

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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HOUSE DRH45058-LCx-102 (04/03)

Short Title: Finance Parks and Heritage.

(Public)

Sponsors: Representative.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A STATUTORY FRAMEWORK FOR THE FINANCING OF
CAPITAL FACILITIES BY THE STATE AND TO AUTHORIZE THE
ISSUANCE OF SPECIAL INDEBTEDNESS FOR CAPITAL IMPROVEMENTS
AND LAND ACQUISITION FOR PARKS, RECREATION, AND THE
PRESERVATION OF NATURAL HERITAGE.

The General Assembly of North Carolina enacts:

PART 1. PARKS RENOVATION AND ACQUISITION

SECTION 1.1. Authorization. – In accordance with G.S. 142-83, as enacted by this act, this Part authorizes the issuance or incurrence of financing contract indebtedness in the maximum amount provided in this Part to be used to finance the cost of parks projects. As used in this Part, the term "parks projects" means capital projects for the State Parks System, repairs and renovations of park facilities, and land acquisition for the State Parks System, pursuant to G.S. 113-44.15(b)(1). The State, with the prior approval of the State Treasurer and the Council of State as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to execute and deliver one or more financing contracts in the maximum principal amount provided in this Part in order to provide funds to the State to be used, together with any other available funds, to pay the cost of these projects.

SECTION 1.2. Identification of Parks Projects. – The specific parks projects for which the financing contract indebtedness may be used are to be identified by the North Carolina Parks and Recreation Authority as provided in G.S. 113-44.15.

SECTION 1.3. Maximum Amount. – The maximum principal amount of financing contract indebtedness that may be issued pursuant to this Part is the maximum amount for which the aggregate annual principal and interest payments to be made in any year on the financing contracts will not exceed the annual amount identified in G.S.

1 113-44.15. If the annual amount is increased, the maximum principal amount increases
2 accordingly.

3 **SECTION 1.4.** G.S. 113-44.15 reads as rewritten:

4 **"§ 113-44.15. Parks and Recreation Trust Fund.**

5 (a) Fund Created. – There is established a Parks and Recreation Trust Fund in the
6 State Treasurer's Office. The Trust Fund shall be a nonreverting special revenue fund
7 consisting of gifts and grants to the Trust Fund, monies credited to the Trust Fund
8 pursuant to G.S. 105-228.30(b), and other monies appropriated to the Trust Fund by the
9 General Assembly.

10 (b) Use. – Funds in the Trust Fund are annually appropriated to the North
11 Carolina Parks and Recreation Authority and, unless otherwise specified by the General
12 Assembly or the terms or conditions of a gift or grant, shall be allocated and used as
13 follows:

- 14 (1) Sixty-five percent (65%) for the State Parks System for capital
15 projects, repairs and renovations of park facilities, and land
16 acquisition and to retire debt incurred for these purposes
17 under Article 9 of Chapter 142 of the General Statutes.
- 18 (2) Thirty percent (30%) to provide matching funds to local governmental
19 units or public authorities as defined in G.S. 159-7 on a
20 dollar-for-dollar basis for local park and recreation purposes. The
21 appraised value of land that is donated to a local government unit or
22 public authority may be applied to the matching requirement of this
23 subdivision. These funds shall be allocated by the North Carolina
24 Parks and Recreation Authority based on criteria patterned after the
25 Open Project Selection Process established for the Land and Water
26 Conservation Fund administered by the National Park Service of the
27 United States Department of the Interior.
- 28 (3) Five percent (5%) for the Coastal and Estuarine Water Beach Access
29 Program.

30 (b1) Geographic Distribution. – In allocating funds in the Trust Fund under this
31 subsection, the North Carolina Parks and Recreation Authority shall consider
32 geographic distribution across the State to the extent practicable.

33 (b2) Administrative Expenses. – Of the funds appropriated to the North Carolina
34 Parks and Recreation Authority from the Trust Fund each year, no more than three
35 percent (3%) may be used by the Department for operating expenses associated with
36 managing capital improvements projects, acquiring land, and administration of local
37 grants programs.

38 (c) Reports. – The North Carolina Parks and Recreation Authority shall report no
39 later than October 1 of each year to the Joint Legislative Commission on Governmental
40 Operations, the House and Senate Appropriations Subcommittees on Natural and
41 Economic Resources, the Fiscal Research Division, and the Environmental Review
42 Commission on allocations from the Trust Fund from the prior fiscal year. The
43 Authority also shall provide a progress report no later than March 15 of each year to the

1 same recipients on the activities of and the expenditures from the Trust Fund for the
2 current fiscal year.

3 (d) Debt. – The Authority may allocate a portion of the annual appropriation
4 identified in subdivision (b)(1) of this section to reimburse the General Fund for debt
5 service on contract indebtedness to be incurred under Article 9 of Chapter 142 of the
6 General Statutes for the purposes provided in subdivision (b)(1) of this section. In order
7 to allocate funds for debt service reimbursement, the Authority must identify to the
8 State Treasurer the specific parks projects for which it would like contract indebtedness
9 to be incurred and the annual amount it intends to make available and must request the
10 State Treasurer to incur the indebtedness. After financing contract indebtedness has
11 been incurred for a parks project requested by the Authority, the Authority must credit
12 to the General Fund each year the lesser of the annual amount it identified in the request
13 or the actual aggregate principal and interest payments to be made in that year on the
14 financing contract indebtedness, as identified by the State Treasurer."

