

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 529 (First Edition)

SHORT TITLE: Cleveland Comm. Coll. Capital Project.

SPONSOR(S): Senator Clary

FISCAL IMPACT

	Yes ()	No (x)	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
General Fund			No fiscal impact to the General Fund.		
Local Funds			No fiscal impact to local funds.		
POSITIONS (cumulative):			None		
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	NC Community College System, Cleveland Community College, Cleveland County				
EFFECTIVE DATE:	When it becomes law.				

BILL SUMMARY: Senate Bill 529 allows Cleveland Community College (College), in collaboration with Cleveland County (County), to use state grant funds to plan and construct a building that consists of college classrooms, office space, and multipurpose space on specified property in Shelby that is owned by the County. It requires that the County lease the building and the property to the College for a term equal to the time required for the County to satisfy the debt service obligations. The bill also requires that the County, at the end of the lease term, give the building and property to the College. The County must reimburse the College a prorated amount of the state funds provided for the building's construction if the County terminates the lease or fails to give the property to the College at the end of the lease term. Finally, the bill provides that the provisions of Article 8 of GS Chapter 143, except GS 143-128.2 (Minority business participation goals) and GS 143-128.3 (Minority business participation administration), do not apply to the construction of the facility.

Source: Bill Digest S.B. 529 (03/11/2009)

ASSUMPTIONS AND METHODOLOGY: This bill permits Cleveland Community College to use State grant funds to plan and construct a building on property owned by Cleveland County. Cleveland County is to finance the building with county debt. The County will then lease the building back to Cleveland Community College for a term as long as necessary to satisfy the County's debt service obligations. At the end of the lease, Cleveland County is required to give the building and the property to Cleveland Community College.

Currently, G.S. 115D-15.1 permits the board of trustees of a community college to lease, sell, or otherwise dispose of any of its property to the county in which the property is located for any price and on any terms negotiated between the board of trustees of a community college and the board of county commissioners, so long as it is in connection with additions, improvements, renovations, or repairs to all or part of its property. The county is then required to transfer the property back to the board of trustees of the community college when any financing agreement entered into by the county to finance the additions, improvements, renovations, and repairs have been satisfied.

Because Cleveland County is the owner of the piece of property in question, and not the community college, this project needed an exemption from the laws relating to capital improvements (specifically 115D-15.1 "or any other provision of law pertaining to capital improvements").

However, with the exception of exemptions from the public contracting statutes and the Department of Administration review of the project (Article 8 of Chapter 143 and G.S. 143-341(3)(a), respectively), this bill is not permitting the College and County to do anything any other college and county could do if the land were currently owned by the College. Therefore, there is no fiscal impact to the state or the local government anticipated from this exemption.

Additionally, according to the NC Community College System Office, the State grant funds that are available to Cleveland Community College are the \$90,000 they have received from an Advanced Planning appropriation in 2007. These funds have already been appropriated and allocated to the college, and therefore have no fiscal impact to the State.

Note: Although the NC Community College System Office reports that Cleveland Community College clearly intends to use just the funds noted above, the bill does not limit them to the use of just those funds. With the bill as currently written, Cleveland Community College could use any State grant funds for this purpose.

SOURCES OF DATA: NC Community College System Office

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Andrea Poole

APPROVED BY: Bob Weiss
on behalf of Marilyn Chism, Director
Fiscal Research Division



DATE: April 1, 2009

Signed Copy Located in the NCGA Principal Clerk's Offices