

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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SENATE BILL 718  
Judiciary I Committee Substitute Adopted 4/17/01  
House Committee Substitute Favorable 10/2/02

Short Title: Local Gov. Special Obligation Bond Use.

(Public)

Sponsors:

Referred to:

March 28, 2001

A BILL TO BE ENTITLED

AN ACT EXPANDING THE PURPOSES FOR WHICH COUNTIES AND MUNICIPALITIES MAY USE SPECIAL OBLIGATION BONDS.

The General Assembly of North Carolina enacts:

**PART I. LOCAL GOVERNMENT SPECIAL OBLIGATION BONDS**

**SECTION 1.1.** G.S. 159I-30(a) reads as rewritten:

"(a) Authorization. – Any unit of local government may borrow money for the purpose of financing or refinancing its cost of the acquisition or construction of a project and may issue special obligation bonds and notes, including bond anticipation notes and renewal notes, pursuant to the provisions of this section and the applicable provisions of this Chapter for this purpose. ~~As used in this section, the term 'project' has the meaning provided in G.S. 159I-3 and also includes any of the following as defined in S.L. 1998-132: water supply systems, water conservation projects, water reuse projects, wastewater collection systems, and wastewater treatment works."~~

**SECTION 1.2.** G.S. 159I-30(g) reads as rewritten:

"(g) Definitions. – ~~As used~~ The following definitions apply in this section:

- (1) ~~"Credit facility" means an~~ Credit facility. – An agreement entered into by the unit with a bank, a savings and loan association or other banking institution, association, or another banking institution; an insurance company, a reinsurance company, a surety company or other company, or another insurance institution, institution; a corporation, an investment banking firm or other firm, or another investment institution, institution; or any financial institution, institution, providing for prompt payment of all or any part of the principal, or purchase price (whether at maturity, presentment, or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the unit agreeing to

1 repay the provider of the credit facility in accordance with the terms  
2 and provisions of the agreement; the provider of any credit facility  
3 may be located either within or without the United States of America.

4 (2) ~~"Par formula" means any Par formula.~~ – Any provision or formula  
5 adopted by the unit to provide for the adjustment, from time to time of  
6 the interest rate or rates borne by any bonds or notes including:

- 7 a. A provision providing for such adjustment so that the purchase  
8 price of such bonds or notes in the open market would be as  
9 close to par as possible;
- 10 b. A provision providing for such adjustment based upon a  
11 percentage or percentages of a prime rate or base rate, which  
12 percentage or percentages may vary or be applied for different  
13 periods of time; or
- 14 c. Any other provision as the unit may determine to be consistent  
15 with this section and the applicable provisions of this Chapter  
16 and does not materially and adversely affect the financial  
17 position of the unit and the marketing of the bonds or notes at a  
18 reasonable interest cost to the unit.

19 (3) Project. – Any of the following:

- 20 a. A project as defined in G.S. 159I-3.
- 21 b. Any of the following as defined in S.L. 1998-132: water supply  
22 systems, water conservation projects, water reuse projects,  
23 wastewater collection systems, and wastewater treatment  
24 works.
- 25 c. With respect to a county, any project or purpose authorized or  
26 described in G.S. 159-48(b) or (c).
- 27 d. With respect to a city, any project or purpose authorized or  
28 described in G.S. 159-48(b) or (d).

29 (g1) Credit Facility. – The obligation of a unit of local government under a credit  
30 facility to repay any drawing thereunder may be made payable and otherwise secured, to  
31 the extent applicable, as provided in this section."

32 **SECTION 1.3.** G.S. 160A-543 reads as rewritten:

33 **"§ 160A-543. Bonds authorized.**

34 A city may issue its ~~general obligation bonds under the Local Government Bond Act~~  
35 incur debt under general law to finance services, facilities or functions provided within a  
36 service district. If a proposed general obligation bond issue is required by law to be  
37 submitted to and approved by the voters of the city, and if the proceeds of the proposed  
38 bond issue are to be used in connection with a service that is or, if the bond issue is  
39 approved, will be provided only for one or more service districts or at a higher level in  
40 service districts than city wide, the proposed bond issue must be approved concurrently  
41 by a majority of those voting throughout the entire city and by a majority of the total of  
42 those voting in all of the affected or to be affected service districts."

43 **PART II. GENERAL PROVISIONS**

1           **SECTION 2.1.** Interpretation of Act. (a) Additional Method. – This act  
2 provides an additional and alternative method for the doing of the things authorized by  
3 this act and shall be regarded as supplemental and additional to powers conferred by  
4 other laws. Except where expressly provided, this act shall not be regarded as in  
5 derogation of any powers now existing. The authority granted in this act is in addition to  
6 other laws now or hereinafter enacted authorizing the State to issue or incur  
7 indebtedness.

8           **SECTION 2.1.(b)** Statutory References. – References in this act to specific  
9 sections or Chapters of the General Statutes are intended to be references to those  
10 sections or Chapters as they may be amended, from time to time, by the General  
11 Assembly.

12           **SECTION 2.1.(c)** Liberal Construction. – This act, being necessary for the  
13 health and welfare of the people of the State, shall be liberally construed to effect its  
14 purposes.

15           **SECTION 2.1.(d)** Severability. – If any provision of this act or its  
16 application to any person or circumstance is held invalid, that invalidity does not affect  
17 other provisions or applications of the act that can be given effect without the invalid  
18 provision or application, and to this end the provisions of this act are severable.

19           **SECTION 2.2.** Effective Date. – This act is effective when it becomes law.