15 **PART 2. PARKS, RECREATION, AND PRESERVATION OF NATURAL** 16 **HERITAGE**

17 **SECTION 2.1.** Authorization. – In accordance with G.S. 142-83, as enacted
18 by this act, this Part authorizes the issuance or incurrence of financing contract
19 indebtedness in the maximum amount provided in this Part to be used to finance the
20 cost of natural heritage projects. As used in this Part, the term "natural heritage projects"
21 means acquiring land for parks, recreation, and the preservation of natural heritage,
22 pursuant to G.S. 113-77.9(b)(1) and (2). The State, with the prior approval of the State
23 Treasurer and the Council of State as provided in Article 9 of Chapter 142 of the
24 General Statutes, is authorized to execute and deliver one or more financing contracts in
25 the maximum principal amount provided in this Part in order to provide funds to the
26 State to be used, together with any other available funds, to pay the cost of these
27 projects.

28 **SECTION 2.2.** Identification of Natural Heritage Projects. – The specific
29 natural heritage projects for which the financing contract indebtedness may be used are
30 to be identified by the Trustees of the Natural Heritage Trust Fund as provided in G.S.
31 113-77.9.

32 **SECTION 2.3.** Maximum Amount. – The maximum principal amount of
33 financing contract indebtedness that may be issued pursuant to this Part is the maximum
34 amount for which the aggregate annual principal and interest payments to be made in
35 any year on the financing contracts will not exceed the annual amount identified in G.S.
36 113-77.9. If the annual amount is increased, the maximum principal amount increases
37 accordingly.

38 **SECTION 2.4.** G.S. 113-77.9 reads as rewritten:

39 **"§ 113-77.9. Acquisition of lands with funds from the Natural Heritage Trust** 40 **Fund.**

41 (a) Proposals. – From time to time, but at least once each year, the Secretary, the
42 Chairman of the North Carolina Wildlife Resources Commission, the Commissioner of
43 Agriculture, and the Secretary of Cultural Resources may propose to the Trustees lands
44 to be acquired with funds from the Fund. For each tract or interest proposed, the

1 Secretary, the Chairman of the North Carolina Wildlife Resources Commission, the
2 Commissioner of Agriculture, and the Secretary of Cultural Resources shall provide the
3 Trustees with the following information:

- 4 (1) The value of the land for recreation, forestry, fish and wildlife habitat,
5 and wilderness purposes, and its consistency with the plan developed
6 pursuant to the State Parks Act, the State's comprehensive plan for
7 outdoor recreation, parks, natural areas development, and wildlife
8 management goals and objectives.
- 9 (2) Any rare or endangered species on or near the land.
- 10 (3) Whether the land contains a relatively undisturbed and outstanding
11 example of a native North Carolina ecological community that is now
12 uncommon.
- 13 (4) Whether the land contains a major river or tributary, watershed,
14 wetland, significant littoral, estuarine, or aquatic site, or important
15 geologic feature.
- 16 (5) The extent to which the land represents a type of landscape, natural
17 feature, or natural area that is not currently in the State's inventory of
18 parks and natural areas.
- 19 (6) Other sources of funds that may be available to assist in acquiring the
20 land.
- 21 (7) The State department or division that will be responsible for managing
22 the land.
- 23 (8) What assurances exist that the land will not be used for purposes other
24 than those for which it is being acquired.
- 25 (9) Whether the site or structure is of such historical significance as to be
26 essential to the development of a balanced State program of historic
27 properties.

28 (b) Land Acquisition and Debt Service. – The Trustees may authorize
29 expenditures from the Fund ~~to acquire~~ for the following purposes:

- 30 (1) To acquire land ~~Land~~ that represents the ecological diversity of North
31 Carolina, including natural features such as riverine, montane, coastal,
32 and geologic systems and other natural areas to ensure their
33 preservation and conservation for recreational, scientific, educational,
34 cultural, and aesthetic ~~purposes~~ purposes and to retire debt incurred for
35 this purpose under Article 9 of Chapter 142 of the General Statutes.
- 36 (2) To acquire land ~~Land~~ as additions to the system of parks, State trails,
37 aesthetic forests, fish and wildlife management areas, wild and scenic
38 rivers, and natural areas for the beneficial use and enjoyment of the
39 ~~public~~ public and to retire debt incurred for this purpose under Article
40 9 of Chapter 142 of the General Statutes.
- 41 (3) Subject to the limitations of subsection (b2) of this section, land that
42 contributes to the development of a balanced State program of historic
43 properties.

1 (b1) Priorities. – In authorizing expenditures from the Fund to acquire land
2 pursuant to this Article, the first priority shall be the protection of land with outstanding
3 natural or cultural heritage values. Land with outstanding natural heritage values is land
4 that is identified by the North Carolina Natural Heritage Program as having State or
5 national significance. Land with outstanding cultural heritage values is land that is
6 identified, inventoried, or evaluated by the Department of Cultural Resources. The
7 Trustees shall be guided by any priorities established by the Secretary, the Chairman of
8 the Wildlife Resources Commission, the Commissioner of Agriculture, and the
9 Secretary of Cultural Resources in their proposals made pursuant to subsection (a) of
10 this section.

11 (b2) Historic Properties. – The Trustees may authorize expenditure of up to
12 twenty-five percent (25%) of the funds credited to the Fund pursuant to G.S. 105-228.30
13 during the preceding fiscal year to acquire land under subdivision (3) of subsection (b)
14 of this section. No other funds in the Fund may be used for expenditures to acquire land
15 under subdivision (3) of subsection (b) of this section.

