

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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SENATE BILL 137

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

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Sponsors: Senators Clodfelter; Carpenter, Dannelly, Reeves, and Stevens.

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Referred to: Finance.

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February 24, 2003

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE MUNICIPAL SERVICE DISTRICTS FOR  
3 TRANSIT-ORIENTED DEVELOPMENT AND TO AUTHORIZE CITIES TO  
4 USE SPECIAL OBLIGATION FINANCING FOR PROJECTS WITHIN  
5 MUNICIPAL SERVICE DISTRICTS.

6 The General Assembly of North Carolina enacts:

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

8 "**§ 160A-536. Purposes for which districts may be established.**

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

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

14 (1a) **(For applicability see note)** Any service, facility, or function which  
15 the municipality may by law provide in the city, and including but not  
16 limited to placement of utility wiring underground, placement of  
17 period street lighting, placement of specially designed street signs and  
18 street furniture, landscaping, specialized street and sidewalk paving,  
19 and other appropriate improvements to the rights-of-way that generally  
20 preserve the character of an historic district; provided that this  
21 subdivision only applies to a service district which, at the time of its  
22 creation, had the same boundaries as an historic district created under  
23 Part 3A of Article 19 of this Chapter.

24 (2) Downtown revitalization projects.

25 (2a) Urban area revitalization projects.

26 (2b) Transit-oriented development projects.

27 (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.