

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 120

Short Title: Make Bond Taxation Uniform.

(Public)

Sponsors: Senators Kerr, Cochrane, Hoyle; Carpenter, Forrester, and Foxx.

Referred to: Finance.

February 1, 1995

A BILL TO BE ENTITLED

AN ACT TO PROVIDE UNIFORM TAX TREATMENT OF NORTH CAROLINA OBLIGATIONS AND FEDERAL OBLIGATIONS.

The General Assembly of North Carolina enacts:

Section 1. Article 1 of Chapter 53A of the General Statutes is repealed.

Sec. 2. G.S. 63A-9(l) reads as rewritten:

"(l) Bonds and notes and their transfer, including any profit made on their sale, are exempt from all State, county, and municipal taxation or assessment, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, excluding inheritance and gift taxes. taxes, income taxes on the gain from the transfer of bonds and notes, and franchise taxes. The interest on bonds and notes is not subject to taxation as ~~income, and the bonds and notes are not subject to taxation when constituting a part of the surplus of any bank, trust company, or other corporation.~~ income."

Sec. 3. G.S. 105-134.6 reads as rewritten:

"§ 105-134.6. Adjustments to taxable income.

(a) S Corporations. – The pro rata share of each shareholder in the income attributable to the State of an S Corporation shall be adjusted as provided in G.S. 105-130.5. The pro rata share of each resident shareholder in the income not attributable to the State of an S Corporation shall be subject to the adjustments provided in subsections (b), (c), and (d) of this section.

1 (b) Deductions. – The following deductions from taxable income shall be made
2 in calculating North Carolina taxable income, to the extent each item is included in
3 taxable income:

4 (1) Interest upon the obligations of ~~(i) the United States or its possessions,~~
5 ~~(ii) this State or a political subdivision of this State, or (iii) a nonprofit~~
6 ~~educational institution organized or chartered under the laws of this~~
7 ~~State.~~ any of the following:

8 a. The United States or its possessions.

9 b. This State, a political subdivision of this State, or a commission,
10 an authority, or another agency of this State or of a political
11 subdivision of this State.

12 c. A nonprofit educational institution organized or chartered under
13 the laws of this State.

14 (2) ~~Interest upon obligations and gain~~ Gain from the disposition of obligations
15 issued before July 1, 1995, to the extent the ~~interest or gain~~ is exempt
16 from tax under the laws of this State.

17 (3) Benefits received under Title II of the Social Security Act and amounts
18 received from retirement annuities or pensions paid under the provisions
19 of the Railroad Retirement Act of 1937.

20 (4) Repealed by Session Laws 1989 (Reg. Sess., 1990), c. 1002, s. 2.

21 (5) Refunds of state, local, and foreign income taxes included in the
22 taxpayer's gross income.

23 (6) a. An amount, not to exceed four thousand dollars (\$4,000), equal to
24 the sum of the amount calculated in subparagraph b. plus the amount
25 calculated in subparagraph c.

26 b. The amount calculated in this subparagraph is the amount
27 received during the taxable year from one or more state, local, or
28 federal government retirement plans.

29 c. The amount calculated in this subparagraph is the amount
30 received during the taxable year from one or more retirement
31 plans other than state, local, or federal government retirement
32 plans, not to exceed a total of two thousand dollars (\$2,000) in
33 any taxable year.

34 d. In the case of a married couple filing a joint return where both
35 spouses received retirement benefits during the taxable year, the
36 maximum dollar amounts provided in this subdivision for various
37 types of retirement benefits apply separately to each spouse's
38 benefits.

39 (7) Recodified as G.S. 105-134.6(d)(1).

40 (8) Recodified as G.S. 105-134.6(d)(2).

41 (9) Income that is (i) earned or received by an enrolled member of a
42 federally recognized Indian tribe and (ii) derived from activities on a
43 federally recognized Indian reservation while the member resides on the

1 reservation. Income from intangibles having a situs on the reservation
2 and retirement income associated with activities on the reservation are
3 considered income derived from activities on the reservation.

4 (10) The amount by which the basis of property under this Article exceeds
5 the basis of the property under the Code, in the year the taxpayer
6 disposes of the property.

7 (c) Additions. – The following additions to taxable income shall be made in
8 calculating North Carolina taxable income, to the extent each item is not included in
9 taxable income:

10 (1) Interest upon the obligations of ~~states, other than this State, and their~~
11 ~~political subdivisions.~~ states other than this State, political subdivisions of
12 those states, and agencies of those states and their political subdivisions.

