

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 1758

Short Title: No UNC Luxury Resorts/Spas. (Public)

Sponsors: Representatives Nesbitt; Allen, Buchanan, Hill, Justus, McComas,
Walend, and Womble.

Referred to: Rules, Calendar, and Operations of the House.

June 17, 2002

A BILL TO BE ENTITLED

1
2 AN ACT TO AMEND THE UMSTEAD ACT TO PROHIBIT THE UNIVERSITY OF
3 NORTH CAROLINA OR ANY OTHER LEGAL ENTITY INCORPORATED OR
4 CREATED TO BENEFIT THE UNIVERSITY OF NORTH CAROLINA FROM
5 DEVELOPING, CONSTRUCTING, OWNING, OR OPERATING HOTELS OR
6 OTHER SIMILAR LODGING FACILITIES, RESTAURANTS, SPAS, OR GOLF
7 COURSES EXCEPT IN CERTAIN CIRCUMSTANCES, AND TO PROVIDE
8 THAT THE GENERAL ASSEMBLY MUST SPECIFICALLY AUTHORIZE
9 CERTAIN UNIVERSITY SYSTEM CONTRACTS AND CERTAIN TYPES OF
10 DEBT ISSUED BY CORPORATIONS OR LIMITED LIABILITY
11 CORPORATIONS THAT ARE CONTROLLED BY THE UNIVERSITY OF
12 NORTH CAROLINA OR ONE OF ITS CONSTITUENT INSTITUTIONS.

13 The General Assembly of North Carolina enacts:

14 **SECTION 1.** G.S. 66-58(b) reads as rewritten:

15 "(b) The provisions of subsection (a) of this section shall not apply to:

- 16 (1) Counties and municipalities.
17 (2) The Department of Health and Human Services or the Department of
18 Agriculture and Consumer Services for the sale of serums, vaccines,
19 and other like products.
20 (3) The Department of Administration, except that the agency shall not
21 exceed the authority granted in the act creating the agency.
22 (4) The State hospitals for the mentally ill.
23 (5) The Department of Health and Human Services.
24 (6) The North Carolina School for the Blind at Raleigh.
25 (6a) The Department of Juvenile Justice and Delinquency Prevention.
26 (7) The North Carolina Schools for the Deaf.
27 (8) The Greater University of North Carolina with regard to its utilities
28 and other services now operated by it nor to the sale of articles

1 produced incident to the operation of instructional departments,
2 articles incident to educational research, articles of merchandise
3 incident to classroom work, meals, books, or to articles of merchandise
4 not exceeding twenty-five cents (25¢) in value when sold to members
5 of the educational staff or staff auxiliary to education or to duly
6 enrolled students or occasionally to immediate members of the
7 families of members of the educational staff or of duly enrolled
8 students nor to the sale of meals or merchandise to persons attending
9 meetings or conventions as invited ~~guests nor to the operation by the~~
10 ~~University of North Carolina of an inn or hotel and dining and other~~
11 ~~facilities usually connected with a hotel or inn, guests, nor to the~~
12 hospital and Medical School of the University of North Carolina, nor
13 to the Coliseum of North Carolina State University at Raleigh, and the
14 other schools and colleges for higher education maintained or
15 supported by the State, nor to the Centennial Campus of North
16 Carolina State University at Raleigh, nor to the Horace Williams
17 Campus of the University of North Carolina at Chapel Hill, nor to a
18 Millennial Campus of a constituent institution of The University of
19 North Carolina, nor to the comprehensive student health services or the
20 comprehensive student infirmaries maintained by the constituent
21 institutions of the University of North Carolina.

- 22 (9) The Department of Environment and Natural Resources, except that
23 the Department shall not construct, maintain, operate or lease a hotel
24 or tourist inn in any park over which it has jurisdiction. The North
25 Carolina Wildlife Resources Commission may sell wildlife
26 memorabilia as a service to members of the public interested in
27 wildlife conservation.
- 28 (10) Child-caring institutions or orphanages receiving State aid.
- 29 (11) Highlands School in Macon County.
- 30 (12) The North Carolina State Fair.
- 31 (13) Rural electric memberships corporations.
- 32 (13a) State Farm Operations Commission.
- 33 (13b) The Department of Agriculture and Consumer Services with regard to
34 its lessees at farmers' markets operated by the Department.
- 35 (13c) The Western North Carolina Agricultural Center.
- 36 (13d) Agricultural centers or livestock facilities operated by the Department
37 of Agriculture and Consumer Services.
- 38 (14) Nothing herein contained shall be construed to prohibit the
39 engagement in any of the activities described in subsection (a) hereof
40 by a firm, corporation or person who or which is a lessee of space only
41 of the State of North Carolina or any of its departments or agencies;
42 provided the leases shall be awarded by the Department of
43 Administration to the highest bidder, as provided by law in the case of

1 State contracts and which lease shall be for a term of not less than one
2 year and not more than five years.

- 3 (15) The State Department of Correction is authorized to purchase and
4 install automobile license tag plant equipment for the purpose of
5 manufacturing license tags for the State and local governments and for
6 such other purposes as the Department may direct.

7 The Commissioner of Motor Vehicles, or such other authority as
8 may exercise the authority to purchase automobile license tags is
9 hereby directed to purchase from, and to contract with, the State
10 Department of Correction for the State automobile license tag
11 requirements from year to year.

12 The price to be paid to the State Department of Correction for the
13 tags shall be fixed and agreed upon by the Governor, the State
14 Department of Correction, and the Motor Vehicle Commissioner, or
15 such authority as may be authorized to purchase the supplies.

- 16 (16) Laundry services performed by the Department of Correction may be
17 provided only for agencies and instrumentalities of the State which are
18 supported by State funds and for county or municipally controlled and
19 supported hospitals presently being served by the Department of
20 Correction, or for which services have been contracted or applied for
21 in writing, as of May 22, 1973. In addition to the prior sentence,
22 laundry services performed by the Department of Correction may be
23 provided for the Governor Morehead School and the North Carolina
24 School for the Deaf.

25 The services shall be limited to wet-washing, drying and ironing of
26 flatwear or flat goods such as towels, sheets and bedding, linens and
27 those uniforms prescribed for wear by the institutions and further
28 limited to only flat goods or apparel owned, distributed or controlled
29 entirely by the institutions and shall not include processing by any
30 dry-cleaning methods; provided, however, those garments and items
31 presently being serviced by wet-washing, drying and ironing may in
32 the future, at the election of the Department of Correction, be
33 processed by a dry-cleaning method.

- 34 (17) The North Carolina Global TransPark Authority or a lessee of the
35 Authority.

- 36 (18) The activities and products of private enterprise carried on or
37 manufactured within a State prison facility pursuant to G.S. 148-70.

- 38 (19) The North Carolina Justice Academy.

- 39 (20) The Department of Transportation, or any nonprofit lessee of the
40 Department, for the sale of books, crafts, gifts, and other
41 tourism-related items at visitor centers owned by the Department.

- 42 (21) The North Carolina Rural Redevelopment Authority or a lessee of the
43 Authority."

44 **SECTION 2.** G.S. 66-58 is amended by adding a new subsection to read:

1 "(h) Notwithstanding the provisions of G.S. 66-58(b)(8), it is unlawful for The
2 University of North Carolina, its constituent institutions, the Centennial Campus of
3 North Carolina State University at Raleigh, the Horace Williams Campus of the
4 University of North Carolina at Chapel Hill, a Millennial Campus of a constituent
5 institution of The University of North Carolina, or any corporation or other legal entity
6 created to benefit any of these institutions or campuses to develop, construct, own, or
7 operate a lodging facility, restaurant, spa, or golf course except as provided by any of
8 the subdivisions of this subsection. For purposes of this subsection, the term 'lodging
9 facility' includes a hotel or motel.

10 (1) The lodging facility is developed and constructed in conjunction with a
11 conference center whose purpose and use is exclusively and directly
12 for continuing education, degree programs, and research of The
13 University of North Carolina or one of its constituent institutions;

14 (2) The lodging facility or golf course is donated as an ongoing business
15 to The University of North Carolina or one of its constituent
16 institutions; or

17 (3) All funding for the lodging facility, restaurant, spa, or golf course is
18 from private contributions, exclusive of infrastructure that is ordinarily
19 associated with such a facility."

20 **SECTION 3.** Article 1 of Chapter 116 of the General Statutes is amended by
21 adding the following new sections to read:

22 **§ 116-13.2. Certain contractual and financial obligations require prior General**
23 **Assembly approval.**

24 (a) No debt shall be issued by a corporation or limited liability corporation
25 controlled by The University of North Carolina or a constituent institution without
26 specific prior approval by the General Assembly.

27 (b) Notwithstanding any other provision of law, the General Assembly may
28 modify or void any contract entered into by the Board of Governors or a constituent or
29 affiliated institution that commits to make payments over a period of more than one year
30 if the contract was not specifically authorized by an act of the General Assembly."

31 **SECTION 4.** This act is effective when it becomes law. This act does not
32 apply to any lodging facility, restaurant, conference center, spa, or golf course that was
33 already owned, operated, or leased by The University of North Carolina or one of its
34 constituent institutions on June 1, 2002. G.S. 116-13.2, as enacted by this act, applies
35 only to contracts entered into on or after the date this act becomes law.