16 (b3) Debt. – Of the funds credited annually to the Fund pursuant to G.S.
17 105-228.30, the Trustees may authorize expenditure of a portion to reimburse the
18 General Fund for debt service on contract indebtedness to be incurred under Article 9 of
19 Chapter 142 of the General Statutes for the purposes provided in subdivisions (b)(1) and
20 (2) of this section. In order to authorize expenditure of funds for debt service
21 reimbursement, the Trustees must identify to the State Treasurer and the Department of
22 Administration the specific natural heritage projects for which they would like contract
23 indebtedness to be incurred and the annual amount they intend to make available and
24 must request the State Treasurer to incur the indebtedness. After financing contract
25 indebtedness has been incurred for a natural heritage project requested by the Trustees,
26 the Trustees must direct the State Treasurer to credit to the General Fund each year the
27 lesser of the annual amount they identified in the request or the actual aggregate
28 principal and interest payments to be made in that year on the financing contract
29 indebtedness, as identified by the State Treasurer.

30 (c) Other Purposes. – The Trustees may authorize expenditures from the Fund to
31 pay for the inventory of natural areas conducted under the Natural Heritage Program
32 established pursuant to the Nature Preserves Act, Article 9A of Chapter 113A of the
33 General Statutes. The Trustees may also authorize expenditures from the Fund to pay
34 for conservation and protection planning and for informational programs for owners of
35 natural areas, as defined in G.S. 113A-164.3.

36 (d) Acquisition. – The Department of Administration may, pursuant to G.S.
37 143-341, acquire by purchase, gift, or devise all lands selected by the Trustees for
38 acquisition pursuant to this Article. Title to any land acquired pursuant to this Article
39 shall be vested in the State. A State agency with management responsibility for land
40 acquired pursuant to this Article may enter into a management agreement or lease with a
41 county, city, town, or private nonprofit organization qualified under G.S. 105-151.12
42 and G.S. 105-130.34 and certified under section 501(c)(3) of the Internal Revenue Code
43 to aid in managing the land. A management agreement or lease shall be executed by the
44 Department of Administration pursuant to G.S. 143-341.

1 (d1) Local Reimbursement. – In any county in which real property was purchased
2 pursuant to subsection (d) of this section as additions to the fish and wildlife
3 management areas and where less than twenty-five percent (25%) of the land area is
4 privately owned at the time of purchase, that county and any other local taxing unit shall
5 be annually reimbursed, for a period of 20 years, from funds available to the North
6 Carolina Wildlife Resources Commission in an amount equal to the amount of ad
7 valorem taxes that would have been paid to the taxing unit if the property had remained
8 subject to taxation.

9 (e) Reports. – The Secretary shall maintain and revise twice each year a list of
10 acquisitions made pursuant to this Article. The list shall include the acreage of each
11 tract, the county in which the tract is located, the amount paid from the Fund to acquire
12 the tract, and the State department or division responsible for managing the tract. The
13 Secretary shall furnish a copy of the list to each Trustee, the Joint Legislative
14 Commission on Governmental Operations, the House and Senate Appropriations
15 Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and
16 the Environmental Review Commission within 30 days after each revision.

17 (f) Hunting and Fishing. – No provision of this Article shall be construed to
18 eliminate hunting and fishing, as regulated by the laws of the State of North Carolina,
19 upon properties purchased pursuant to this Article."

20 **PART 3. STATE CAPITAL FACILITIES FINANCE ACT**

21 **SECTION 3.1.** Chapter 142 of the General Statutes is amended by adding a
22 new Article to read:

23 "Article 9.

24 "State Capital Facilities Finance Act.

25 **"§ 142-80. Short title.**

26 This Article may be cited as the State Capital Facilities Finance Act.

27 **"§ 142-81. Findings and purpose.**

28 The General Assembly finds as follows:

- 29 (1) There is a continuing need for capital facilities for the State, many of
30 which will continue to be provided on a "pay-as-you-go" basis by
31 direct appropriations.
- 32 (2) The State will also continue to provide capital facilities through the
33 issuance of general obligation bonds.
- 34 (3) There is a need, however, for the use of alternative financing methods,
35 such as authorized in this Article, to facilitate the providing of capital
36 facilities when circumstances and conditions warrant the providing of
37 capital facilities through financing methods in addition to direct
38 appropriations and the issuance of general obligation bonds.
- 39 (4) The use of these alternative financing methods as authorized in this
40 Article will provide financing flexibility to the State and permit the
41 State to take advantage of changing financial and economic
42 environments.

