

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1993

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SENATE BILL 1628

Short Title: TRAC Lease Not Sale or Security Interest.

(Public)

Sponsors: Senators Speed, Hoyle, Lee, Marshall, Martin of Pitt, Plexico, Simpson, and Smith.

Referred to: Finance.

June 1, 1994

A BILL TO BE ENTITLED
AN ACT CLARIFYING THAT A MOTOR VEHICLE OPERATING LEASE THAT
CONTAINS A TERMINAL RENTAL ADJUSTMENT CLAUSE IS NOT A SALE
AND DOES NOT CREATE A SECURITY INTEREST IN THE LEASED
PROPERTY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 25-2A-103(1)(j) reads as rewritten:

"(j) 'Lease' means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease. The term includes a motor vehicle operating agreement that is considered a lease under § 7701(h) of the Internal Revenue Code."

Sec. 2. This act is effective upon ratification.