

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1120

SHORT TITLE: Authorize Public Hospital Debt

SPONSOR(S): Rep. Thomas Wright

FISCAL IMPACT

Yes () No (X) No Estimate Available (X)

FY 1999-00 FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04

REVENUES

*** See Assumptions and Methodology ***

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Public Hospitals and Local Governments that lease or contract for public hospital services.

EFFECTIVE DATE: When it becomes law.

BILL SUMMARY: G.S. 160A-20(h) allows counties, cities and specifically named local authorities to use installment financing for capital projects. The bill adds non-profit corporations or associations that are operating or leasing a public hospital to this list. It also authorizes public hospitals and the non-profit corporations or associations that operate or lease public hospitals to issue revenue anticipation notes. The bill requires that the unit of local government that owns the hospital approve these contracts and notes. The legislation also outlines under what circumstances the local government can reject the request.

ASSUMPTIONS AND METHODOLOGY: Under G.S. 160A-20, units of local government have the ability to finance the purchase of property through installment contracts. The term "local unit of government," as defined in subpart (h), currently includes counties, cities, water and sewer authorities, certain airport authorities, area mental health and substance abuse authorities, and certain school districts with independent taxing authority. The bill adds nonprofit corporations or associations operating or leasing a public hospital to the list. There is no direct impact on state or local revenues from these additions because the bill only gives them an additional financing tool.

Under G.S. 159-170 units of local government are authorized to borrow money to pay current year expenses. The notes are held in anticipation of future revenues. The legislation authorizes nonprofit organizations or associations that operate or lease public hospitals to take advantage of this financing option, under certain circumstances. There is no direct impact on state or local revenues from these additions because the bill only gives them an additional financing tool.

FISCAL RESEARCH DIVISION: 733-4910

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DATE: Tuesday, July 06, 1999



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