

April 2, 2003

S 679. MODIFY STATE FINANCING LAWS. *TO MODIFY THE PUBLIC FINANCING LAWS OF THE STATE.*
Blank bill.

Intro. by Hoyle.

Ref. to Rules	UNCODIFIED
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April 30, 2003

S 679. MODIFY STATE FINANCING LAWS. Intro. 4/2/03. Senate committee substitute makes the following changes to 1st edition. Replaces blank bill with bill amending GS 159-89 to provide that revenue bond order or a trust agreement securing revenue bonds may be between the state or the issuing municipality and a bank or trust company located within or outside state.

June 27, 2003

S 679. MODIFY STATE FINANCING LAWS. Intro. 4/2/03. House committee substitute makes the following changes to 2nd edition. Specifies that the changes set forth in the bill were requested by the State Treasurer, the staff of the Local Government Comm'n, and the Public Finance Advisory Committee. Makes changes to GS 159 and GS 160 "in an effort to strengthen, modernize, and provide the most efficient method of issuing public debt by local governments and other political subdivisions of the State." Amends GS 159-65 to provide that dates for payment of installments of principal, rather than maturity dates, shall not exceed maximum periods of usefulness; that bonds of each issue shall have principal paid, rather than mature, in annual installments, except for refunding bonds or bonds purchased by a state or federal agency; that no installment of principal for any issue may be more than four times as great as the smallest prior installment of principle for the same issue, except for refunding bonds or bonds purchased by a state or federal agency; and that when bonds are issued in series, each series is a separate issue except that two or more series can be considered a single issue if issued on the same day or two consecutive days. Provides that payment of an installment on principle may be provided for by the maturity of a bond, mandatory redemption of principle prior to maturity, a sinking fund, credit facility, or any other means satisfactory to the Comm'n. Amends GS 160A-20 to specify that provisions relating to the ability of local government units to enter into security agreements apply to refinancing as well as purchases and financing. Also provides that local government units may use other accounts, such as debt service payment accounts and debt service reserve accounts, to facilitate allowed transactions. Units also are allowed to create security interests in these accounts. Creates new Art. 13, GS Ch. 159, titled "Interest Rate Swap Agreements of Governmental Units." Allows units to purchase, enter into, modify, amend, or terminate one or more swap agreements, as defined by the Article, that it determines necessary or desirable in connection with the issuance, incurrence, carrying or securing of obligations. The primary purpose of the swap agreement must be to manage interest rate risks on or interest rate costs of a unit's obligations. Allows units to enter into credit enhancement agreements to secure the obligations of the unit under the swap agreement. A unit of local government may not enter into a swap agreement without approval by the Comm'n and the statute sets out considerations for Comm'n to use in determining whether to approve the agreement. Certain specified amendments or modification to agreements also must be approved. Clarifies that the new Article does not derogate any existing powers of units and ratifies all swap agreements entered into prior to effective date of act.

July 10, 2003

S 679. MODIFY STATE FINANCING LAWS. Intro. 4/2/03. House amendment makes the following changes to 3rd edition. Amends GS 159-65(a)(5) by providing that two or more bond series may also be considered a single issue under subdivision (4) of subsection if issued on the same day or two consecutive days. Adds new GS 159-196(a)(1) and (2) to require that the Local Government Comm'n approve swap agreements proposed by local governments as defined in GS 159-44, a municipality as defined in GS 159-81, or a joint agency as defined in GS 159B-3; or if the sale, issuance, or incurrence of the obligations under which the agreement is entered is subject to Comm'n approval.

August 20, 2003

SL 2003-388 (S 679). MODIFY STATE FINANCING LAWS. *AN ACT TO MODIFY THE PUBLIC FINANCING LAWS OF THE STATE.* Summarized in *Daily Bulletin* 4/30/03, 6/27/03, and 7/10/03. Enacted August 7, 2003. Effective August 7, 2003.