.S. 105-317, the property values  
5 of the district as they existed on the January 1 immediately preceding  
6 the effective date of the district would be increased because of the  
7 revaluation, then the base valuation shall be increased accordingly.

8 Each time the base valuation is adjusted, the tax assessor shall immediately certify the  
9 new base valuation to: (i) the issuing unit; (ii) the county if the issuing unit is not the  
10 county; and (iii) any special district, as defined in G.S. 159-7, within which the  
11 development financing district is located.

12       (c) Revenue Increment Fund. – When a unit of local government has established  
13 a development financing district, and the economic development financing bonds for  
14 that district have been approved by the Commission, the unit shall establish a separate  
15 fund to account for the proceeds paid to the unit from taxes levied on the incremental  
16 valuation of the district. The unit shall also place in this fund any moneys received  
17 pursuant to an agreement entered into under G.S. 159-108.

18       (d) Levy of Property Taxes Within the District. – Each year the development  
19 financing district is in existence, the tax assessor shall determine the current assessed  
20 value of taxable property located in the district. The assessor shall also compute the  
21 difference between this current value and the base valuation of the district. If the  
22 current value exceeds the base value, the difference is the incremental valuation of the  
23 district. In each year the district is in existence, the county, and if the district is within a  
24 city or a special district as defined by G.S. 159-7, the city or the special district shall  
25 levy taxes against property in the district in the same manner as taxes are levied against  
26 other property in the county, city, or special district. The proceeds from ad valorem  
27 taxes levied on property in the development financing district shall be distributed as  
28 follows:

29           (1) In any year in which there is no incremental valuation of the district,  
30 all the proceeds of the taxes shall be retained by the county, city, or  
31 special district, as if there were no development financing district in  
32 existence.

33           (2) In any year in which there is an incremental valuation of the district,  
34 the amount of tax due from each taxpayer on property in the district,  
35 except taxes levied to service and repay debt secured by a pledge of  
36 the faith and credit of the unit, nonschool taxes levied pursuant to a  
37 vote of the people, taxes levied for a municipal or county service  
38 district, and city taxes levied in a development financing district  
39 established by a county and for which there is no increment agreement  
40 between the city and county, shall be multiplied by a fraction, the  
41 numerator of which is the base valuation for the district and the  
42 denominator of which is the current valuation for the district. The  
43 amount shown as the product of this multiplication shall, when paid by  
44 the taxpayer, be retained by the county, city, or special district, as if

1           there were no development financing district in existence. The net  
2           proceeds of the remaining amount shall, when paid by the taxpayer, be  
3           turned over to the issuing unit's finance officer, who shall place this  
4           amount in the special revenue increment fund required by subsection  
5           (c) of this section. The net proceeds of each debt service tax, each  
6           voted tax, each service district tax, and each tax levied by a city on  
7           property in a district that was established by a county and for which  
8           there is no increment agreement between the city and county shall be  
9           paid to the government levying the tax. 'Net proceeds' is gross  
10           proceeds less refunds, releases, and any collection fee paid by the  
11           levying government to the collecting government.

12       (e) Effect of Annexation on District Established by a County. – If a city annexes  
13       land in a development financing district established by a county pursuant to G.S. 158-  
14       7.3, the proceeds of all taxes levied by the city on property within the district shall be  
15       paid to the city unless the city enters into an agreement with the county pursuant to this  
16       subsection. The city and the county may enter into an increment agreement under  
17       which the city agrees that city taxes on part or all of the incremental valuation in the  
18       district shall be paid into the revenue increment fund for the district. An increment  
19       agreement may be entered into when the district is established or at any time after the  
20       district is established. The increment agreement may extend for the duration of the  
21       district or for a shorter time agreed to by the parties.

22       (f) Use of Moneys in the Revenue Increment Fund. – Moneys placed in the  
23       revenue increment fund may be used for any of the following purposes, without priority  
24       other than priorities imposed by the bond order authorizing the economic development  
25       financing bonds:

- 26           (1) To finance capital expenditures (including the funding of capital  
27           reserves) by the issuing unit in the development financing district  
28           pursuant to the development financing plan.
- 29           (2) To meet principal and interest requirements on economic development  
30           financing bonds and bond anticipation notes issued for the district.
- 31           (3) To repay the appropriate fund of the issuing unit for any moneys  
32           actually expended on debt service on economic development financing  
33           bonds pursuant to a pledge made pursuant to G.S. 159-111(b).
- 34           (4) To meet any other requirements imposed by the bond order  
35           authorizing the economic development financing bonds.

36       If in any year there is any money remaining in the revenue increment fund after  
37       these purposes have been satisfied, it shall be paid to the general fund of the county and,  
38       if applicable, of the city and any special district as defined by G.S. 159-7, in proportion  
39       to their rates of ad valorem tax on taxable property located in the development financing  
40       district.

41       (g) Duration of District. – A development financing district shall terminate at the  
42       earlier of (i) the end of the thirtieth year after the effective date of the district or (ii) the  
43       date all economic development financing bonds issued for the district have been fully

1 retired or sufficient funds have been set aside, pursuant to the bond order authorizing  
2 the bonds, to meet all future principal and interest requirements on the bonds.

3 **"§ 159-108. Agreements with property owners.**

4 (a) Authorization. – A unit of local government that issues economic  
5 development financing bonds may enter into agreements with the owners of real  
6 property in the development financing district for which the bonds were issued under  
7 which the owners agree to a minimum value at which their property will be assessed for  
8 taxation. Such an agreement may extend for the life of the development financing  
9 district or for a shorter period agreed to by the parties. The agreement may vary the  
10 agreed-upon minimum assessed value from year to year.

11 (b) Filing and Recording Agreement. – The unit shall file a copy of any  
12 agreement entered into pursuant to this section with the tax assessor for the county in  
13 which the development financing district is located. In addition, the unit shall cause the  
14 agreement to be recorded in the office of the register of deeds of that county, and the  
15 register of deeds shall index the agreement in the grantor's index under the name of the  
16 property owner. Once the agreement has been recorded in the office of the register of  
17 deeds, as required by this subsection, it is binding, according to its terms and for its  
18 duration, on any subsequent owner of the property.

19 (c) Minimum Assessment of Property. – An agreement entered into pursuant to  
20 this section establishes a minimum assessment of the real property subject to the  
21 agreement. If the county tax assessor determines that the real property has a true value  
22 less than the minimum established by the agreement, the assessor shall nevertheless  
23 assess the property at the minimum set out in the agreement. If the assessor, however,  
24 determines that the real property has a true value greater than the minimum established  
25 by the agreement, the assessor shall assess the property at the true value.

26 (d) Effect of Reappraisal. – If an agreement entered into pursuant to this section  
27 continues in effect after a reappraisal of property conducted pursuant to G.S. 105-286,  
28 the minimum assessment established in the agreement shall be adjusted as provided in  
29 this subsection. After the issuing unit of local government has adopted its budget  
30 ordinance and levied taxes for the fiscal year that begins next after the effective date of  
31 the reappraisal, it shall certify to the county tax assessor the total rate of ad valorem  
32 taxes levied by the unit and applicable to the property subject to the agreement. It shall  
33 also certify to the assessor the total rate of ad valorem taxes levied by the unit and  
34 applicable to the property in the immediately preceding fiscal year. The assessor shall  
35 determine the total amount of ad valorem taxes levied by the unit on the property in the  
36 immediately preceding fiscal year, based on the tax rate certified by the issuing unit.  
37 The assessor shall then determine a value of the property that would provide the same  
38 total amount of ad valorem taxes based on the tax rate certified for the fiscal year  
39 beginning next after the effective date of the reappraisal. The value so determined is the  
40 new minimum assessment for the property subject to the agreement.

41 (e) Agreement Effective Regardless of Improvements. – An agreement entered  
42 into pursuant to this section remains in effect according to its terms regardless whether  
43 the improvements anticipated in the development financing plan are completed or  
44 whether those improvements continue to exist during the duration of the agreement.



1 However, if any part of the property subject to the agreement is acquired by a public  
2 agency, the agreement is automatically modified by removing the acquired property  
3 from the agreement and reducing the minimum assessment accordingly.

4 **"§ 159-109. Special covenants.**

5 An economic development financing bond order or a trust agreement securing  
6 economic development financing bonds may contain covenants regarding:

7 (1) The pledge of all or any part of the taxes received or to be received on  
8 the incremental valuation in the development financing district during  
9 the life of the bonds.

10 (2) Rates, fees, rentals, tolls, or other charges to be established,  
11 maintained, and collected, and the use and disposal of revenues, gifts,  
12 grants, and funds received or to be received.

13 (3) The setting aside of debt service reserves and the regulation and  
14 disposition of these reserves.

15 (4) The custody, collection, securing, investment, and payment of any  
16 moneys held for the payment of economic development financing  
17 bonds.

18 (5) Limitations or restrictions on the purposes to which the proceeds of  
19 sale of economic development financing bonds may be applied.

20 (6) Limitations or restrictions on the issuance of additional economic  
21 development financing bonds or notes for the same development  
22 financing district, the terms upon which additional economic  
23 development financing bonds or notes may be issued or secured, or the  
24 refunding of outstanding economic development financing bonds or  
25 notes.

26 (7) The acquisition and disposal of property for economic development  
27 financing bond projects.

28 (8) Provision for insurance and for accounting reports, and the inspection  
29 and audit of accounting reports.

30 (9) The continuing operation and maintenance of projects financed with  
31 the proceeds of the economic development financing bonds.

32 **"§ 159-110. Security of economic development financing bonds.**

33 Economic development financing bonds are special obligations of the issuing unit.  
34 Except as provided in G.S. 159-111, the unit may pledge the following sources of funds  
35 to the payment of the bonds, and no other sources: All or a portion of the moneys in the  
36 revenue increment fund required by G.S. 159-107(c); the proceeds from the sale of  
37 property in the development financing district; net revenues from any public facilities,  
38 other than portions of public utility systems, in the development financing district  
39 financed with the proceeds of the economic development financing bonds; and, subject  
40 to G.S. 159-47, net revenues from any other public facilities, other than portions of  
41 public utility systems, in the development financing district constructed or improved  
42 pursuant to the development financing plan.

43 Except as provided in G.S. 159-111, the principal and interest on economic  
44 development financing bonds do not constitute a legal or equitable pledge, charge, lien,

1 or encumbrance upon any of the unit's property or upon any of its income, receipts, or  
2 revenues, except as may be provided pursuant to this section. Except as provided in  
3 G.S. 159-107 and G.S. 159-111, neither the credit nor the taxing power of the unit is  
4 pledged for the payment of the principal or interest of economic development financing  
5 bonds, and no holder of economic development financing bonds has the right to compel  
6 the exercise of the taxing power by the unit or the forfeiture of any of its property in  
7 connection with any default on the bonds. Unless the unit's taxing power has been  
8 pledged pursuant to G.S. 159-111, every economic development financing bond shall  
9 contain recitals sufficient to show the limited nature of the security for the bond's  
10 payment and that it is not secured by the full faith and credit of the unit.

