

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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SENATE DRS65049-LC-28 (02/12)

Short Title: Special Obligation Debt/Purposes. (Public)

Sponsors: Senator Clodfelter.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE MUNICIPAL SERVICE DISTRICTS FOR
TRANSIT-ORIENTED DEVELOPMENT AND TO AUTHORIZE CITIES TO
USE SPECIAL OBLIGATION FINANCING FOR PROJECTS WITHIN
MUNICIPAL SERVICE DISTRICTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-536 reads as rewritten:

"§ 160A-536. Purposes for which districts may be established.

(a) Purposes. – The city council of any city may define any number of service districts in order to finance, provide, or maintain for the districts one or more of the following services, facilities, or functions in addition to or to a greater extent than those financed, provided or maintained for the entire city:

(1) Beach erosion control and flood and hurricane protection works.

(1a) **(For applicability see note)** Any service, facility, or function which the municipality may by law provide in the city, and including but not limited to placement of utility wiring underground, placement of period street lighting, placement of specially designed street signs and street furniture, landscaping, specialized street and sidewalk paving, and other appropriate improvements to the rights-of-way that generally preserve the character of an historic district; provided that this subdivision only applies to a service district which, at the time of its creation, had the same boundaries as an historic district created under Part 3A of Article 19 of this Chapter.

(2) Downtown revitalization projects.

(2a) Urban area revitalization projects.

(2b) Transit-oriented development projects.

(3) Drainage projects.

1 (3a) Sewage collection and disposal systems of all types, including septic
2 tank systems or other on-site collection or disposal facilities or
3 systems.

4 (3b) **(For applicability see note)** Lighting at interstate highway
5 interchange ramps.

6 (4) Off-street parking facilities.

7 (5) Watershed improvement projects, including but not limited to
8 watershed improvement projects as defined in General Statutes
9 Chapter 139; drainage projects, including but not limited to the
10 drainage projects provided for by General Statutes Chapter 156; and
11 water resources development projects, including but not limited to the
12 federal water resources development projects provided for by General
13 Statutes Chapter 143, Article 21.

14 (b) Downtown Revitalization Defined. – As used in this section "downtown
15 revitalization projects" include by way of illustration but not limitation improvements to
16 water mains, sanitary sewer mains, storm sewer mains, electric power distribution lines,
17 gas mains, street lighting, streets and sidewalks, including rights-of-way and easements
18 therefor, the construction of pedestrian malls, bicycle paths, overhead pedestrian
19 walkways, sidewalk canopies, and parking facilities both on-street and off-street, and
20 other improvements intended to relieve traffic congestion in the central city, improve
21 pedestrian and vehicular access thereto, reduce the incidence of crime therein, and
22 generally to further the public health, safety, welfare, and convenience by promoting the
23 economic health of the central city or downtown area. In addition, a downtown
24 revitalization project may, in order to revitalize a downtown area and further the public
25 health, safety, welfare, and convenience, include the provision of city services or
26 functions in addition to or to a greater extent than those provided or maintained for the
27 entire city. A downtown revitalization project may also include promotion and
28 developmental activities (such as sponsoring festivals and markets in the downtown
29 area, promoting business investment in the downtown area, helping to coordinate public
30 and private actions in the downtown area, and developing and issuing publications on
31 the downtown area) designed to improve the economic well-being of the downtown area
32 and further the public health, safety, welfare, and convenience. Exercise of the authority
33 granted by this Article to undertake downtown revitalization projects financed by a
34 ~~municipal~~ service district shall not prejudice the city's authority to undertake urban
35 renewal projects in the same area.

36 (c) Urban Area Revitalization Defined. – As used in this section, the term "urban
37 area revitalization projects" includes the provision within an urban area of any service
38 or facility that may be provided in a downtown area as a downtown revitalization
39 project under subdivision (a)(2) and subsection (b) of this section. As used in this
40 section, the term "urban area" means an area that (i) is located within a city whose
41 population exceeds 150,000 according to the most recent annual population statistics
42 certified by the State Planning Officer and (ii) meets one or more of the following
43 conditions:

44 (1) It is the central business district of the city.

- 1 (2) It consists primarily of existing or redeveloping concentrations of
2 industrial, retail, wholesale, office, or significant
3 employment-generating uses, or any combination of these uses.
- 4 (3) It is located in or along a major transportation corridor and does not
5 include any residential parcels that are not, at their closest point, within
6 150 feet of the major transportation corridor right-of-way or any
7 nonresidentially zoned parcels that are not, at their closest point,
8 within 1,500 feet of the major transportation corridor right-of-way.
- 9 (4) It has as its center and focus a major concentration of public or
10 institutional uses, such as airports, seaports, colleges or universities,
11 hospitals and health care facilities, or governmental facilities.