13 (2) Any amount allowed as a deduction from gross income under the Code
14 that is taxed under the Code by a separate tax other than the tax imposed
15 in section 1 of the Code.

16 (3) Any amount deducted from gross income under section 164 of the Code
17 as state, local, or foreign income tax to the extent that the taxpayer's
18 total itemized deductions deducted under the Code for the taxable year
19 exceed the standard deduction allowable to the taxpayer under the Code
20 reduced by the amount by which the taxpayer's allowable standard
21 deduction has been increased under section 63(c)(4) of the Code.

22 (4) The amount by which the taxpayer's standard deduction has been
23 increased for inflation under section 63(c)(4) of the Code and the
24 amount by which the taxpayer's personal exemptions have been
25 increased for inflation under section 151(d)(4)(A) of the Code. For the
26 purpose of this subdivision, if the taxpayer's personal exemptions have
27 been reduced by the applicable percentage under section 151(d)(3) of
28 the Code, the amount by which the personal exemptions have been
29 increased for inflation is also reduced by the applicable percentage.

30 (5) The fair market value, up to a maximum of one hundred thousand
31 dollars (\$100,000), of the donated property interest for which the
32 taxpayer claims a credit for the taxable year under G.S. 105-151.12 and
33 the market price of the gleaned crop for which the taxpayer claims a
34 credit for the taxable year under G.S. 105-151.14.

35 (6) The amount by which the basis of property under the Code exceeds the
36 basis of the property under this Article, in the year the taxpayer disposes
37 of the property.

38 (d) Other Adjustments. – The following adjustments to taxable income shall be
39 made in calculating North Carolina taxable income:

40 (1) The amount of inheritance tax attributable to an item of income in
41 respect of a decedent required to be included in gross income under the
42 Code, adjusted as provided in G.S. 105-134.5, 105-134.6, and 105-
43 134.7, may be deducted in the year the item of income is included. The

1 amount of inheritance tax attributable to an item of income in respect of
2 a decedent is (i) the amount by which the inheritance tax paid under
3 Article 1 of this Chapter on property transferred to a beneficiary by a
4 decedent exceeds the amount of inheritance tax that would have been
5 payable by the beneficiary if the item of income in respect of a decedent
6 had not been included in the property transferred to the beneficiary by
7 the decedent, (ii) multiplied by a fraction, the numerator of which is the
8 amount required to be included in gross income for the taxable year
9 under the Code, adjusted as provided in G.S. 105-134.5, 105-134.6, and
10 105-134.7, and the denominator of which is the total amount of income
11 in respect of a decedent transferred to the beneficiary by the decedent.
12 For an estate or trust, the deduction allowed by this subdivision shall be
13 computed by excluding from the gross income of the estate or trust the
14 portion, if any, of the items of income in respect of a decedent that are
15 properly paid, credited, or to be distributed to the beneficiaries during
16 the taxable year.

17 The Secretary of Revenue may provide to a beneficiary of an item of
18 income in respect of a decedent any information contained on an
19 inheritance tax return that the beneficiary needs to compute the
20 deduction allowed by this subdivision.

- 21 (2) The taxpayer may deduct the amount by which the taxpayer's
22 deductions allowed under the Code were reduced, and the amount of the
23 taxpayer's deductions that were not allowed, because the taxpayer
24 elected a federal tax credit in lieu of a deduction. This deduction is
25 allowed only to the extent that a similar credit is not allowed by this
26 Division for the amount."

27 Sec. 4. G.S. 115C-513(b) reads as rewritten:

28 "(b) Issuance of Bonds. —The board of education of a merged school administrative
29 unit may issue notes, bonds, or refunding bonds at one time or from time to time to pay
30 the capital costs of school facilities as described in G.S. 159-48. The bonds shall be
31 issued and maintained in accordance with the provisions of Articles 1, 4, 5A, 7, 9, 10, and
32 11 of Chapter 159 of the General Statutes, except as modified by this section.

33 The board of education of a merged school administrative unit shall call for a
34 referendum authorizing the issuance of notes, bonds, and refunding bonds and the levy of
35 a tax to pay amounts relating to these notes, bonds, or refunding bonds. The referendum
36 may be called only with the consent of the boards of commissioners of both counties in
37 which the merged school administrative unit is located. The referendum shall be held in
38 the merged school administrative unit and only those qualified voters who reside in the
39 unit may vote. The board of commissioners of each county shall have the referendum
40 conducted by the board of elections of its county.