11 **"§ 159-111. Additional security for economic development financing bonds.**

12 (a) In order to provide additional security for bonds issued pursuant to this  
13 Article, the issuing unit of local government may pledge its faith and credit for the  
14 payment of the principal of and interest on the bonds. Before such a pledge may be  
15 given, the unit shall follow the procedures for and meet the requirements for approval of  
16 general obligation bonds under Article 4 of this Chapter. The unit shall also follow the  
17 procedures and meet the requirements of this Article. If bonds are issued pursuant to  
18 this Article and are also secured by a pledge of the issuing unit's faith and credit, the  
19 bonds are subject to G.S. 159-112 rather than G.S. 159-65.

20 (b) In order to provide additional security for bonds issued pursuant to this  
21 Article, and in lieu of pledging its faith and credit for that purpose pursuant to  
22 subsection (a) of this section, a unit of local government may agree to apply to the  
23 payment of the bonds any available sources of revenues of the unit, as long as the  
24 agreement to use the sources to make payment does not constitute a pledge of the unit's  
25 taxing power. In addition, to the extent the generation of the revenues is within the  
26 power of the unit, the unit may enter into covenants to take action in order to generate  
27 the revenues, as long as the covenant does not constitute a pledge of the unit's taxing  
28 power.

29 No agreement or covenant may contain a nonsubstitution clause that restricts the  
30 right of the issuing unit of local government to replace or provide a substitute for any  
31 project financed pursuant to this subsection.

32 The obligation of a unit of local government with respect to the sources of payment  
33 shall be specifically identified in the proceedings of the governing body authorizing the  
34 unit to issue the bonds. The sources of payment so specifically identified and then held  
35 or thereafter received by the unit or any fiduciary of the unit shall immediately be  
36 subject to the lien of the proceedings without any physical delivery of the sources or  
37 further act. The lien shall be valid and binding as against all parties having claims of  
38 any kind against a unit without regard to whether the parties have notice of the lien.  
39 The proceedings or any other document or action by which the lien on a source of  
40 payment is created need not be filed or recorded in any manner other than as provided in  
41 this Article.

42 **"§ 159-112. Limitations on details of bonds.**

43 In fixing the details of economic development financing bonds, the governing body  
44 of the issuing unit of local government is subject to these restrictions and directions:

- 1           (1)    The maturity date shall not exceed the shorter of (i) the longest of the  
2                   various maximum periods of usefulness for the projects to be financed  
3                   with bond proceeds, as prescribed by the Local Government  
4                   Commission pursuant to G.S. 159-122, or (ii) the end of the thirtieth  
5                   year after the effective date of the development financing district.
- 6           (2)    The first payment of principal shall be payable not more than four  
7                   years after the date of the bonds.
- 8           (3)    Any bond may be made payable on demand or tender for purchase as  
9                   provided in G.S. 159-79, and any bond may be made subject to  
10                  redemption prior to maturity, with or without premium, on such notice,  
11                  at such times, and with such redemption provisions as may be stated.  
12                  Interest on the bonds shall cease when the bonds have been validly  
13                  called for redemption and provision has been made for the payment of  
14                  the principal of the bonds, any redemption, any premium, and the  
15                  interest on the bonds accrued to the date of redemption.
- 16           (4)    The bonds may bear interest at such rates payable semiannually or  
17                   otherwise, may be in such denominations, and may be payable in such  
18                   kind of money and in such place or places within or without this State,  
19                   as the issuing unit may determine.

20    **"§ 159-113. Annual report.**

21           In July of each year, each unit of local government with outstanding economic  
22           development financing bonds shall make a report to any other unit, and to any special  
23           district as defined in G.S. 159-7, in which the development financing district for which  
24           the bonds were issued is located. This report shall set out the base valuation for the  
25           development financing district, the current valuation for the district, the amount of  
26           remaining economic development financing debt for the district, and the unit's estimate  
27           of when the debt will be retired."

28           Sec. 3. G.S. 159-48(b) is amended by adding a new subsection to read:

29            "(26)   Undertaking public activities in or for the benefit of a development  
30                    financing district pursuant to a development financing plan."

31           Sec. 4. G.S. 159-55(a) reads as rewritten:

32           "(a)    After the bond order has been introduced and before the public hearing  
33           thereon, the finance officer (or some other officer designated by the governing board for  
34           this purpose) shall file with the clerk a statement showing the following:

- 35           (1)    The gross debt of the unit, excluding therefrom debt incurred or to be  
36                   incurred in anticipation of the collection of taxes or other revenues or  
37                   in anticipation of the sale of bonds other than funding and refunding  
38                   bonds. The gross debt (after exclusions) is the sum of (i) outstanding  
39                   debt evidenced by bonds, (ii) bonds authorized by orders introduced  
40                   but not yet adopted, (iii) unissued bonds authorized by adopted orders,  
41                   and (iv) outstanding debt not evidenced by bonds. However, for  
42                   purposes of the sworn statement of debt and the debt limitation,  
43                   revenue bonds and economic development financing bonds (unless  
44                   additionally secured by a pledge of the issuing unit's faith and credit)

1 shall not be considered debt and such bonds shall not be included in  
2 gross debt nor deducted from gross debt.

3 (2) The deductions to be made from gross debt in computing net debt. The  
4 following deductions are allowed:

5 a. Funding and refunding bonds authorized by orders introduced  
6 but not yet adopted.

7 b. Funding and refunding bonds authorized but not yet issued.

8 c. The amount of money held in sinking funds or otherwise for the  
9 payment of any part of the principal of gross debt other than  
10 debt incurred for water, gas, electric light or power purposes, or  
11 sanitary sewer purposes (to the extent that the bonds are  
12 deductible under subsection (b) of this section), or two or more  
13 of these purposes.

14 d. The amount of bonded debt included in gross debt and incurred,  
15 or to be incurred, for water, gas, or electric light or power  
16 purposes, or any two or more of these purposes.

17 e. The amount of bonded debt included in the gross debt and  
18 incurred, or to be incurred, for sanitary sewer system purposes  
19 to the extent that the debt is made deductible by subsection (b)  
20 of this section.

