

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

2

HOUSE BILL 985  
Committee Substitute Favorable 4/27/99

Short Title: State Land Transactions.

(Public)

---

Sponsors:

---

Referred to:

---

April 12, 1999

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE BENCHMARK AT WHICH THE DEPARTMENT OF  
2 ADMINISTRATION IS REQUIRED TO ADVERTISE FOR PROPOSALS FOR  
3 LEASES BY THE STATE, TO CLARIFY WHEN THE DEPARTMENT MAY  
4 TRANSFER PROPERTY TO NONPROFIT ORGANIZATIONS AT LESS THAN  
5 FAIR-MARKET VALUE, AND TO SIMPLIFY THE LAW REGARDING STATE  
6 LEASES OF PROPERTY IN UNIQUE LOCATIONS.  
7

8 The General Assembly of North Carolina enacts:

9 Section 1. G.S. 146-25.1(a) reads as rewritten:

10 "(a) If pursuant to G.S. 146-25, the Department of Administration determines that it  
11 is in the best interest of the State to lease or rent land and the rental is estimated to exceed  
12 ~~twelve thousand dollars (\$12,000)~~ twenty-five thousand dollars (\$25,000) per year or the  
13 term will exceed three years, the Department shall require the State agency desiring to  
14 rent land to prepare and submit for its approval a set of specifications for its needs. Upon  
15 approval of specifications, the Department shall prepare a public advertisement. The  
16 State agency shall place such advertisement in a newspaper of general circulation in the  
17 county for proposals from prospective lessors of said land and shall make such other  
18 distribution thereof as the Department directs. The advertisement shall be run for at least  
19 five consecutive days, and shall provide that proposals shall be received for at least seven

1 days from the date of the last advertisement in the State Property Office of the  
2 Department. The provisions of this section do not apply to property owned by  
3 governmental agencies and leased to other governmental agencies."

4 Section 2. G.S. 146-29.1(c) reads as rewritten:

5 "(c) Real property owned by the State or by any State agency may be sold, leased,  
6 or rented at less than market value to a private, nonprofit corporation, association,  
7 organization or society ~~upon a determination by~~ if the Department of Administration ~~that~~  
8 ~~such~~ determines both of the following:

9 (1) The transaction is in consideration of public service rendered or to be  
10 ~~rendered.~~ rendered by the nonprofit.

11 (2) The property will be used in connection with the nonprofit's tax-exempt  
12 purpose and not in connection with its unrelated trade or business, as  
13 defined in section 513 of the Code. For the purposes of this  
14 subdivision, the term "Code" has the same meaning as in G.S. 105-  
15 228.90.

16 The transaction shall be reported in detail at least 30 days prior to the sale, lease, or rental  
17 to the Joint Legislative Commission on Governmental Operations and the Fiscal  
18 Research Division of the Legislative Services Office. ~~In the case of a private, nonprofit~~  
19 ~~corporation, association, organization, or society that engages in some for profit activities, the~~  
20 ~~amount of the sale, lease, or rent shall be not less than the fair market value of the property times~~  
21 ~~the percentage of the total activities of the corporation, association, organization, or society that~~  
22 ~~are for profit."~~

23 Section 3. G.S. 146-32 reads as rewritten:

24 "**§ 146-32. Exemptions as to leases, etc.**

25 The Governor, acting with the approval of the Council of State, may adopt rules and  
26 regulations.

27 (1) Exempting from any or all of the requirements of this Subchapter such  
28 classes of lease, rental, easement, and right-of-way transactions as he  
29 deems advisable; and

30 (2) Authorizing any State agency to enter into and/or approve those classes  
31 of transactions exempted by such rules and regulations from the  
32 requirements of this Chapter.

33 (3) No rule or regulation adopted under this section may exempt from the  
34 provisions of G.S. 146-25.1 any class of lease or rental which has a  
35 duration of more than 21 days, unless the class of lease or rental:

36 a. Is a lease or rental necessitated by a fire, flood, or other disaster  
37 that forces the agency seeking the new lease or rental to cease  
38 use of real property; ~~or~~

39 b. Is a lease or rental necessitated because an agency had intended  
40 to move to new or renovated real property that was not  
41 completed when planned, but a lease or rental exempted under  
42 this subparagraph may not be for a period of more than six  
43 ~~months.~~ months; or

1                   c.     Is a lease or rental which requires a unique location or a location  
2                             that adjoins or is in close proximity to an existing rental  
3                             location."

4                   Section 4. This act is effective when it becomes law.