43 **"§ 142-82. Definitions.**

44 The following definitions apply in this Article:

- 1 (1) Bonded indebtedness. – Limited obligation bonds and bond
2 anticipation notes, including refunding bonds and notes, authorized to
3 be issued under this Article.
- 4 (2) Bonds or notes. – Limited obligation bonds and notes authorized to be
5 issued under this Article.
- 6 (3) Capital facility. – Any one or more of the following:
- 7 a. Any one or more buildings, utilities, structures, or other
8 facilities or property developments, including streets and
9 landscaping, and the acquisition of equipment, machinery, and
10 furnishings in connection with these items.
- 11 b. Additions, extensions, enlargements, renovations, and
12 improvements to existing buildings, utilities, structures, or other
13 facilities or property developments, including streets and
14 landscaping.
- 15 c. Land or an interest in land.
- 16 d. Other infrastructure.
- 17 e. Furniture, fixtures, equipment, vehicles, machinery, and similar
18 items.
- 19 (4) Certificates of participation. – Certificates or other instruments
20 delivered by a special corporation evidencing the assignment of
21 proportionate undivided interests in rights to receive payments
22 pursuant to a financing contract.
- 23 (5) Certificates of participation indebtedness. – Financing contract
24 indebtedness incurred by the State under a plan of finance in which a
25 special corporation obtains funds to pay the cost of a capital facility to
26 be financed through the delivery by the special corporation of
27 certificates of participation.
- 28 (6) Cost. – Any of the following in financing the cost of capital facilities
29 as authorized by this Article:
- 30 a. The cost of constructing, reconstructing, renovating, repairing,
31 enlarging, acquiring, and improving capital facilities, including
32 the acquisition of land, rights-of-way, easements, franchises,
33 equipment, machinery, furnishings, and other interests in real or
34 personal property acquired or used in connection with a capital
35 facility.
- 36 b. The cost of engineering, architectural, and other consulting
37 services.
- 38 c. The cost of providing personnel to ensure effective
39 management of capital facilities.
- 40 d. Finance charges, reserves for debt service, and other types of
41 reserves required pursuant to the terms of any special
42 indebtedness or related documents, interest before and during
43 construction or acquisition of a capital facility and, if
44 considered advisable by the State Treasurer, for a period not

- 1 exceeding two years after the estimated date of completion of
2 construction or acquisition.
- 3 e. Administrative expenses and charges.
- 4 f. The cost of bond insurance, investment contracts, credit
5 enhancement facilities and liquidity facilities, interest rate swap
6 agreements or other derivative products, financial and legal
7 consultants, and related costs of the incurrence or issuance of
8 special indebtedness.
- 9 g. The cost of reimbursing the State, a State agency, or a special
10 corporation for any payments made for any cost described in
11 this subdivision.
- 12 h. Any other costs and expenses necessary or incidental to the
13 purposes of this Article.
- 14 (7) Credit facility. – An agreement that:
- 15 a. Is entered into by the State with a bank, savings and loan
16 association, or other banking institution, an insurance company,
17 reinsurance company, surety company, or other insurance
18 institution, a corporation, investment banking firm, or other
19 investment institution, or any financial institution or other
20 similar provider of a credit facility, which provider may be
21 located within or without the United States of America; and
- 22 b. Provides for prompt payment of all or any part of the principal
23 or purchase price (whether at maturity, presentment or tender
24 for purchase, redemption, or acceleration), redemption
25 premium, if any, and interest with respect to any special
26 indebtedness payable on demand or tender by the owner in
27 consideration of the State's agreeing to repay the provider of the
28 credit facility in accordance with the terms and provisions of
29 the agreement.
- 30 (8) Department of Administration. – The North Carolina Department of
31 Administration, created by Article 36 of Chapter 143 of the General
32 Statutes, or if the Department is abolished or otherwise divested of its
33 functions under this Article, the public body succeeding it in its
34 principal functions or upon which are conferred by law the rights,
35 powers, and duties given by this Article to the Department.
- 36 (9) Financing contract. – A contract entered into pursuant to this Article to
37 finance capital facilities and constituting a lease-purchase contract,
38 installment purchase contract, or other similar type installment
39 financing contract. The term does not include, however, a contract that
40 meets any one of the following conditions:
- 41 a. It constitutes an operating lease under generally accepted
42 accounting principles.
- 43 b. It provides for the payment under the contract over its full term,
44 including periods that may be added to the original term

1 through the exercise of options to renew or extend, of an
2 aggregate principal amount of not in excess of five thousand
3 dollars (\$5,000) or any greater amount that may be established
4 by the Council of State if the Council of State determines (i) the
5 aggregate amount to be paid under these contracts will not have
6 a significant impact on the State budgetary process or the
7 economy of the State and (ii) the change will lessen the
8 administrative burden on the State.

9 c. It is executed and provides for the making of all payments
10 under the contract, including payment to be made during any
11 period that may be added to the original term through the
12 exercise of options to renew or extend, in the same fiscal year.

13 (10) Financing contract indebtedness. – Indebtedness incurred pursuant to a
14 financing contract, including certificates of participation indebtedness.

15 (11) Fiscal period. – A fiscal biennium or a fiscal year of the fiscal
16 biennium.

17 (12) Fiscal year. – The fiscal year of the State beginning on July 1 of one
18 calendar year and ending on June 30 of the next calendar year.

19 (13) Limited obligation bond. – A limited obligation bond issued pursuant
20 to G.S. 142-88 and payable and secured as provided in G.S. 142-89.

21 (14) Par formula. – A provision or formula adopted by the State to provide
22 for the adjustment, from time to time, of the interest rate or rates borne
23 or provided for by any special indebtedness, including any of the
24 following:

25 a. A provision providing for an adjustment so that the purchase
26 price of special indebtedness in the open market would be as
27 close to par as possible.

28 b. A provision providing for an adjustment based upon a
29 percentage or percentages of a prime rate or base rate, which
30 percentages may vary or be applied for different periods of
31 time.

32 c. Any provision that the State Treasurer determines is consistent
33 with this Article and will not materially and adversely affect the
34 financial position of the State and the marketing of special
35 indebtedness at a reasonable interest cost to the State.

36 (15) Person. – An individual, a firm, a partnership, an association, a
37 corporation, a limited liability company, or any other organization or
38 group acting as a unit.

39 (16) Special corporation. – Either of the following:

40 a. A nonprofit corporation created under Chapter 55A of the
41 General Statutes for the purpose of facilitating the incurrence of
42 certificates of participation indebtedness by the State under this
43 Article.

1 b. A private corporation or other entity issuing certificates of
2 participation pursuant to this Article.

3 (17) Special indebtedness. – Financing contract indebtedness and bonded
4 indebtedness issued or incurred pursuant to this Article.

5 (18) State. – The State of North Carolina, including any State agency.

6 (19) State agency. – Any agency, institution, board, commission, bureau,
7 council, department, division, officer, or employee of the State. The
8 term does not include counties, municipal corporations, political
9 subdivisions, local boards of education, or other local public bodies.

10 (20) State Treasurer. – The incumbent Treasurer, from time to time, of the
11 State.

12 **"§ 142-83. Authorization of special indebtedness; General Assembly approval.**

13 The State may incur or issue special indebtedness subject to the terms and conditions
14 provided in this Article for the purpose of financing the cost of capital facilities that
15 meet one of the following conditions:

16 (1) The General Assembly has enacted legislation describing the capital
17 facility and authorizing its financing by the incurrence or issuance of
18 special indebtedness up to a specific maximum amount.

19 (2) The General Assembly has enacted legislation authorizing the
20 incurrence or issuance of special indebtedness up to a specific
21 maximum amount for a specific category of capital facilities, and the
22 capital facility meets all of the conditions set in that legislation.

23 **"§ 142-84. Procedure for incurrence or issuance of special indebtedness.**

24 (a) Notice and Certificate. – Whenever the State or a State agency intends to use
25 special indebtedness to finance capital facilities, it shall notify the Department of
26 Administration. If the Department of Administration intends for the State to use special
27 indebtedness to finance the capital facilities, it shall provide written notice to the State
28 Treasurer advising the State Treasurer of its intent. The State Treasurer may require a
29 preliminary conference with the Department of Administration to consider the proposed
30 financing.

31 After the filing of the notice and after any preliminary conference, the State
32 Treasurer shall consult with the Office of State Budget and Management as to the
33 revenues expected by that Office to be available to pay all sums to come due on the
34 special indebtedness during its term. If, after consulting with the Office of State Budget
35 and Management, the State Treasurer determines by written certificate that it may be
36 desirable to use special indebtedness to finance the capital facilities, the Department of
37 Administration shall request the Council of State to give its preliminary approval of the
38 use of special indebtedness to finance the capital facilities. The Department of
39 Administration must promptly file copies of the notice and certificate required by this
40 subsection with the Governor and the Council of State.

41 (b) Preliminary Approval. – The Council of State, upon receipt of the notice and
42 certificate required by subsection (a) of this section, shall adopt a resolution granting or
43 denying preliminary approval of the financing. A resolution granting preliminary

1 approval may include any other terms, conditions, and restrictions the Council of State
2 considers appropriate and not inconsistent with the provisions of this Article.

3 (c) Final Approval. – Before any special indebtedness may be incurred or issued
4 pursuant to this Article, the Council of State must authorize the indebtedness by
5 resolution, either as part of or separate from the resolution required by subsection (b) of
6 this section. The resolution must do all of the following:

7 (1) Authorize the providing of a particular capital facility or, in general
8 terms, the types or classifications of capital facilities to be provided.

9 (2) Set the aggregate principal amount or maximum principal amount of
10 the special indebtedness authorized.

11 (3) Set the maturity or maximum maturity of the special indebtedness
12 authorized.

13 (4) Set the rate, rates, or maximum rate of interest, which may be fixed or
14 vary over a period of time, of the special indebtedness authorized.

15 (5) Include any other conditions or matters not inconsistent with the
16 provisions of this Article in the discretion of the Council of State,
17 which may include the adoption or approvals as may be authorized in
18 G.S. 142-88 and G.S. 142-89.

19 (d) Oversight by Treasurer. – No special indebtedness shall be incurred or issued
20 without the prior written approval of the State Treasurer as provided in this subsection,
21 which is in addition to the certificate given by the State Treasurer pursuant to subsection
22 (a) of this section. In determining whether to approve the proposed financing, the State
23 Treasurer may consider any factors the State Treasurer considers relevant in order to
24 find and determine all of the following:

25 (1) The amounts to become due under the special indebtedness, including
26 the interest component or rate, are adequate and not excessive for the
27 purpose proposed.

28 (2) The increase, if any, in State revenues, including taxes, necessary to
29 pay the sums to become due under the special indebtedness, is not
30 excessive.

31 (3) The special indebtedness can be incurred or issued on terms desirable
32 to the State.

33 (e) Designation of Facilities. – If the Council of State authorized in general terms
34 the types or classifications of capital facilities to be financed, then the particular capital
35 facilities and the principal amount of special indebtedness to be incurred or issued for
36 each particular capital facility shall be determined by the Department of Administration
37 after considering any factors it considers relevant in order to determine that the
38 particular capital facility to be provided is desirable for the efficient operation of the
39 State and its agencies and is in the best interests of the State.

40 (f) Type of Debt and Security. – In the absence of a determination by the
41 Council of State, the State Treasurer, after consultation with the Department of
42 Administration, shall determine the specific security offered and whether the special
43 indebtedness to be issued or incurred shall be financing contract indebtedness,

1 certificates of participation indebtedness, bonded indebtedness, or some combination of
2 these.

3 (g) Administration. – The State Treasurer, after consultation with the Department
4 of Administration, shall develop appropriate documents for use under this Article. The
5 State Treasurer shall employ and designate the financial consultants, fiduciaries and
6 other agents, underwriters, and bond attorneys to be associated with the incurrence or
7 issuance of special indebtedness pursuant to this Article.