21 f. The amount of uncollected special assessments theretofore  
22 levied for local improvements for which any part of the gross  
23 debt (that is not otherwise deducted) was or is to be incurred, to  
24 the extent that the assessments will be applied, when collected,  
25 to the payment of any part of the gross debt.

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

33 (3) The net debt of the issuing unit, being the difference between the gross  
34 debt and deductions.

35 (4) The assessed value of property subject to taxation by the issuing unit,  
36 as revealed by the tax records and certified to the issuing unit by the  
37 assessor. In calculating the appraised value, the incremental valuation  
38 of any development financing district located in the unit, as determined  
39 pursuant to G.S. 159-107, shall not be included.

40 (5) The percentage that the net debt bears to the assessed value of property  
41 subject to taxation by the issuing unit."

42 Sec. 5. G.S. 159-79(a) reads as rewritten:

43 "(a) Notwithstanding any provisions of this Chapter to the contrary, including  
44 particularly, but without limitation, the provisions of G.S. 159-65, G.S. 159-112, G.S.

1 159-123 to G.S. 159-127, inclusive, G.S. 159-130, G.S. 159-138, G.S. 159-162, G.S.  
2 159-164 and G.S. 159-172, a unit of local government, in fixing the details of general  
3 obligation bonds to be issued pursuant to this Article or general obligation notes to be  
4 issued pursuant to Article 9 of this Chapter or economic development financing bonds  
5 or notes to be issued pursuant to Article 6 of this Chapter, may provide that such bonds  
6 or notes

- 7 (1) May be made payable from time to time on demand or tender for  
8 purchase by the owner provided a Credit Facility supports such bonds  
9 or notes, unless the Commission specifically determines that a Credit  
10 Facility is not required upon a finding and determination by the  
11 Commission that the proposed bonds or notes will satisfy the  
12 conditions set forth in G.S. 159-52;
- 13 (2) May be additionally supported by a Credit Facility;
- 14 (3) May be made subject to redemption prior to maturity, with or without  
15 premium, on such notice, at such time or times, at such price or prices  
16 and with such other redemption provisions as may be stated in the  
17 resolution fixing the details of such bonds or notes or with such  
18 variations as may be permitted in connection with a Par Formula  
19 provided in such resolution;
- 20 (4) May bear interest at a rate or rates that may vary as permitted pursuant  
21 to a Par Formula and for such period or periods of time, all as may be  
22 provided in such resolution; and
- 23 (5) May be made the subject of a remarketing agreement whereby an  
24 attempt is made to remarket the bonds to new purchases prior to their  
25 presentment for payment to the provider of the Credit Facility or to the  
26 issuing unit."

27 Sec. 6. G.S. 159-120 reads as rewritten:

28 "**§ 159-120. Definitions.**

29 As used in this Article, unless the context clearly requires another meaning, the  
30 words 'unit' or 'issuing unit' mean 'unit of local government' as defined in G.S. ~~159-44~~  
31 159-44 or G.S. 159-102, 'municipality' as defined in G.S. 159-81, and the State of North  
32 Carolina, and the words 'governing body,' when used with respect to the State of North  
33 Carolina, mean the Council of State."

34 Sec. 7. G.S. 159-122(a) reads as rewritten:

35 "(a) Except as provided in this subsection, the last installment of each bond issue  
36 shall mature not later than the date of expiration of the period of usefulness of the  
37 capital project to be financed by the bond issue, computed from the date of the bonds.  
38 The last installment of a refunding bond issue issued pursuant to G.S. 159-48(a)(4) or  
39 (5) shall mature not later than either (i) the shortest period, but not more than 40 years,  
40 in which the debt to be refunded can be finally paid without making it unduly  
41 burdensome on the taxpayers of the issuing unit, as determined by the Commission,  
42 computed from the date of the bonds, or (ii) the end of the unexpired period of  
43 usefulness of the capital project financed by the debt to be refunded. The last  
44 installment of bonds issued pursuant to G.S. 159-48(a)(1), (2), (3), (6), or (7) shall

1 mature not later than 10 years after the date of the bonds, as determined by the  
2 Commission. The last installment of bonds issued pursuant to G.S. 159-48(c)(5) shall  
3 mature not later than eight years after the date of the bonds, as determined by the  
4 Commission. The last installment of economic development financing bonds shall  
5 mature on the earlier of 30 years after the effective date of the development financing  
6 district for which the bonds are issued or the longest of the various maximum periods of  
7 usefulness for the projects to be financed with bond proceeds, as prescribed by the  
8 Commission pursuant to this section."

9 Sec. 8. G.S. 159-123(b) reads as rewritten:

10 "(b) The following classes of bonds may be sold at private sale:

- 11 (1) Bonds that a State or federal agency has previously agreed to purchase.
- 12 (2) Any bonds for which no legal bid is received within the time allowed  
13 for submission of bids.
- 14 (3) Revenue bonds, including any refunding bonds issued pursuant to G.S.  
15 159-84, and special obligation bonds issued pursuant to Chapter 159I  
16 of the General Statutes.
- 17 (4) Refunding bonds issued pursuant to G.S. 159-78.
- 18 (5) Refunding bonds issued pursuant to G.S. 159-72 if the Local  
19 Government Commission determines that a private sale is in the best  
20 interest of the issuing unit.
- 21 (6) Economic development financing bonds."

22 Sec. 9. G.S. 159-125(a) reads as rewritten:

23 "(a) Except for revenue ~~bonds~~, bonds and economic development financing bonds,  
24 no bid for less than ninety-eight percent (98%) of the face value of the bonds plus one  
25 hundred percent (100%) of accrued interest may be entertained.

