

April 5, 2005

H 1117. PUBLIC FINANCE CHANGES. TO MAKE CHANGES TO STATE AND LOCAL GOVERNMENT FINANCE LAWS. Under current law, no more than 5% of the land area of a county or municipality may be included in a public financing district, which is the area within which local governments may finance development by issuing tax increment financing bonds without a local referendum. Act amends GS 158-7.3(c), 159-107(e), and 160A-515.1(b) to clarify that if a county creates a public financing district and a municipality later annexes part or all of the district, the annexed area in the district does not count as part of the municipality's 5% unless the municipality has entered into an agreement with the county under which the city taxes on the incremental valuation of the property in the district will secure the bonds. Under current GS 159-111(b), a local government may provide additional security for nonvoted tax increment financing bonds by pledging any available sources of revenue other than taxes. Act amends subsection to specify that special assessments may be pledged and to authorize granting a security interest in the property being financed by the bonds.

Amends GS 159-83, which enumerates the powers of governments with respect to revenue bonds, to remove the prohibition on mortgaging property and to specifically authorize granting a security interest in the asset being financed. Amends GS 159G-18(a) to authorize applicants for loans under the Clean Water Revolving Loan program to grant a mortgage on the assets being financed.

Amends GS 159-29(a) to require a local government finance officer to give a fidelity bond of not less than \$50,000 (was, not less than \$10,000 nor more than \$250,000). Enacts new GS 159-68 to provide that if refunding bonds do not extend the maturity of, or increase the aggregate debt service on, the debt being refunded, then a new public hearing is not required, the bond order may be introduced and adopted in one day, and various restrictions about installments, issues, series, and redemption do not apply.

Amends GS 159-125 to (1) remove the requirement that all bonds of a particular maturity must bear interest at the same rate, (2) clarify that the statute's interest rate restrictions do not apply to private negotiated sales, and (3) provide that an underwriter is required to submit with its bid a good faith deposit only if required by the Secretary of the Local Government Commission (LGC) (was, deposit equal to 2% of the aggregate principal amount of the bond issue always required). Amends GS 159-127 to require that bonds sold at public sale be awarded to the bidder offering to purchase the bonds at the lowest interest cost calculated in the manner established by the LGC in the notice of sale (was, must be calculated on a "net interest cost" basis but not a "true interest cost" basis). Amends GS 159-139 to permit cancelled bonds to be destroyed by being marked cancelled in the manner determined by the finance officer (was, by burning or shredding before witnesses), with an entry of the destruction or cancellation entered in government's official records.

Amends GS 159C-3(15a) to expand the purposes for which the North Carolina Capital Facilities Finance Agency may issue bonds to include museums.

Intro. by Ross.

Ref. to Judiciary I

GS 158, 159, 159C, 159G, 160A

April 20, 2005

H 1117. PUBLIC FINANCE CHANGES. Intro. 4/5/05. House committee substitute makes the following changes to 1st edition. Amends GS 159-111(b) to provide that property that is subject to a lien under section may be sold at foreclosure as permitted by instrument creating the encumbrance without compliance with any law regarding the disposition of publicly owned property.

May 3, 2005

H 1117. PUBLIC FINANCE CHANGES. Intro. 4/5/05. House amendment makes the following changes to 2nd edition. Changes effective date to July 1, 2005.

July 7, 2005

H 1117. PUBLIC FINANCE CHANGES. Intro. 4/5/05. Senate committee substitute makes the following changes to 3rd edition. Modifies property that may be pledged, mortgaged, or subject to a security interest in GS 159-83(a)(5) to include leased property and exempts security interests in health-related property from provisions of GS Chapter 131E governing public hospital facilities. Amends definitions of "non-profit agency" and "federally insured mortgage note" in GS 131A-3. Amends GS 131A-6, providing that public agencies may mortgage, pledge, assign, grant a security interest in, or otherwise encumber a health care facility, providing for sale at foreclosure, and making parallel changes to those in GS 159-83(a)(5). Includes a severability provision. Extends effective date to August 1, 2005.

August 1, 2005

SL 2005-238 (H 1117). PUBLIC FINANCE CHANGES. AN ACT TO MAKE CHANGES TO STATE AND LOCAL GOVERNMENT FINANCE LAWS AND TO AUTHORIZE PUBLIC HOSPITAL AUTHORITIES TO GRANT MORTGAGES TO FINANCE OR REFINANCE HOSPITAL FACILITIES AND EQUIPMENT. Summarized in *Daily Bulletin* 4/5/05, 4/20/05, 5/3/05, and 7/7/05. Enacted July 29, 2005. Effective August 1, 2005.