8 (h) Report to Joint Legislative Commission. – After all the requirements for
9 approval and oversight provided in this section have been met, and at least five days
10 before the issuance or incurrence of the special indebtedness, the State Treasurer must
11 report to the Joint Legislative Commission on Governmental Operations. This report
12 must include the details of the proposed special indebtedness, including the capital
13 facilities to be financed by the indebtedness, the amount of the proposed indebtedness,
14 the type of indebtedness to be issued or incurred, and any other information required by
15 the Commission.

16 **"§ 142-85. Security; other requirements.**

17 (a) Security. – In order to secure (i) lease or installment payments to be made to
18 the lessor, seller, or other person advancing moneys or providing financing under a
19 financing contract, (ii) payment of the principal of and interest on bonded indebtedness,
20 or (iii) payment obligations of the State to the provider of bond insurance, a credit
21 facility, a liquidity facility, or a derivative agreement, special indebtedness may create
22 any combination of the following:

23 (1) A lien on or security interest in one or more, all, or any part of the
24 capital facilities to be financed by the special indebtedness.

25 (2) If the special indebtedness is to finance construction of improvements
26 on real property, a lien on or security interest in all or any part of the
27 land on which the improvements are to be located.

28 (3) If the special indebtedness is to finance renovations or improvements
29 to existing facilities or the installation of fixtures in existing facilities,
30 a lien on or security interest in one or more, all, or any part of the
31 facilities.

32 (b) Value of Security; Multiple Liens. – The estimated value of the property
33 subject to the lien or security interest need not bear any particular relationship to the
34 principal amount of the special indebtedness or other obligation it secures. This Article
35 does not limit the right of the State to grant multiple liens or security interests in a
36 capital facility or other property to the extent not otherwise limited by the terms of any
37 special indebtedness.

38 (c) Governor's Budget. – Documentation relating to any special indebtedness
39 may include provisions requesting the Governor to submit in the Governor's budget
40 proposal or any amendments or supplements to the budget proposed appropriations
41 necessary to make the payments required by the special indebtedness.

42 (d) Source of Repayment. – The payment of amounts payable by the State under
43 special indebtedness or any related documents during any fiscal period shall be limited
44 to funds appropriated for that purpose by the General Assembly in its discretion.

1 (e) No Deficiency Judgment or Pledge. – No deficiency judgment may be
2 rendered against the State in any action for breach of any obligation under special
3 indebtedness or any related documents. The taxing power of the State is not and may
4 not be pledged directly or indirectly to secure any moneys due under special
5 indebtedness or any related documents. In the event that the General Assembly does not
6 appropriate sums sufficient to make payments required under any special indebtedness
7 or any related documents, the net proceeds received from the sale or other disposition of
8 the property subject to the lien or security interest shall be applied to satisfy these
9 payment obligations in accordance with the deed of trust, security agreement, or other
10 documentation relating to the lien or security interest. These net proceeds are
11 appropriated for the purpose of making these payments. Any net proceeds in excess of
12 the amount required to satisfy the obligations of the State under any special
13 indebtedness or any related documents shall be paid to the State Treasurer for deposit
14 to the General Fund.

15 (f) Nonsubstitution Clause. – A financing contract, issue of bonded indebtedness,
16 or other related document shall not contain a nonsubstitution clause that restricts the
17 right of the State to (i) continue to provide a service or conduct an activity or (ii) replace
18 or provide a substitute for any capital facility.

19 (g) Protection of Lender. – Special indebtedness may contain any provisions for
20 protecting and enforcing the rights and remedies of the person advancing moneys or
21 providing financing under a financing contract, the owners of bonded indebtedness, or
22 others to whom the State is obligated under special indebtedness or any related
23 documents as may be reasonable and proper and not in violation of law. These
24 provisions may include covenants setting forth the duties of the State in respect of any
25 of the following:

- 26 (1) The purposes to which the proceeds of special indebtedness may be
27 applied.
- 28 (2) The disposition and application of the revenues of the State, including
29 taxes.
- 30 (3) Insuring, maintaining, and other duties with respect to the capital
31 facilities financed.
- 32 (4) The disposition of any charges and collection of any revenues and
33 administrative charges.
- 34 (5) The terms and conditions of the issuance of additional special
35 indebtedness.
- 36 (6) The custody, safeguarding, investment, and application of all moneys.

37 (h) State Property Law Exception. – Chapter 146 of the General Statutes does not
38 apply to any transfer of the State's interest in property authorized by this Article,
39 whether to a deed of trust trustee or other secured party as security for special
40 indebtedness, or to a purchaser of property in connection with a foreclosure or similar
41 conveyance of property to realize upon the security for special indebtedness following
42 the State's default on its obligations under the special indebtedness.

43 **"§ 142-86. Financing contract indebtedness.**

1 (a) Treasurer Oversight. – Financing contract indebtedness shall not be incurred
2 until all documentation providing for its incurrence has been approved by the State
3 Treasurer, after the State Treasurer has consulted with the Department of
4 Administration.

5 (b) Interest Component. – A financing contract may provide for payments under
6 the contract to represent principal and interest components of the cost of the capital
7 facility to be financed, as determined by the State Treasurer.

8 (c) Bidding. – Financing contracts may be entered into pursuant to any applicable
9 public or competitive bidding process or any private or negotiated process, to the extent
10 required by applicable law, and if not so required, as may be determined by the
11 Department of Administration after consulting with the State Treasurer.

12 (d) Party. – All financing contracts shall be executed on behalf of the State by the
13 State Treasurer or, upon delegation by the State Treasurer after having approved the
14 financing contract, by the Department of Administration.

15 (e) Credit Facility. – If the State Treasurer determines that it is in the best interest
16 of the State, the State Treasurer may arrange for the delivery of a credit facility to
17 secure payment under any financing contract. The State Treasurer may also provide that
18 payments by the State representing the interest component of the payments to be made
19 under a financing contract may be calculated based upon a fixed or a variable rate of
20 interest.

21 (f) Terms and Conditions. – All other conditions set forth elsewhere in this
22 Article with respect to financing contract indebtedness shall also be satisfied prior to
23 incurring any financing contract indebtedness. To the extent applicable as conclusively
24 determined by the State Treasurer, the provisions of G.S. 142-89, 142-90, and 142-91
25 apply to financing contract indebtedness.

26 **"§ 142-87. Additional requirements for certificates of participation indebtedness.**

27 (a) Treasurer Oversight. – A financing contract shall not be used in connection
28 with the delivery of certificates of participation by a special corporation until all
29 documentation providing for its use has been approved by the State Treasurer, after the
30 State Treasurer has consulted with the Department of Administration. All
31 documentation providing for the delivery and sale of certificates of participation must
32 be approved by the State Treasurer.

33 (b) Procedure. – The special corporation, if used, shall request the approval of the
34 State Treasurer in writing and shall furnish any information and documentation relating
35 to the delivery and sale of the certificates of participation requested by the State
36 Treasurer. In determining whether to approve the financing in the documentation, the
37 State Treasurer shall consider the factors set forth in G.S. 142-84(d), as well as the
38 effect of the proposed financing upon any scheduled or proposed sale of debt
39 obligations by the State or a unit of local government in the State.

40 (c) Terms; Interest. – Certificates of participation may be sold by the State
41 Treasurer in the manner, either at public or private sale, and for any price or prices that
42 the State Treasurer determines to be in the best interest of the State and to effect the
43 purposes of this Article, except that the terms of the sale must also be approved by the
44 special corporation. Interest payable with respect to certificates of participation shall

1 accrue at the rate or rates determined by the State Treasurer with the approval of the
2 special corporation.

3 (d) Trust Agreement. – Certificates of participation may be delivered pursuant to
4 a trust agreement or similar instrument with a corporate trustee approved by the State
5 Treasurer, and the provisions of G.S. 142-89(h) apply to the trust agreement or similar
6 instrument to the extent applicable.

7 (e) Other Conditions. – All other conditions set forth elsewhere in this Article
8 with respect to certificates of participation indebtedness, including the conditions set
9 forth in G.S. 142-86, must be satisfied before any certificates of participation
10 indebtedness is incurred.

11 **"§ 142-88. Bonded indebtedness.**

12 The State Treasurer is authorized, by and with the consent of the Council of State as
13 provided in this Article, to issue and sell at one time or from time to time bonds of the
14 State to be designated "State of North Carolina Limited Obligation Bonds, Series ____"
15 or notes of the State as provided in this Article, for the purpose of providing funds, with
16 any other available funds, for the uses authorized in this Article.

17 **"§ 142-89. Issuance of limited obligation bonds and notes.**

18 (a) Terms and Conditions. – Bonds or notes may bear any dates, may be serial or
19 term bonds or notes, or any combination of these, may mature in any amounts and at
20 any times, not exceeding 40 years from their dates, may be payable at any places, either
21 within or without the United States, in any coin or currency of the United States that at
22 the time of payment is legal tender for payment of public and private debts, may bear
23 interest at any rates, which may vary from time to time, and may be made redeemable
24 before maturity, at the option of the State or otherwise as may be provided by the State,
25 at any prices, including a price greater than the face amount of the bonds or notes, and
26 under any terms and conditions, all as may be determined by the State Treasurer, by and
27 with the consent of the Council of State.

28 (b) Signatures; Form and Denomination; Registration. – Bonds or notes may be
29 issued in certificated or uncertificated form. If issued in certificated form, bonds or
30 notes shall be signed on behalf of the State by the Governor or shall bear the Governor's
31 facsimile signature, shall be signed by the State Treasurer or shall bear the State
32 Treasurer's facsimile signature, and shall bear the great seal of the State or a facsimile of
33 the seal impressed or imprinted on them. If bonds or notes bear the facsimile signatures
34 of the Governor and the State Treasurer, the bonds or notes shall also bear a manual
35 signature which may be that of a bond registrar, trustee, paying agent, or designated
36 assistant of the State Treasurer. If any officer whose signature or facsimile signature
37 appears on bonds or notes issued under this Article ceases to be that officer before the
38 delivery of the bonds or notes, the signature or facsimile signature shall nevertheless
39 have the same validity for all purposes as if the officer had remained in office until
40 delivery of the bonds or notes. Bonds or notes issued under this Article may bear the
41 facsimile signatures of persons, who at the actual time of the execution of the bonds or
42 notes, were the proper officers to sign any bond or note although at the date of the bond
43 or note those persons may not have been officers.

1 The form and denomination of bonds or notes, including the provisions with respect
2 to registration of the bonds or notes and any system for their registration, shall be as
3 prescribed by the State Treasurer in conformity with this Article.

4 (c) Manner of Sale; Expenses. – Subject to the approval by the Council of State
5 as to the manner in which bonds or notes will be offered for sale, whether at public or
6 private sale, whether within or without the United States, and whether by publishing
7 notices in certain newspapers and financial journals, mailing notices, inviting bids by
8 correspondence, negotiating contracts of purchase or otherwise, the State Treasurer is
9 authorized to sell bonds or notes at one time or from time to time at any rates of interest,
10 which may vary from time to time, and at any prices, including a price less than the face
11 amount of the bonds or notes, as the State Treasurer may determine. All expenses
12 incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the
13 State Treasurer from the proceeds of bonds or notes or other available moneys.