26 Different rates of interest may be bid for bonds maturing in different years, but  
27 different rates of interest may not be bid for bonds maturing in the same year."

28 Sec. 10. G.S. 159-129 reads as rewritten:

29 "**§ 159-129. Obligations of units certified by Commission.**

30 Each bond or bond anticipation note that is represented by an instrument shall bear  
31 on its face or reverse a certificate signed by the secretary of the Commission or an  
32 assistant designated by him that the issuance of the bond or note has been approved  
33 under the provisions of ~~The Local Government Bond Act of Acts~~, the Local Government  
34 Revenue Bond Act-Act, or the North Carolina Economic Development Financing Act.  
35 Such signature may be a manual or facsimile signature as the Commission may  
36 determine. Each bond or bond anticipation note that is not represented by an instrument  
37 shall be evidenced by a writing relating to such obligation, which writing shall identify  
38 such obligation or the issue of which it is part, bear such certificate and be on file with  
39 the Commission. The certificate shall be conclusive evidence that the requirements of  
40 this Subchapter have been observed, and no bond or note without the Commission's  
41 certificate or with respect to which a writing bearing such certificate has not been filed  
42 with the Commission shall be valid."

43 Sec. 11. G.S. 159-132 reads as rewritten:

44 "**§ 159-132. State Treasurer to deliver bonds and remit proceeds.**

1 When the bonds are executed, they shall be delivered to the State Treasurer who  
2 shall deliver them to the order of the purchaser and collect the purchase price or  
3 proceeds. The Treasurer shall then pay from the proceeds any notes issued in  
4 anticipation of the sale of the bonds, deduct from the proceeds the Commission's  
5 expense in connection with the issue, and remit the net proceeds to the official  
6 depository of the unit after assurance that the deposit will be adequately secured as  
7 required by law. The proceeds of funding or refunding bonds may be deposited at the  
8 place of payment of the indebtedness to be refunded or funded for use solely in the  
9 payment of such indebtedness. The proceeds of revenue bonds shall be remitted to the  
10 trustee or other depository specified in the trust agreement or resolution securing them.  
11 Unless otherwise provided in the trust agreement or resolution securing the bonds, the  
12 proceeds of economic development financing bonds shall be remitted in the manner  
13 provided by this section for the remission of the proceeds of general obligation bonds."

14 Sec. 12. G.S. 159-160 reads as rewritten:

15 "**§ 159-160. Definitions.**

16 As used in this Part, the words 'unit' or 'issuing unit' means 'unit of local government'  
17 as defined in G.S. ~~159-44~~, 159-44 or G.S. 159-102, 'municipality' as defined in G.S. 159-  
18 81, and the State of North Carolina."

19 Sec. 13. G.S. 159-163.1 is reenacted and is rewritten to read:

20 "**§ 159-163.1. Security of economic development financing bond anticipation notes.**

21 Notes issued in anticipation of the sale of economic development financing bonds  
22 are special obligations of the issuing unit. Except as provided in G.S. 159-107 and G.S.  
23 159-110, neither the credit nor the taxing power of the issuing unit may be pledged for  
24 the payment of notes issued in anticipation of the sale of economic development  
25 financing bonds; and no holder of an economic development financing bond  
26 anticipation note shall have the right to compel the exercise of the taxing power by the  
27 issuing unit or the forfeiture of any of its property in connection with any default  
28 thereon. Notes issued in anticipation of the sale of economic development financing  
29 bonds may be secured by the same pledges, charges, liens, covenants, and agreements  
30 made to secure the economic development financing bonds. In addition, the proceeds of  
31 each economic development financing bond issue are pledged for the payment of any  
32 notes issued in anticipation of the sale thereof, and any such notes shall be retired from  
33 the proceeds of the sale as the first priority."

34 Sec. 14. G.S. 159-165(b) reads as rewritten:

35 "(b) When the bond anticipation notes are executed, they shall be delivered to the  
36 State Treasurer who shall deliver them to the order of the purchaser and collect the  
37 purchase price or proceeds. The Treasurer shall then deduct from the proceeds the  
38 Commission's expense in connection with the issue, and remit the net proceeds to the  
39 official depository of the unit after assurance that the deposit will be adequately secured  
40 as required by law. The net proceeds of revenue bond anticipation ~~notes or notes,~~  
41 special obligation bond anticipation ~~notes or notes,~~ or economic development financing  
42 bond anticipation notes shall be remitted to the trustee or other depository specified in  
43 the trust agreement or resolution securing them. If the notes have been issued to renew

1 outstanding notes, the Treasurer, in lieu of collecting the purchase price or proceeds,  
2 may provide for the exchange of the newly issued notes for the notes to be renewed."

3 Sec. 15. G.S. 159-176 reads as rewritten:

4 **"§ 159-176. Commission to aid defaulting units in developing refinancing plans.**

5 If a unit of local government or municipality (~~as defined in G.S. 159-44 or 159-81~~) (as  
6 defined in G.S. 159-44, 159-81, or 159-102) fails to pay any installment of principal or  
7 interest on its outstanding debt on or before the due date (whether the debt is evidenced  
8 by general obligation bonds, revenue bonds, economic development financing bonds,  
9 bond anticipation notes, tax anticipation notes, or revenue anticipation notes) and  
10 remains in default for 90 days, the Commission may take such action as it deems  
11 advisable to investigate the unit's or municipality's fiscal affairs, consult with its  
12 governing board, and negotiate with its creditors in order to assist the unit or  
13 municipality in working out a plan for refinancing, adjusting, or compromising the debt.  
14 When a plan is developed that the Commission finds to be fair and equitable and  
15 reasonably within the ability of the unit or municipality to meet, the Commission shall  
16 enter an order finding that it is fair, equitable, and within the ability of the unit or  
17 municipality to meet. The Commission shall then advise the governing board to take  
18 the necessary steps to implement it. If the governing board declines or refuses to do so  
19 within 90 days after receiving the Commission's advice, the Commission may enter an  
20 order directing the governing board to implement the plan. When this order is entered,  
21 the members of the governing board and all officers and employees of the unit or  
22 municipality shall be under an affirmative duty to do all things necessary to implement  
23 the plan. The Commission may apply to the appropriate division of the General Court  
24 of Justice for a court order to the governing board and other officers and employees of  
25 the unit or municipality to enforce the Commission's order."

