

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 126*

Short Title: Airport Authority Security Interests.

(Public)

Sponsors: Representatives Payne and Gottovi.

Referred to: Judiciary II.

February 21, 1991

A BILL TO BE ENTITLED

1 AN ACT TO EXTEND TO AIRPORT AUTHORITIES THE AUTHORITY TO
2 PURCHASE PROPERTY SUBJECT TO A PURCHASE MONEY SECURITY
3 INTEREST.
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5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 160A-20 reads as rewritten:

7 "**§ 160A-20. Security interests.**

8 (a) Cities, counties, airport authorities, and water and sewer authorities created
9 under Article 1 of Chapter 162A of the General Statutes may purchase or finance the
10 purchase of real or personal property by installment contracts that create in the property
11 purchased a security interest to secure payment of the purchase price to the seller or to
12 an individual or entity advancing moneys or supplying financing for the purchase
13 transaction.

14 (b) Cities, counties, airport authorities, and water and sewer authorities created
15 under Article 1 of Chapter 162A of the General Statutes may finance the construction or
16 repair of fixtures or improvements on real property by contracts that create in the
17 fixtures or improvements, or in all or some portion of the property on which the fixtures
18 or improvements are located, or in both, a security interest to secure repayment of
19 moneys advanced or made available for such construction or repair.

20 (c) Cities, counties, airport authorities, and water and sewer authorities created
21 under Article 1 of Chapter 162A of the General Statutes may use escrow accounts in
22 connection with the advance funding of transactions authorized by this section, whereby
23 the proceeds of such advance funding are invested pending disbursement.

1 (d) No contract entered into under this section may contain a nonsubstitution
2 clause that restricts the right of a city, a county, an airport authority, or a water and
3 sewer authority created under Article 1 of Chapter 162A of the General Statutes to:

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

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

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

9 (1) Meets the standards set out in G.S. 159-148(a)(1), 159-148(a)(2), and
10 159-148(a)(3), or involves the construction or repair of fixtures or
11 improvements on real property; and

12 (2) Is not exempted from the provisions of that Article by one of the
13 exemptions contained in G.S. 159-148(b).

14 (f) No deficiency judgment may be rendered against any city, county, airport
15 authority, or water and sewer authority created under Article 1 of Chapter 162A of the
16 General Statutes in any action for breach of a contractual obligation authorized by this
17 section, and the taxing power of a city or county is not and may not be pledged directly
18 or indirectly to secure any moneys due under a contract authorized by this section.

19 (g) Before entering into a contract under this section involving real property, a
20 city, a county, an airport authority, or a water and sewer authority created under Article
21 1 of Chapter 162A of the General Statutes shall hold a public hearing on the contract. A
22 notice of the public hearing shall be published once at least 10 days before the date
23 fixed for the hearing."

24 Sec. 2. This act is effective upon ratification.