

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

S

1

SENATE BILL 674

Short Title: Prohibit Costly Local Government Litigation. (Public)

Sponsors: Senators Daniel, Hise, Brown (Primary Sponsors); Cook and Meredith.

Referred to: Education/Higher Education.

April 4, 2013

A BILL TO BE ENTITLED
AN ACT TO PROHIBIT COSTLY LITIGATION BETWEEN COUNTY GOVERNMENT
AND LOCAL SCHOOL ADMINISTRATIVE UNITS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-426(f) reads as rewritten:

"(f) The capital outlay fund shall include appropriations for:

- (1) The acquisition of real property for school purposes, including but not limited to school sites, playgrounds, athletic fields, administrative headquarters, and garages.
- (2) The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and other structures, including but not limited to buildings for classrooms and laboratories, physical and vocational educational purposes, libraries, auditoriums, gymnasiums, administrative offices, storage, and vehicle maintenance.
- (3) The acquisition or replacement of furniture and furnishings, instructional apparatus, data-processing equipment, business machines, and similar items of furnishings and equipment.
- (4) The acquisition of school buses as additions to the fleet.
- (5) The acquisition of activity buses and other motor vehicles.
- (6) Such other objects of expenditure as may be assigned to the capital outlay fund by the uniform budget format.

The cost of acquiring or constructing a new building, or reconstructing, enlarging, or renovating an existing building, shall include the cost of all real property and interests in real property, and all plants, works, appurtenances, structures, facilities, furnishings, machinery, and equipment necessary or useful in connection therewith; financing charges; the cost of plans, specifications, studies, reports, and surveys; legal expenses; and all other costs necessary or incidental to the construction, reconstruction, enlargement, or renovation.

No contract for the purchase of a site shall be executed nor any funds expended therefor without the approval of the board of county commissioners as to the amount to be spent for the site; ~~and in case of a disagreement between a board of education and a board of county commissioners as to the amount to be spent for the site, the procedure provided in G.S. 115C-431 shall, insofar as the same may be applicable, be used to settle the disagreement.~~ site. The board of county commissioners has sole authority to determine the maximum amount to be spent for the site.

Appropriations in the capital outlay fund shall be funded by revenues made available for capital outlay purposes by the State Board of Education and the board of county



1 commissioners, supplemental taxes levied by or on behalf of the local school administrative
2 unit pursuant to a local act or G.S. 115C-501 to 115C-511, the proceeds of the sale of capital
3 assets, the proceeds of claims against fire and casualty insurance policies, and other sources."

4 **SECTION 2.** G.S. 115C-429 reads as rewritten:

5 "**§ 115C-429. Approval of budget; submission to county commissioners; commissioners'**
6 **action on budget.**

7 (a) Upon receiving the budget from the superintendent and following the public hearing
8 authorized by G.S. 115C-428(b), if one is held, the board of education shall consider the
9 budget, make such changes therein as it deems advisable, and submit the entire budget as
10 approved by the board of education to the board of county commissioners not later than May
11 15, or such later date as may be fixed by the board of county commissioners.

12 (b) The board of county commissioners shall complete its action on the school budget
13 on or before July 1, or such later date as may be agreeable to the board of education. The
14 commissioners shall determine the amount of county revenues to be appropriated in the county
15 budget ordinance to the local school administrative unit for the budget year. The board of
16 county commissioners may, in its discretion, allocate part or all of its appropriation by purpose,
17 function, or project as defined in the uniform budget format.

18 (c) The board of county commissioners shall have full authority to call for, and the
19 board of education shall have the duty to make available to the board of county commissioners,
20 upon request, all books, records, audit reports, and other information bearing on the financial
21 operation of the local school administrative unit.

22 (d) Nothing in this Article shall be construed to place a duty on the board of
23 commissioners to fund a deficit incurred by a local school administrative unit through failure of
24 the unit to comply with the provisions of this Article or rules and regulations issued pursuant
25 hereto, or to provide moneys lost through misapplication of moneys by a bonded officer,
26 employee or agent of the local school administrative unit when the amount of the fidelity bond
27 required by the board of education was manifestly insufficient.

28 (e) The board of commissioners has sole authority to determine the adequacy of county
29 funds provided for the operating and capital expenses of a local school administrative unit.
30 Nothing in this Chapter shall be construed to place a duty on the board of commissioners to
31 provide more funds for the operating or capital expenses of a local school administrative unit
32 than it deems necessary and appropriate to fund the public schools."

33 **SECTION 3.** G.S. 115C-431 is repealed.

34 **SECTION 4.** G.S. 115C-432(a) reads as rewritten:

35 "(a) After the board of county commissioners has made its appropriations to the local
36 school administrative unit, ~~or after the appeal procedure set out in G.S. 115C-431 has been~~
37 ~~concluded,~~ the board of education shall adopt a budget resolution making appropriations for the
38 budget year in such sums as the board may deem sufficient and proper. The budget resolution
39 shall conform to the uniform budget format established by the State Board of Education."

40 **SECTION 5.** This act is effective when it becomes law and applies to county
41 appropriations for public schools on or after that date.