26 Sec. 16. G.S. 160A-505(a) reads as rewritten:

27 "(a) In lieu of creating a redevelopment commission as authorized herein, the  
28 governing body of any municipality may, if it deems wise, either designate a housing  
29 authority created under the provisions of Chapter 157 of the General Statutes to exercise  
30 the powers, duties, and responsibilities of a redevelopment commission as prescribed  
31 herein, or undertake to exercise such powers, duties, and responsibilities itself. Any  
32 such designation shall be by passage of a resolution adopted in accordance with the  
33 procedure and pursuant to the findings specified in G.S. 160A-504(a) and (b). In the  
34 event a governing body designates itself to perform the powers, duties, and  
35 responsibilities of a redevelopment ~~commission,~~ commission under this subsection, or  
36 exercises those powers, duties, and responsibilities pursuant to G.S. 153A-376 or G.S.  
37 160A-456, then where any act or proceeding is required to be done, recommended, or  
38 approved both by a redevelopment commission and by the municipal governing body,  
39 then the performance, recommendation, or approval thereof once by the municipal  
40 governing body shall be sufficient to make such performance, recommendation, or  
41 approval valid and legal. In the event a municipal governing body designates itself to  
42 exercise the powers, duties, and responsibilities of a redevelopment commission, it may  
43 assign the administration of redevelopment policies, programs and plans to any existing  
44 or new department of the municipality."



1 Sec. 17. G.S. 160A-512(6) reads as rewritten:

2 "(6) Within its area of operation, to purchase, obtain options upon, acquire  
3 by gift, grant, bequest, devise, eminent domain or otherwise, any real  
4 or personal property or any interest therein, together with any  
5 improvements thereon, necessary or incidental to a redevelopment  
6 project; to hold, improve, clear or prepare for redevelopment any such  
7 property, and ~~notwithstanding the provisions of G.S. 160-59~~ but subject to  
8 the provisions of G.S. 160A-514, and with the approval of the local  
9 governing body sell, exchange, transfer, assign, subdivide, retain for  
10 its own use, mortgage, pledge, hypothecate or otherwise encumber or  
11 dispose of any real or personal property or any interest therein, either  
12 as an entirety to a single 'redeveloper' or in parts to several  
13 redevelopers; provided that the commission finds that the sale or other  
14 transfer of any such part will not be prejudicial to the sale of other  
15 parts of the redevelopment area, nor in any other way prejudicial to the  
16 realization of the redevelopment plan approved by the governing body;  
17 to enter into ~~contracts~~ contracts, either before or after the real property  
18 that is the subject of the contract is acquired by the Commission  
19 (although disposition of the property is still subject to G.S. 160A-514),  
20 with 'redevelopers' of property containing covenants, restrictions, and  
21 conditions regarding the use of such property for residential,  
22 commercial, industrial, recreational purposes or for public purposes in  
23 accordance with the redevelopment plan and such other covenants,  
24 restrictions and conditions as the commission may deem necessary to  
25 prevent a recurrence of blighted areas or to effectuate the purposes of  
26 this Article; to make any of the covenants, restrictions or conditions of  
27 the foregoing contracts covenants running with the land, and to  
28 provide appropriate remedies for any breach of any such covenants or  
29 conditions, including the right to terminate such contracts and any  
30 interest in the property created pursuant thereto; to borrow money and  
31 issue bonds therefor and provide security for bonds; to insure or  
32 provide for the insurance of any real or personal property or operations  
33 of the commission against any risks or hazards, including the power to  
34 pay premiums on any such insurance; and to enter into any contracts  
35 necessary to effectuate the purposes of this Article;".

36 Sec. 18. G.S. 160A-515.1 is reenacted and is rewritten to read:

37 **"§ 160A-515.1. Economic development financing.**

38 (a) Authorization. – A city may finance a redevelopment project and any related  
39 public improvements with the proceeds of economic development financing bonds,  
40 issued pursuant to Article 6 of Chapter 159 of the General Statutes, together with any  
41 other revenues that are available to the city. Before it receives the approval of the Local  
42 Government Commission for issuance of economic development financing bonds, the  
43 city's governing body must define a development financing district and adopt a  
44 development financing plan for the district.

1       **(b) Development Financing District.** – A development financing district shall  
2 comprise all or portions of one or more redevelopment areas defined pursuant to this  
3 Article.

4       **(c) Development Financing Plan.** – The development financing plan shall be  
5 compatible with the redevelopment plan or plans for the redevelopment area or areas  
6 included within the district. The development financing plan shall include:

7           **(1)** A description of the boundaries of the development financing district;

8           **(2)** A description of the proposed development of the district, both public  
9 and private;

10          **(3)** The costs of the proposed public activities;

11          **(4)** The sources and amounts of funds to pay for the proposed public  
12 activities;

13          **(5)** The base valuation of the development financing district;

14          **(6)** The projected incremental valuation of the development financing  
15 district;

16          **(7)** The estimated duration of the development financing district;

17          **(8)** A description of how the proposed development of the district, both  
18 public and private, will benefit the residents and business owners of  
19 the district in terms of jobs, affordable housing, or services; and

20          **(9)** A description of the appropriate ameliorative activities which will be  
21 undertaken if the proposed projects have a negative impact on  
22 residents or business owners of the district in terms of jobs, affordable  
23 housing, services, or displacement.

24       **(d) County Review.** – Before adopting a plan for a development financing  
25 district, the city council shall cause notice of the plan to be mailed, by first-class mail, to  
26 the board of county commissioners of the county or counties in which the development  
27 financing district is located. The person mailing the notice shall certify that fact, and  
28 the date thereof, to the city council, and the certificate is conclusive in the absence of  
29 fraud. Unless the board of county commissioners (or either board, if the district is in  
30 two counties) by resolution disapproves the proposed plan within 28 days after the date  
31 the notice is mailed, the city council may proceed to adopt the plan.

32       **(e) Plan Adoption.** – Before adopting a plan for a development financing district,  
33 the city council shall hold a public hearing on the plan. The council shall, no less than  
34 30 days before the day of hearing, cause notice of the hearing to be mailed by first-class  
35 mail to all property owners and mailing addresses within the proposed development  
36 financing district. The council shall also, no more than 30 days and no less than 14 days  
37 before the day of the hearing, cause notice of the hearing to be published once in a  
38 newspaper of general circulation in the city. The notice shall state the time and place of  
39 the hearing, shall specify its purpose, and shall state that a copy of the proposed plan is  
40 available for public inspection in the office of the city clerk. At the public hearing, the  
41 council shall hear anyone who wishes to speak with respect to the proposed district and  
42 proposed plan. Unless a board of county commissioners has disapproved the plan  
43 pursuant to subsection (d) of this section, the council may adopt the plan, with or  
44 without amendment, at any time after the public hearing. However, the plan and the

1 district do not become effective until the city's application to issue economic  
2 development financing bonds has been approved by the Local Government  
3 Commission, pursuant to Article 6 of Chapter 159 of the General Statutes.

4 (f) Plan Modification. – Subject to the limitations of this subsection, a city  
5 council may, after the effective date of the district, amend a development financing plan  
6 adopted for a development financing district. Before making any amendment, the city  
7 council shall follow the procedures and meet the requirements of subsections (d) and (e)  
8 of this section. The boundaries of the district may be enlarged only during the first five  
9 years after the effective date of the district and only if the area to be added has been or  
10 is about to be developed and the development is primarily attributable to development  
11 that has occurred within the district, as certified by the Local Government Commission.  
12 The boundaries of the district may be reduced at any time, but the city may agree with  
13 the holders of any economic development financing bonds to restrict its power to reduce  
14 district boundaries.

15 (g) Plan Implementation. – In implementing a development financing plan, a city  
16 may act directly, through a redevelopment commission, through one or more contracts  
17 with private agencies, or by any combination thereof."

18 Sec. 19. Article 1 of Chapter 158 of the General Statutes is amended by  
19 adding a new section to read:

20 **"§ 158-7.3. Development financing.**

21 (a) Definitions. – As used in this section:

22 (1) 'Economic development project' means a capital project that includes  
23 capital expenditures by both private persons and one or more units of  
24 local government and that increases net employment opportunities for  
25 residents of the development district or within a two-mile radius of the  
26 project, whichever is larger, and local government tax base.

27 If the district in which such a project will occur is outside a city's  
28 central business district (as that district is defined by resolution of the  
29 city council, which definition is binding and conclusive), then, of the  
30 private development forecast for an economic development project by  
31 the development financing plan for the district in which the project  
32 will occur, a maximum of twenty percent (20%) of the plan's estimated  
33 square footage of floor space may be proposed for use in retail sales,  
34 hotels, banking and financial services offered directly to consumers,  
35 and other commercial uses other than office space.

36 (2) 'Publish' means insertion in a newspaper qualified under G.S. 1-597 to  
37 public legal advertisements in the county or counties in which the unit  
38 is located.

39 (3) 'Unit' or 'unit of local government' means a county, city, town, or  
40 incorporated village.

41 (b) Authorization. – A unit of local government may finance public  
42 improvements that are part of an economic development project with the proceeds of  
43 economic development financing bonds, issued pursuant to Article 6 of Chapter 159 of  
44 the General Statutes, together with any other revenues that are available to the unit.

1 Before it receives the approval of the Local Government Commission for issuance of  
2 economic development financing bonds, the unit's governing body must define a  
3 development financing district and adopt a development financing plan for the district.

4 (c) Development Financing District. – A development financing district created  
5 pursuant to this section must be comprised of property that is either:

6 (1) Blighted, deteriorated, deteriorating, undeveloped, or inappropriately  
7 developed from the standpoint of sound community development and  
8 growth;

9 (2) Appropriate for rehabilitation or conservation activities; or

10 (3) Appropriate for the economic development of the community.

11 A county may not include in a district created pursuant to this section any land that,  
12 at the time the district is created, is inside a city, town, or incorporated village.

13 (d) Development Financing Plan. – The development financing plan shall  
14 include:

15 (1) A description of the boundaries of the development financing district;

16 (2) A description of the proposed development of the district, both public  
17 and private;

18 (3) The costs of the proposed public activities;

19 (4) The sources and amounts of funds to pay for the proposed public  
20 activities;

21 (5) The base valuation of the development financing district;

22 (6) The projected incremental valuation of the development financing  
23 district;

24 (7) The estimated duration of the development financing district;

25 (8) A description of how the proposed development of the district, both  
26 public and private, will benefit the residents and business owners of  
27 the district in terms of jobs, affordable housing, or services; and

28 (9) A description of the appropriate ameliorative activities which will be  
29 undertaken if the proposed projects have a negative impact on  
30 residents or business owners of the district in terms of jobs, affordable  
31 housing, services, or displacement.