41 After issuance of the approved bonds, the merged school administrative unit shall
42 make timely payments of principal and interest on the bonds after receipt of notification
43 of its debt service obligation pursuant to G.S. 159-35. The provisions of G.S. 159-36

1 govern a failure by the merged school administrative unit to levy taxes or otherwise
2 provide for payment of the debt.

3 Bonds, notes, and refunding bonds issued under this section ~~and their transfer (including~~
4 ~~any profit made on the sale thereof)~~ shall be exempt from all State, county, and municipal
5 taxation and assessment, direct or indirect, general or special, whether imposed for the
6 purpose of general revenue or otherwise, excluding inheritance and gift ~~taxes—taxes,~~
7 income taxes on the gain from the transfer of bonds, notes, and refunding bonds, and
8 franchise taxes. The interest on bonds, notes, and refunding bonds is not subject to
9 taxation as to income. ~~The bonds, notes, and refunding bonds are not subject to taxation when~~
10 ~~they constitute a part of the surplus of a bank, trust company, or other corporation.~~

11 Article 9 of the North Carolina Uniform Commercial Code, Chapter 25 of the General
12 Statutes, does not apply to any security interest created in connection with the issuance of
13 bonds under this section."

14 Sec. 5. G.S. 115E-21 reads as rewritten:

15 "**§ 115E-21. Tax exemption.**

16 The exercise of the powers granted by this Chapter will be in all respects for the
17 benefit of the people of the State and will promote their health and welfare, and no tax or
18 assessment shall be levied upon any project undertaken by the agency prior to the
19 retirement or provision for the retirement of all bonds or notes issued and obligations
20 incurred by the agency in connection with such project.

21 Any bonds or notes issued by the agency under the provisions of this ~~Chapter, their~~
22 ~~transfer and the income therefrom (including any profit made on the sale thereof)~~ Chapter shall
23 at all times be free from taxation by the State or any local unit or political subdivision or
24 other instrumentality of the State, excepting inheritance or gift ~~taxes—taxes, income taxes~~
25 on the gain from the transfer of the bonds and notes, and franchise taxes. The interest on
26 the bonds and notes is not subject to taxation as income."

27 Sec. 6. G.S. 116-183 reads as rewritten:

28 "**§ 116-183. Acceptance of grants; exemption from taxation.**

29 The Board is hereby authorized, subject to the approval of the Director of the Budget,
30 to accept grants of money or materials or property of any kind for any project from a
31 federal agency, private agency, corporation or individual, upon such terms and conditions
32 as such federal agency, private agency, corporation or individual may impose. The bonds
33 issued under ~~the provisions of this Article and the income therefrom shall at all times be free~~
34 ~~from taxation within the State.~~ are exempt from all State, county, and municipal taxation or
35 assessment, direct or indirect, general or special, whether imposed for the purpose of
36 general revenue or otherwise, excluding inheritance and gift taxes, income taxes on the
37 gain from the transfer of the bonds and notes, and franchise taxes. The interest on the
38 bonds and notes is not subject to taxation as income."

39 Sec. 7. G.S. 116-196 reads as rewritten:

40 "**§ 116-196. Exemption from taxation; bonds eligible for investment or deposit.**

41 Any bonds issued under this Article, ~~including any of such bonds constituting a part~~
42 ~~of the surplus of any bank, trust company or other corporation, and the transfer of and the~~
43 ~~income from any such bonds (including any profit made on the sale thereof and all~~

1 ~~principal, interest and redemption premiums, if any)~~ Article shall at all times be exempt
2 from all taxes or assessment, direct or indirect, general or special, whether imposed for
3 the purpose of general revenue or otherwise, which are levied or assessed by the State or
4 by any county, political subdivision, agency or other instrumentality of the ~~State.~~ State,
5 excluding inheritance and gift taxes, income taxes on the gain from the transfer of the
6 bonds, and franchise taxes. The interest on the bonds is not subject to taxation as income.
7 Bonds issued by the Board under the provisions of this Article are hereby made securities
8 in which all public officers and public bodies of the State and its political subdivisions,
9 all insurance companies, trust companies, banking associations, investment companies,
10 executors, administrators, trustees and other fiduciaries may properly and legally invest
11 funds, including capital in their control or belonging to them. Such bonds are hereby
12 made securities which may properly and legally be deposited with and received by any
13 State or municipal officer or any agency or political subdivision of the State for any
14 purpose for which the deposit of bonds or obligations of the State is now or may hereafter
15 be authorized by law."

16 Sec. 8. G.S. 116-198.39 reads as rewritten:

17 **"§ 116-198.39. Bonds are exempt from taxation.**

18 Any bonds issued under this Article, ~~including any of such bonds constituting a part~~
19 ~~of the surplus of any bank, trust company, or other corporation, and the transfer of and~~
20 ~~the income from any such bonds (including any profit made on the sale thereof and all~~
21 ~~principal, interest, and redemption premiums, if any)~~ Article shall at all times be exempt
22 from all taxes or assessment, direct or indirect, general or special, whether imposed for
23 the purpose of general revenue or otherwise, which are levied or assessed by the State or
24 by any county, political subdivision, agency, or other instrumentality of the ~~State.~~ State,
25 excluding inheritance and gift taxes, income taxes on the gain from the transfer of the
26 bonds, and franchise taxes. The interest on the bonds is not subject to taxation as income.
27 Bonds issued by the Board under the provisions of this Article are hereby made securities
28 in which all public officers and public bodies of the State and its political subdivisions,
29 all insurance companies, trust companies, banking associations, investment companies,
30 executors, administrators, trustees, and other fiduciaries may properly and legally invest
31 funds, including capital in their control or belonging to them. Such bonds are hereby
32 made securities which may properly and legally be deposited with and received by any
33 State or municipal officer or any agency or political subdivision of the State for any
34 purpose for which the deposit of bonds or obligations of the State is now or may hereafter
35 be authorized by law."

36 Sec. 9. G.S. 116-209.13 reads as rewritten:

37 **"§ 116-209.13. Tax exemption.**

38 The exercise of the powers granted by this Article in all respects will be for the
39 benefit of the people of the State, for their well-being and prosperity and for the
40 improvement of their social and economic conditions, and the Authority shall not be
41 required to pay any taxes on any property owned by the Authority under the provisions of
42 this Article or upon the income therefrom, and the bonds issued under the provisions of
43 this Article, ~~their transfer and the income therefrom (including any profit made on the sale~~

1 ~~thereof), Article shall at all times be free from taxation by the State or any local unit or~~
2 ~~political subdivision or other instrumentality of the State, excepting inheritance or gift~~
3 ~~taxes. taxes, income taxes on the gain from the transfer of the bonds, and franchise taxes.~~
4 The interest on the bonds is not subject to taxation as income."

5 Sec. 10. G.S. 122A-19 reads as rewritten:

6 **"§ 122A-19. Tax exemption.**

7 The exercise of the powers granted by this Chapter will be in all respects for the
8 benefit of the people of the State, for their well-being and prosperity and for the
9 improvement of their social and economic conditions, and the Agency shall not be
10 required to pay any tax or assessment on any property owned by the Agency under the
11 provisions of this Chapter or upon the income therefrom.

12 Any obligations issued by the Agency under the provisions of this ~~Chapter, their~~
13 ~~transfer and the income therefrom (including any profit made on the sale thereof), Chapter~~ shall
14 at all times be free from taxation by the State or any local unit or political subdivision or
15 other instrumentality of the State, excepting inheritance or gift ~~taxes. taxes, income taxes~~
16 on the gain from the transfer of the obligations, and franchise taxes. The interest on the
17 obligations is not subject to taxation as income."

18 Sec. 11. G.S. 122D-14 reads as rewritten:

19 **"§ 122D-14. Exemption from taxes.**

20 The exercise of the powers granted by this Chapter will be in all respects for the
21 benefit of the people of the State, for their well-being and prosperity and for the
22 improvement of their social and economic conditions, and the Authority shall not be
23 required to pay any tax or assessment on any property owned by the Authority under the
24 provisions of this Chapter or upon the income therefrom.

25 Any obligations issued by the Authority under the provisions of this ~~Chapter, their~~
26 ~~transfer and the income therefrom (including any profit made on the sale thereof), Chapter~~ shall
27 at all times be free from taxation by the State or any local unit or political subdivision or
28 other instrumentality of the State, excepting inheritance or gift ~~taxes. taxes, income taxes~~
29 on the gain from the transfer of the obligations, and franchise taxes. The interest on the
30 obligations is not subject to taxation as income."

31 Sec. 12. G.S. 131A-21 reads as rewritten:

32 **"§ 131A-21. Tax exemption.**

33 The exercise of the powers granted by this Chapter will be in all respects for the
34 benefit of the people of the State and will promote their health and welfare, and no tax or
35 assessment shall be levied upon any health care facilities undertaken by the Commission
36 prior to the retirement or provision for the retirement of all bonds or notes issued and
37 obligations incurred by the Commission in connection with such health care facilities.

38 Any bonds or notes issued by the Commission under the provisions of this ~~Chapter,~~
39 ~~their transfer and the income therefrom (including any profit made on the sale thereof) Chapter~~
40 shall at all times be free from taxation by the State or any local unit or political
41 subdivision or other instrumentality of the State, excepting inheritance or gift ~~taxes. taxes,~~
42 income taxes on the gain from the transfer of the bonds and notes, and franchise taxes.
43 The interest on the bonds and notes is not subject to taxation as income."

1 Sec. 13. G.S. 131E-28(c) reads as rewritten:

2 "(c) Bonds, notes, debentures, or other evidences of indebtedness of a hospital
3 authority issued under the Local Government Revenue Bond Act, Chapter 159 of the
4 General Statutes, Article 5, or issued pursuant to the bond and revenue anticipation
5 provisions of Chapter 159 of the General Statutes, Article 9, or issued pursuant to G.S.
6 131E-26(b) or contracted pursuant to G.S. 131E-32 ~~and the transfer of and income from~~
7 ~~such instruments, including profits on sales,~~ shall at all times be free from taxation by the
8 State or any of its subdivisions, except for inheritance or gift ~~taxes-~~taxes, income taxes on
9 the gain from the transfer of the instruments, and franchise taxes. The interest on the
10 instruments is not subject to taxation as income."

11 Sec. 14. G.S. 142-12 reads as rewritten:

12 **"§ 142-12. State bonds exempt from taxation.**

13 ~~The original bonds or certificates of debt of the State, which have been issued since~~
14 ~~the first day of January, 1853, or which may hereafter be issued under the authority of~~
15 ~~any act whatever, as likewise the bonds and certificates substituted for such original~~
16 ~~bonds and certificates, shall be, they and the interest accruing thereon, exempt from~~
17 ~~taxation.~~ Bonds and other evidences of indebtedness issued by the State are exempt from
18 taxation by the State or any of its subdivisions, except for inheritance or gift taxes,
19 income taxes on the gain from the transfer of the instruments, and franchise taxes. The
20 interest on the instruments is not subject to taxation as income."

21 Sec. 15. G.S. 142-29.6(f) reads as rewritten:

22 "(f) All refunding obligations, coupons (if any) and any evidences of additional
23 interest appertaining thereto, and their transfer (including any profit made on the sale
24 thereof), obligations shall be exempt from all State, county and municipal taxation or
25 assessment, direct or indirect, general or special, whether imposed for the purpose of
26 general revenue or otherwise, including except for inheritance and gift taxes, income
27 taxes on the gain from the transfer of the obligations, and franchise taxes. The interest on
28 the refunding obligations is not subject to taxation as income.~~and the interest on the~~
29 ~~refunding obligations shall not be subject to taxation as to income, nor shall the refunding~~
30 ~~obligations or coupons (if any) or evidences of additional indebtedness be subject to~~
31 ~~taxation when constituting a part of the surplus of any bank, trust company or other~~
32 ~~corporation."~~

33 Sec. 16. G.S. 143B-456(g) reads as rewritten:

34 "(g) Any obligations issued by the Authority under the provisions of this Part, ~~their~~
35 ~~transfer and the income therefrom (including any profit made on the sale thereof),~~ Part shall at
36 all times be free from taxation by the State or any local unit or political subdivision or
37 other instrumentality of the State, excepting inheritance or gift ~~taxes-~~taxes, income taxes
38 on the gain from the transfer of the obligations, and franchise taxes. The interest on the
39 obligations is not subject to taxation as income."

