

1 an individual or entity advancing moneys or supplying financing for the purchase
2 transaction.

3 (d) The term of a contract entered into under this section shall not exceed the
4 useful life of the property purchased. An option to upgrade shall be considered in
5 determining the useful life of the property.

6 (e) A contract entered into under this section shall be considered a continuing
7 contract for capital outlay and subject to G.S. 115C-441(c1).

8 (f) A contract entered into under this section is subject to Article 8 of Chapter
9 159 of the General Statutes, except for G.S. 159-148(a)(4) and (b)(2). For purposes of
10 determining whether the standards set out in G.S. 159-148(a)(3) have been met, only the
11 five hundred thousand dollar (\$500,000) threshold shall apply.

12 (g) Subsections (e) and (f) of this section shall not apply to contracts entered into
13 under this section so long as the term of each contract does not exceed three years and
14 the total amount financed during any three-year period is no greater than two hundred
15 fifty thousand dollars (\$250,000) or is no greater than three times the local board's
16 annual State allocation for classroom materials, equipment, and instructional supplies,
17 whichever is less. The local board shall submit information, including the principal and
18 interest paid and the amount of outstanding obligation, concerning these contracts as
19 part of the annual budget it submits to its board of county commissioners under Article
20 31 of this Chapter.

21 (h) No contract entered into under this section may contain a nonsubstitution
22 clause that restricts the right of a local board to:

23 (1) Continue to provide a service or activity; or

24 (2) Replace or provide a substitute for any property financed or purchased
25 by the contract.

26 (i) No deficiency judgment may be rendered against any local board of
27 education or any unit of local government, as defined in G.S. 160A-20(h), in any action
28 for breach of a contractual obligation authorized by this section, and the taxing power of
29 a unit of local government is not and may not be pledged directly or indirectly to secure
30 any moneys due under a contract authorized by this section."

31 **SECTION 2.** This act is effective when it becomes law.