

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 739

Short Title: COPs Study.

(Public)

Sponsors: Senators Sherron; and Carpenter.

Referred to: Rules and Operation of the Senate.

April 8, 1993

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A STUDY COMMISSION ON CERTAIN
CERTIFICATES OF PARTICIPATION.

Whereas, the General Assembly in 1979 granted local governments limited permission to issue debts secured only by the property being financed; and

Whereas, the 1987 Session greatly expanded this authority; and

Whereas, many units of local government have been issuing certificates of participation (COPs) since that time, including many major projects for which voter approval could have been sought; and

Whereas, there has been some concern over the intent of the General Assembly, the possible impairment of municipal and State credit ratings, and the additional debt service costs of COPs as opposed to general obligation financing; and

Whereas, it appears that little attention has been given to the statutory criteria established by the General Assembly that the proposed COPs be necessary or expedient, that it is preferable to a general obligation bond issue, and whether the undertaking could have been financed by a general obligation bond issue; and

Whereas, there have been proposals that State agencies begin issuing COPs, and there exists little framework for review of such proposals, or evaluating alternatives to converting lease payments to financing COPs when revenue streams could also be used for renovations of vacant space; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. The COPs Study Commission is created. The Commission shall consist of 10 members: five Senators appointed by the President Pro Tempore of the

1 Senate, and five Representatives appointed by the Speaker of the House of
2 Representatives.

3 Sec. 2. The President Pro Tempore of the Senate shall designate one Senator
4 as cochairman and the Speaker of the House of Representatives shall designate one
5 Representative as cochairman.

6 Sec. 3. The Commission shall study the existing laws and administrative
7 practices concerning issuance of certificates of participation by local governments, and
8 proposals to allow State agencies to issue certificates of participation. The Commission
9 shall recommend legislation that will provide adequate standards for eligible projects,
10 and ensure that the laws reflect the intent of the General Assembly. The Commission, if
11 it deems it advisable, shall recommend legislation concerning issuance of COPs by
12 State agencies, and shall also examine possible changes in the capital budgeting process
13 to allow other alternative means of financing renovations and new construction.

14 Sec. 4. The Commission shall submit a final report of its findings and
15 recommendations to the General Assembly on or before April 1, 1994, by filing the
16 report with the President Pro Tempore of the Senate and the Speaker of the House of
17 Representatives. Upon filing its final report, the Commission shall terminate.

18 Sec. 5. The Commission, while in the discharge of official duties, may
19 exercise all the powers provided for under the provisions of G.S. 120-19 and G.S. 120-
20 19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call
21 of the cochairmen. The Commission may meet in the Legislative Building or the
22 Legislative Office Building.

23 Sec. 6. Members of the Commission shall receive subsistence and travel
24 expenses at the rates set forth in G.S. 120-3.1.

25 Sec. 7. The Commission may contract for professional, clerical, or consultant
26 services as provided by G.S. 120-32.02. The Legislative Services Commission, through
27 the Legislative Administrative Officer, shall assign professional staff to assist in the
28 work of the Commission. The House of Representatives' and the Senate's Supervisors of
29 Clerks shall assign clerical staff to the Commission or committee, upon the direction of
30 the Legislative Services Commission. The expenses relating to clerical employees shall
31 be borne by the Commission.

32 Sec. 8. When a vacancy occurs in the membership of the Commission, the
33 vacancy shall be filled by the same appointing officer who made the initial appointment.

34 Sec. 9. All State departments and agencies and local governments and their
35 subdivisions shall furnish the Commission with any information in their possession or
36 available to them.

37 Sec. 10. There is appropriated from the General Fund to the General
38 Assembly the sum of fifty thousand dollars (\$50,000) for the 1993-94 fiscal year for the
39 expenses of the Commission.

40 Sec. 11. This act becomes effective July 1, 1993.