

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

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**SENATE BILL 652  
House Committee Substitute Favorable 6/5/03**

Short Title: Airport Financing and Leases/Dam Assessments.

(Public)

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Sponsors:

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Referred to:

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April 1, 2003

A BILL TO BE ENTITLED

1  
2 AN ACT TO AUTHORIZE CERTAIN AIRPORT AUTHORITIES TO ENTER INTO  
3 INSTALLMENT CONTRACTS, TO EXTEND FROM TEN TO FIFTEEN YEARS  
4 THE MAXIMUM REPAYMENT PERIOD FOR DAM REPAIR ASSESSMENTS  
5 IN THE VILLAGE OF PINEHURST, AND TO ALLOW THE STANLY COUNTY  
6 AIRPORT AUTHORITY TO ENTER INTO LONG-TERM LEASES WITH THE  
7 UNITED STATES.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 160A-20 reads as rewritten:

10 **"§ 160A-20. Security interests.**

11 (a) Units of local government, as defined in subsection (h), may purchase or  
12 finance the purchase of real or personal property by installment contracts that create in  
13 the property purchased a security interest to secure payment of the purchase price to the  
14 seller or to an individual or entity advancing moneys or supplying financing for the  
15 purchase transaction.

16 (b) Units of local government, as defined in subsection (h), may finance the  
17 construction or repair of fixtures or improvements on real property by contracts that  
18 create in the fixtures or improvements, or in all or some portion of the property on  
19 which the fixtures or improvements are located, or in both, a security interest to secure  
20 repayment of moneys advanced or made available for such construction or repair.

21 (c) Units of local government, as defined in subsection (h), may use escrow  
22 accounts in connection with the advance funding of transactions authorized by this  
23 section, whereby the proceeds of such advance funding are invested pending  
24 disbursement.

25 (d) No contract entered into under this section may contain a nonsubstitution  
26 clause that restricts the right of a unit of local government to:

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

28 (2) Replace or provide a substitute for any fixture, improvement, project,  
29 or property financed or purchased pursuant to such contract.

1 (e) A contract entered into under this section is subject to approval by the Local  
2 Government Commission under Article 8 of Chapter 159 of the General Statutes if it:

- 3 (1) Meets the standards set out in G.S. 159-148(a)(1), 159-148(a)(2), and  
4 159-148(a)(3), or involves the construction or repair of fixtures or  
5 improvements on real property; and  
6 (2) Is not exempted from the provisions of that Article by one of the  
7 exemptions contained in G.S. 159-148(b).

8 (e1) A nonprofit corporation or association operating or leasing a public hospital  
9 may only enter into a contract pursuant to this section if the nonprofit corporation or  
10 association will have an ownership interest in the property being financed, including a  
11 leasehold interest, and the security interest granted in such property being financed shall  
12 only be to the extent of such property interest. In addition, any contract entered into by a  
13 nonprofit corporation or association operating or leasing a public hospital pursuant to  
14 this section is subject to the approval of the city, county, hospital district, or hospital  
15 authority which owns such hospital. Approval of the city, county, hospital district, or  
16 hospital authority may be withheld only under one or more of the following  
17 circumstances:

- 18 (1) The contract would cause the city, county, hospital district, or hospital  
19 authority to breach or violate any covenant in an existing financing  
20 instrument entered into by such entity.  
21 (2) The contract would restrict the ability of the city, county, hospital  
22 district, or hospital authority to incur anticipated bank eligible  
23 indebtedness under federal tax laws.  
24 (3) The entering into of the contract would have a material adverse impact  
25 on the credit ratings of the city, county, hospital district, or hospital  
26 authority or otherwise materially interfere with an anticipated  
27 financing by such entity.

28 (f) No deficiency judgment may be rendered against any unit of local  
29 government in any action for breach of a contractual obligation authorized by this  
30 section, and the taxing power of a unit of local government is not and may not be  
31 pledged directly or indirectly to secure any moneys due under a contract authorized by  
32 this section.

33 (g) Before entering into a contract under this section involving real property, a  
34 unit of local government shall hold a public hearing on the contract. A notice of the  
35 public hearing shall be published once at least 10 days before the date fixed for the  
36 hearing.

37 (h) As used in this section, the term "unit of local government" means any of the  
38 following:

- 39 (1) A county.  
40 (2) A city.  
41 (3) A water and sewer authority created under Article 1 of Chapter 162A  
42 of the General Statutes.  
43 (3a) A metropolitan sewerage district created under Article 5 of Chapter  
44 162A of the General Statutes.

- 1 (3b) A sanitary district created under Part 2 of Article 2 of Chapter 130A of  
2 the General Statutes.
- 3 (4) An airport authority whose situs is entirely within a county that has (i)  
4 a population of over 120,000 according to the most recent federal  
5 decennial census and (ii) an area of less than 200 square miles.
- 6 (5) An airport authority in a county in which there are two incorporated  
7 municipalities with a population of more than 65,000 according to the  
8 most recent federal decennial census.
- 9 (5a) An airport board or commission authorized by agreement between two  
10 cities pursuant to G.S. 63-56, one of which is located partially but not  
11 wholly in the county in which the jointly owned airport is located, and  
12 where the board or commission provided water and wastewater  
13 services off the airport premises before January 1, 1995, except that  
14 the authority granted by this subdivision may be exercised by such a  
15 board or commission with respect to water and wastewater systems or  
16 improvements only.
- 17 (5b) A local airport authority that was created pursuant to a local act of the  
18 General Assembly.
- 19 (6) A local school administrative unit whose board of education is  
20 authorized to levy a school tax.
- 21 (6a) Any other local school administrative unit, but only for the purpose of  
22 financing energy conservation measures acquired pursuant to Part 2 of  
23 Article 3B of Chapter 143 of the General Statutes.
- 24 (6b) A community college, but only for the purpose of financing energy  
25 conservation measures acquired pursuant to Part 2 of Article 3B of  
26 Chapter 143 of the General Statutes.
- 27 (7) An area mental health, developmental disabilities, and substance abuse  
28 authority, acting in accordance with G.S. 122C-147.
- 29 (8) A consolidated city-county, as defined by G.S. 160B-2(1).
- 30 (9) Repealed by Session Laws 2001-414, s. 52, effective September 14,  
31 2001.
- 32 (10) A regional natural gas district, as defined by Article 28 of this Chapter.
- 33 (11) A regional public transportation authority or a regional transportation  
34 authority created pursuant to Article 26 or Article 27 of this Chapter.
- 35 (12) A nonprofit corporation or association operating or leasing a public  
36 hospital as defined in G.S. 159-39."

37 **SECTION 2.(a)** G.S. 160A-232 reads as rewritten:

38 **"§ 160A-232. Payment of assessments in cash or by installments.**

39 The owners of assessed property shall have the option, within 30 days after the  
40 publication of the notice that the assessment roll has been confirmed, of paying the  
41 assessment either in cash or in not more than ~~40-15~~ annual installments, as may have  
42 been determined by the council in the resolution directing the project giving rise to the  
43 assessment to be undertaken. With respect to payment by installment, the council may  
44 provide

1           (1) That the first installment with interest shall become due and payable  
2           on the date when property taxes are due and payable, and one  
3           subsequent installment and interest shall be due and payable on the  
4           same date in each successive year until the assessment is paid in full,  
5           or

6           (2) That the first installment with interest shall become due and payable  
7           60 days after the date that the assessment roll is confirmed, and one  
8           subsequent installment and interest shall be due and payable on the  
9           same day of the month in each successive year until the assessment is  
10          paid in full."

11          **SECTION 2.(b)** This section applies only to assessments for repair and  
12          rehabilitation of a dam in the Village of Pinehurst.

13          **SECTION 3.** Section 4(12) of Chapter 419 of the 1971 Session Laws reads  
14          as rewritten:

15          "Sec. 4. The Airport Authority shall constitute a body, both corporate and politic,  
16          and shall have the following powers and authority:

17          . . .

18          (12) To lease for a term not to exceed 25 years, and for purposes not  
19          inconsistent with the grants and agreements under which the airport is  
20          held, real or personal property under the supervision of or administered  
21          by the Airport ~~Authority~~. Authority, except the Airport Authority may  
22          execute leases with the United States of America, its agencies,  
23          departments, boards, and military (including reserves and national  
24          guard) for terms not to exceed 50 years.

25          . . . ."

26          **SECTION 4.** This act is effective when it becomes law.