32 (e) County Review. – If the unit creating a development financing district and  
33 adopting a development financing plan is a city, town, or incorporated village, before  
34 adopting the plan the unit's governing body shall cause notice of the plan to be mailed,  
35 by first-class mail, to the board of county commissioners of the county or counties in  
36 which the development financing district is located. The person mailing the notice shall  
37 certify that fact, and the date thereof, to the governing body, and the certificate is  
38 conclusive in the absence of fraud. Unless the board of county commissioners (or either  
39 board, if the district is in two counties) by resolution disapproves the proposed plan  
40 within 28 days after the date the notice is mailed, the governing body may proceed to  
41 adopt the plan.

42 (f) Plan Adoption. – Before adopting a plan for a development financing district,  
43 the issuing unit's governing body shall hold a public hearing on the plan. The governing  
44 body shall, no more than 30 days and no less than 14 days before the day of the hearing,

1 cause notice of the hearing to be published once and shall cause notice of the hearing to  
2 be mailed, by first-class mail, to all property owners and mailing addresses of the  
3 development financing district and to the governing body of any special district, as  
4 defined by G.S. 159-7, within which the development financing district is located. The  
5 notice shall state the time and place of the hearing, shall specify its purpose, and shall  
6 state that a copy of the proposed plan is available for public inspection in the office of  
7 the unit's clerk. At the public hearing, the governing body shall hear anyone who  
8 wishes to speak with respect to the proposed district and proposed plan. Unless a board  
9 of county commissioners has disapproved the plan pursuant to subsection (e) of this  
10 section, the governing body may adopt the plan, with or without amendment, at any  
11 time after the public hearing. However, the plan and the district do not become  
12 effective until the unit's application to issue economic development financing bonds has  
13 been approved by the Local Government Commission, pursuant to Article 6 of Chapter  
14 159 of the General Statutes.

15 (g) **Plan Modification.** – Subject to the limitations of this subsection, a governing  
16 body may, after the effective date of the district, amend a development financing plan  
17 adopted for a development financing district. Before making any amendment, the  
18 governing body shall follow the procedures and meet the requirements of subsections  
19 (e) and (f) of this section. The boundaries of the district may be enlarged only during  
20 the first five years after the effective date of the district and only if the area to be added  
21 has been or is about to be developed and the development is primarily attributable to  
22 development that has occurred within the district, as certified by the Local Government  
23 Commission. The boundaries of the district may be reduced at any time, but the unit  
24 may agree with the holders of any economic development financing bonds to restrict its  
25 power to reduce district boundaries.

26 (h) **Plan Implementation.** – In implementing a development financing plan, a unit  
27 may act directly, through one or more contracts with other public agencies, through one  
28 or more contracts with private agencies, or by any combination thereof."

29 Sec. 20. G.S. 105-284 is amended by adding a new subsection (d) to read:

30 "(d) **Property that is in a development financing district and that is subject to an**  
31 **agreement entered into pursuant to G.S. 159-108 shall be assessed at its true value or at**  
32 **the minimum value set out in the agreement, whichever is greater."**

33 Sec. 21. Chapter 105 of the General Statutes is amended by adding after G.S.  
34 105-277.10 a new section to read:

35 **"§ 105-277.11. Taxation of property subject to a development financing district**  
36 **agreement.**

37 Property that is in a development financing district, established pursuant to G.S.  
38 160A-515.1 or G.S. 158-7.3, and that is subject to an agreement entered into pursuant to  
39 G.S. 159-108, is designated a special class of property under Article V, Sec. 2(2) of  
40 the North Carolina Constitution and shall be assessed for taxation at the greater of its  
41 true value or the minimum value established in the agreement."

42 Sec. 22. Liberal Construction. This act, being necessary for the prosperity  
43 and welfare of the State and its inhabitants, shall be liberally construed to effect these  
44 purposes.

1           Sec. 23. Severability. If any clause or other portion of this act is held invalid,  
2 that decision shall not affect the validity of the remaining portions of this act, which are  
3 severable.

4           Sec. 24. The amendment set out in Section 1 of this act shall be submitted to  
5 the qualified voters of the State for their ratification or rejection in a referendum to be  
6 held on the first Tuesday after the first Monday of November 1993. At that referendum,  
7 each qualified voter desiring to vote shall be provided a ballot on which shall be printed  
8 the following:

9           "[] FOR Constitutional amendment permitting the General Assembly to  
10 enact general laws permitting issuance of bonds without a referendum  
11 to finance public projects associated with private industrial and  
12 commercial economic development projects, with the bonds to be  
13 secured in whole or in part by the additional revenues from taxes  
14 levied on the incremental value of the property in the territorial area.

15           [] AGAINST Constitutional amendment permitting the General  
16 Assembly to enact general laws permitting issuance of bonds without a  
17 referendum to finance public projects associated with private industrial  
18 and commercial economic development projects, with the bonds to be  
19 secured in whole or in part by the additional revenues from taxes  
20 levied on the incremental value of the property in the territorial area."

21           Those qualified voters favoring the amendment shall vote by making an  
22 "X" or a check mark in the square beside the statement beginning "FOR", and those  
23 qualified voters opposed to the amendment shall vote by making an "X" or a check mark  
24 in the square beside the statement beginning "AGAINST".

25           Notwithstanding the foregoing provisions of this section, voting machines  
26 may be used in accordance with rules and regulations prescribed by the State Board of  
27 Elections.

28           Sec. 25. If a majority of votes cast thereon are in favor of the amendment set  
29 out in Section 1 of this act, the State Board of Elections shall certify the amendment to  
30 the Secretary of State, who shall enroll the amendment so certified among the  
31 permanent records of the Office of the Secretary of State. The amendment set out in  
32 Section 1 of this act and the amendments set out in Sections 2 through 21 of this act  
33 shall become effective upon this certification.

34           Sec. 26. This act is effective upon ratification.