40 Sec. 17. G.S. 157-26 reads as rewritten:

41 **"§ 157-26. Tax exemptions.**

42 An authority is a local government agency and is exempt from taxation to the same
43 extent as a unit of local government. Property owned by an authority is exempt from

1 taxation in accordance with Article V, § Sec. 2 of the North Carolina Constitution.
2 Bonds and other obligations issued by an authority or its corporate agent authorized by
3 this Article to exercise its powers ~~The authority shall be exempt from the payment of any~~
4 ~~taxes or fees to the State or any subdivision thereof, or to any officer or employee of the State or~~
5 ~~any subdivision thereof. The property of an authority used for public purposes shall be exempt~~
6 ~~from all local and municipal taxes and for the purposes of such tax exemption, it is hereby~~
7 ~~declared as a matter of legislative determination that an authority is and shall be deemed to be a~~
8 ~~municipal corporation. Bonds, notes, debentures and other evidences of indebtedness of an~~
9 ~~authority (including any corporate agent thereof authorized by this Article to exercise the powers~~
10 ~~of the authority) heretofore or hereafter issued are declared to be issued for a public purpose~~
11 ~~and to be public instrumentalities and, together with the interest thereon, shall be exempt from~~
12 ~~taxes.~~ instrumentalities. These obligations are exempt from all State, county, and
13 municipal taxation or assessment, direct or indirect, general or special, whether imposed
14 for the purpose of general revenue or otherwise, excluding inheritance and gift taxes,
15 income taxes on the gain from the transfer of the obligations, and franchise taxes. The
16 interest on the obligations is not subject to taxation as income."

17 Sec. 18. G.S. 159B-26 reads as rewritten:

18 **"§ 159B-26. Tax exemption.**

19 ~~Bonds, their transfer and the income therefrom (including any profit made on the sale~~
20 ~~thereof),~~ Bonds shall at all times be free from taxation by the State or any political
21 subdivision or any agency of either thereof, of their agencies, excepting inheritance or gift
22 taxes. taxes, income taxes on the gain from the transfer of the bonds, and franchise taxes.
23 The interest on the bonds is not subject to taxation as income."

24 Sec. 19. G.S. 159I-23 reads as rewritten:

25 **"§ 159I-23. Tax exemption.**

26 All of the bonds and notes authorized by this Chapter ~~and the coupons, if any,~~
27 ~~appertaining thereto, and their transfer (including any profit made on the sale thereof),~~ Chapter
28 shall be exempt from all State, county, and municipal taxation or assessment, direct or
29 indirect, general or special, whether imposed for the purpose of general revenue or
30 otherwise, excluding inheritance and gift taxes. taxes, income taxes on the gain from the
31 transfer of the bonds and notes, and franchise taxes. The interest on the bonds and notes
32 shall not be subject to taxation as to income, nor shall the bonds, notes, and coupons, if any,
33 be subject to taxation when constituting a part of the surplus of any bank, trust company, or other
34 corporation. income."

35 Sec. 20. G.S. 160A-516(b) reads as rewritten:

36 "(b) Neither the commissioners of a commission nor any person executing the
37 bonds shall be liable personally on the bonds by reason of the issuance ~~thereof.~~ of the
38 bonds. The bonds and other obligations of the commission (and ~~such the~~ such the bonds and
39 obligations shall so state on their face) shall not be a debt of the municipality, the county,
40 or the State and neither the municipality, the county, nor the State shall be liable ~~thereon,~~
41 on the bonds, nor in any event shall ~~such the~~ such the bonds or obligations be payable out of any
42 funds or properties other than those of ~~said the~~ said the commission acquired for the purpose of
43 this Article. The bonds shall not constitute an indebtedness of the municipality within the

1 meaning of any constitutional or statutory debt limitation or restriction. Bonds of a
2 commission are declared to be issued for an essential public and governmental purpose
3 and to be public ~~instrumentalities and, together with interest thereon and income therefrom,~~
4 ~~shall be exempt from all taxes.~~ instrumentalities. The bonds are exempt from all State,
5 county, and municipal taxation or assessment, direct or indirect, general or special,
6 whether imposed for the purpose of general revenue or otherwise, excluding inheritance
7 and gift taxes, income taxes on the gain from the transfer of the bonds and notes, and
8 franchise taxes. The interest on the bonds is not subject to taxation as income. Bonds
9 may be issued by a commission under this Article notwithstanding any debt or other
10 limitation prescribed in any statute. This Article without reference to other statutes of the
11 State shall constitute full and complete authority for the authorization and issuance of
12 bonds by the commission ~~hereunder~~ under this Article and ~~such~~ this authorization and
13 issuance shall not be subject to any conditions, ~~restrictions~~ restrictions, or limitations
14 imposed by any other statute whether general, ~~special~~ special, or local, except as provided
15 in subsection (d) of this section."

16 Sec. 21. This act becomes effective July 1, 1995, and applies to obligations
17 issued on or after that date.