

GENERAL ASSEMBLY OF NORTH CAROLINA
1993 SESSION

CHAPTER 756
SENATE BILL 1628

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.

In the General Assembly read three times and ratified this the 15th day of July, 1994.

Dennis A. Wicker
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives