

GENERAL ASSEMBLY OF NORTH CAROLINA
1991 SESSION

CHAPTER 741
HOUSE BILL 126

AN ACT TO EXTEND TO CERTAIN AIRPORT AUTHORITIES AND CERTAIN
SCHOOL DISTRICTS THE AUTHORITY TO PURCHASE PROPERTY
SUBJECT TO A PURCHASE MONEY SECURITY INTEREST.

The General Assembly of North Carolina enacts:

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

"§ 160A-20. Security interests.

(a) ~~Cities, counties, and water and sewer authorities created under Article 1 of Chapter 162A of the General Statutes~~ Units of local government, as defined in subsection (h), may purchase or finance the purchase of real or personal property by installment contracts that create in the property purchased a security interest to secure payment of the purchase price to the seller or to an individual or entity advancing moneys or supplying financing for the purchase transaction.

(b) ~~Cities, counties, and water and sewer authorities created under Article 1 of Chapter 162A of the General Statutes~~ Units of local government, as defined in subsection (h), may finance the construction or repair of fixtures or improvements on real property by contracts that create in the fixtures or improvements, or in all or some portion of the property on which the fixtures or improvements are located, or in both, a security interest to secure repayment of moneys advanced or made available for such construction or repair.

(c) ~~Cities, counties, and water and sewer authorities created under Article 1 of Chapter 162A of the General Statutes~~ Units of local government, as defined in subsection (h), may use escrow accounts in connection with the advance funding of transactions authorized by this section, whereby the proceeds of such advance funding are invested pending disbursement.

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

- (1) Continue to provide a service or activity; or
- (2) Replace or provide a substitute for any fixture, improvement, project, or property financed or purchased pursuant to such contract.

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

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

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

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

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

(h) As used in this section, the term 'unit of local government' means any of the following:

- (1) A county.
- (2) A city.
- (3) A water and sewer authority created under Article 1 of Chapter 162A of the General Statutes.
- (4) An airport authority whose situs is entirely within a county that has (i) a population of over 120,000 according to the most recent federal decennial census and (ii) an area of less than 200 square miles.
- (5) An airport authority in a county in which there are two incorporated municipalities with a population of more than 65,000 according to the most recent federal decennial census.
- (6) A local school administrative unit (i) that is located in a county that has a population of over 90,000 according to the most recent federal decennial census and (ii) whose board of education is authorized to levy a school tax."

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 16th day of July, 1991.

James C. Gardner
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives