

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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SENATE BILL 1196  
Finance Committee Substitute Adopted 4/4/07  
Third Edition Engrossed 4/25/07

Short Title: Modifications to Project Dev. Financing Act.

(Public)

Sponsors:

Referred to:

March 26, 2007

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE PROJECT DEVELOPMENT FINANCING ACT.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 159-103(a) reads as rewritten:

"(a) Each unit of local government may issue project development financing debt instruments pursuant to this Article and use the proceeds for one or more of the purposes for which ~~the~~any unit may issue general obligation bonds pursuant to the following subdivisions of G.S. 159-48: (b)(1), (3), (7), (11), (12), ~~(13)~~, (16), (17), (19), (21), (23), (24), or (25), ~~(c)(4a) or (6)~~, (c)(1), (4), (4a), or (6), or (d)(3), (4), (5), (6) or (7). In addition, the proceeds may be used for any service or facility authorized by G.S. 160A-536 ~~and to be provided in a municipal service district.~~ district, but no such district need be created.

For the purpose of this Article, the term "capital costs" as defined in G.S. 159-48(h) also includes (i) interest on the debt instruments being issued or on notes issued in anticipation of the instruments during construction and for a period not exceeding seven years after the estimated date of completion of construction and (ii) the establishment of debt service reserves and any other reserves reasonably required by the financing documents. The proceeds of the debt instruments may be used either in a development financing district established pursuant to G.S. 160A-515.1 or G.S. 158-7.3 or, if the use directly benefits private development forecast by the development financing plan for the district, outside the development financing district. The proceeds may be used only for projects that enable, facilitate, or benefit private development within the development financing district, the revenue increment of which is pledged as security for the debt instruments. This subsection does not prohibit the use of proceeds to defray the cost of providing water and sewer utilities to a private development in a project development financing district."

**SECTION 2.** G.S. 159-107(b) reads as rewritten:

1       "(b) Adjustments to the Base Valuation. – During the lifetime of the development  
2 financing district, the base valuation shall be adjusted as follows:

3           (1) If the unit amends its development financing plan, pursuant to  
4 G.S. 160A-515.1 or G.S. 158-7.3, to remove property from the  
5 development financing district, on the succeeding January 1, that  
6 property shall be removed from the district and the base valuation  
7 reduced accordingly.

8           (2) If the unit amends its development financing plan, pursuant to  
9 G.S. 160A-515.1 or G.S. 158-7.3, to expand the district, the new  
10 property shall be added to the district immediately. The base valuation  
11 of the district shall be increased by the assessed value of the taxable  
12 property situated in the added ~~territory on the January 1 immediately~~  
13 ~~preceding the effective date of the district.~~ territory.

14           (3) If, at the time of revaluation pursuant to G.S. 105-286 of property in  
15 the county in which the district is located, it appears that, based on the  
16 schedule of values, standards, and rules approved by the board of  
17 county commissioners pursuant to G.S. 105-317, the property values  
18 of the district as they existed on the January 1 immediately preceding  
19 the effective date of the district would be increased because of the  
20 revaluation, then the base valuation shall be ~~increased~~  
21 ~~accordingly.~~ increased by a fraction of the increase in value attributable  
22 to the revaluation. The numerator of the fraction is the number of years  
23 between the year of the last revaluation of the property and the year the  
24 base value of the property is determined and the denominator is the  
25 number of years in the revaluation cycle. The adjustment to the base  
26 valuation required by this subdivision only applies to the first  
27 revaluation after the base value of the district is determined.

28       Each time the base valuation is adjusted, the tax assessor shall immediately certify  
29 the new base valuation to: (i) the issuing unit; (ii) the county if the issuing unit is not the  
30 county; and (iii) any special district, as defined in G.S. 159-7, within which the  
31 development financing district is located."

32       **SECTION 3.** This act is effective when it becomes law.