12 (c1) Transit-Oriented Development Defined. – As used in this section, the term
13 'transit-oriented development' includes the provision within a public transit area of any
14 service or facility listed in this subsection. A public transit area is an area within a
15 one-fourth mile radius of any passenger stop or station located on a mass transit line. A
16 mass transit line is a rail line along which a public transportation service operates or a
17 busway or guideway dedicated to public transportation service. A busway is not a mass
18 transit line if a majority of its length is also generally open to passenger cars and other
19 private vehicles more than two days a week.

20 The following services and facilities are included in the definition of 'transit-oriented
21 development' if they are provided within a transit area:

- 22 (1) Any service or facility that may be provided in a downtown area as a
23 downtown revitalization project under subdivision (a)(2) and
24 subsection (b) of this section.
- 25 (2) Passenger stops and stations on a mass transit line.
- 26 (3) Parking facilities and structures associated with passenger stops and
27 stations on a mass transit line.
- 28 (4) Any other service or facility, whether public or public-private, that the
29 city may by law provide or participate in within the city, including
30 retail, residential, and commercial facilities.

31 (d) Contracts. – A city may provide services, facilities, functions, or promotional
32 and developmental activities in a service district with its own forces, through a contract
33 with another governmental agency, through a contract with a private agency, or by any
34 combination thereof. Any contracts entered into pursuant to this paragraph shall specify
35 the purposes for which city moneys are to be used and shall require an appropriate
36 accounting for those moneys at the end of each fiscal year or other appropriate period."

37 **SECTION 2.** G.S. 159I-30(a) reads as rewritten:

38 "(a) Authorization. – Any unit of local government may borrow money for the
39 purpose of financing or refinancing its cost of the acquisition or construction of a
40 project and may issue special obligation bonds and notes, including bond anticipation
41 notes and renewal notes, pursuant to the provisions of this section and the applicable
42 provisions of this Chapter for this purpose. ~~As used in this section, the term 'project' has~~
43 ~~the meaning provided in G.S. 159I-3 and also includes any of the following as defined~~

1 in S.L. 1998-132: water supply systems, water conservation projects, water reuse
2 projects, wastewater collection systems, and wastewater treatment works."

3 **SECTION 3.** G.S. 159I-30(g) reads as rewritten:

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

5 (1) ~~"Credit facility" means an~~Credit facility. – An agreement entered into
6 by the unit with a bank, a savings and loan association or other
7 banking institution, association, or another banking institution; an
8 insurance company, a reinsurance company, a surety company or
9 other company, or another insurance institution, institution; a
10 corporation, an investment banking firm or other firm, or another
11 investment institution, institution; or any financial institution
12 institution, providing for prompt payment of all or any part of the
13 principal, or purchase price (whether at maturity, presentment, or
14 tender for purchase, redemption, or acceleration), redemption
15 premium, if any, and interest on any bonds or notes payable on
16 demand or tender by the owner, in consideration of the unit agreeing to
17 repay the provider of the credit facility in accordance with the terms
18 and provisions of the agreement; the provider of any credit facility
19 may be located either within or without the United States of America.

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

- 23 a. A provision providing for such adjustment so that the purchase
24 price of such bonds or notes in the open market would be as
25 close to par as possible;
- 26 b. A provision providing for such adjustment based upon a
27 percentage or percentages of a prime rate or base rate, which
28 percentage or percentages may vary or be applied for different
29 periods of time; or
- 30 c. Any other provision as the unit may determine to be consistent
31 with this section and the applicable provisions of this Chapter
32 and does not materially and adversely affect the financial
33 position of the unit and the marketing of the bonds or notes at a
34 reasonable interest cost to the unit.

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

- 36 a. A project as defined in G.S. 159I-3.
- 37 b. Any of the following as defined in S.L. 1998-132: water supply
38 systems, water conservation projects, water reuse projects,
39 wastewater collection systems, and wastewater treatment
40 works.
- 41 c. With respect to a city, any service or facility authorized by G.S.
42 160A-536 and provided in a municipal service district.

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

4 **SECTION 4.** G.S. 160A-543 reads as rewritten:

5 "**§ 160A-543. Bonds authorized.**

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

15 **SECTION 5.** This act is effective when it becomes law.