14 (d) Application of Proceeds. – The proceeds of any bonds or notes shall be used
15 solely for the purposes for which the bonds or notes were issued and shall be disbursed
16 in the manner and under the restrictions, if any, that the Council of State may provide in
17 the resolution authorizing the issuance of, or in any trust agreement securing, the bonds
18 or notes.

19 Any additional moneys that may be received by means of a grant or grants from the
20 United States or any agency or department thereof or from any other source to aid in
21 financing the cost of a capital facility may be disbursed, to the extent permitted by the
22 terms of the grant or grants, without regard to any limitations imposed by this Article.

23 (e) Notes; Repayment. – By and with the consent of the Council of State, the
24 State Treasurer is authorized to borrow money and to execute and issue notes of the
25 State for the same, but only in any of the following circumstances and under the
26 following conditions:

27 (1) For anticipating the sale of bonds, the issuance of which the Council of
28 State has approved, if the State Treasurer considers it advisable to
29 postpone the issuance of the bonds.

30 (2) For the payment of interest on or any installment of principal of any
31 bonds then outstanding, if there are not sufficient funds in the State
32 treasury with which to pay the interest or installment of principal as
33 they respectively become due.

34 (3) For the renewal of any loan evidenced by notes authorized in this
35 Article.

36 (4) For the purposes authorized in this Article.

37 (5) For refunding bonds or notes or financing contract indebtedness as
38 authorized in this Article.

39 Funds derived from the sale of limited obligation bonds or notes may be used in the
40 payment of any bond anticipation notes issued under this Article. Funds provided by the
41 General Assembly for the payment of interest on or principal of bonds shall be used in
42 paying the interest on or principal of any notes and any renewals thereof, the proceeds
43 of which have been used in paying interest on or principal of the bonds.

1 (f) Refunding Bonds and Notes. – By and with the consent of the Council of
2 State, the State Treasurer is authorized to issue and sell refunding bonds and notes for
3 the purpose of refunding special indebtedness and to pay the cost of issuance of the
4 refunding bonds or notes. The refunding bonds and notes may be combined with any
5 other issues of State bonds and notes issued pursuant to this Article. Refunding bonds or
6 notes may be issued at any time prior to the final maturity of the debt or obligation to be
7 refunded. The proceeds from the sale of any refunding bonds or notes shall be applied to
8 the immediate payment and retirement of the obligations being refunded or, if not
9 required for the immediate payment of the obligations being refunded, the proceeds
10 shall be deposited in trust to provide for the payment and retirement of the obligations
11 being refunded and to pay any expenses incurred in connection with the refunding.
12 Money in a trust fund may be invested in (i) direct obligations of the United States
13 government, (ii) obligations the principal of and interest on which are guaranteed by the
14 United States government, (iii) to the extent then permitted by law, obligations of any
15 agency or instrumentality of the United States government, or (iv) certificates of deposit
16 issued by a bank or trust company located in the State if the certificates are secured by a
17 pledge of any of the obligations described in (i), (ii), or (iii) above having an aggregate
18 market value, exclusive of accrued interest, equal at least to the principal amount of the
19 certificates so secured. This section does not limit the duration of any deposit in trust for
20 the retirement of obligations being refunded but that have not matured and are not
21 presently redeemable, or if presently redeemable, have not been called for redemption.

22 (g) Security. – Payment of the principal of and the interest on bonds and notes
23 shall be secured as provided in G.S. 142-85.

24 (h) Trust Agreement. – In the discretion of the State Treasurer, any bonds and
25 notes issued under this Article may be secured by a trust agreement or similar
26 instrument between the State and a corporate trustee or by a resolution of the Council of
27 State providing for the appointment of a corporate trustee. The corporate trustee may be,
28 in either case, any trust company or bank that has the powers of a trust company within
29 or without the State. The trust agreement or similar instrument or resolution, hereinafter
30 referred to as "the trust", may provide for security and pledges and assignments that are
31 permitted under this Article and may provide for the granting of a lien or security
32 interest as authorized by G.S. 142-85. The trust may contain any provisions for
33 protecting and enforcing the rights and remedies of the owners of any bonds or notes
34 issued under the trust that are reasonable and not in violation of law, including
35 covenants setting forth the duties of the State with respect to the purposes for which
36 bond or note proceeds may be applied, the disposition and application of the revenues or
37 assets of the State, the duties of the State with respect to the capital facilities financed,
38 the disposition of any charges and collection of any revenues and administrative
39 charges, the terms and conditions of the issuance of additional bonds and notes, and the
40 custody, safeguarding, investment, and application of all moneys. All bonds and notes
41 issued under this Article pursuant to the same trust shall be equally and ratably secured
42 as provided in the trust, without priority by reasons of number, dates of bonds or notes,
43 execution, or delivery, in accordance with the provisions of this Article and of the trust.
44 The trust may, however, provide that bonds or notes issued pursuant to the trust shall, to

1 the extent and in the manner prescribed in the trust, be subordinated and junior in
2 standing, with respect to the payment of principal and interest and to the security of the
3 payment, to any other bonds or notes issued pursuant to the trust. It is lawful for any
4 bank or trust company that may act as depository of the proceeds of bonds or notes,
5 revenues, or any other money under this Article to furnish any indemnifying bonds or to
6 pledge any securities that may be required by the State Treasurer. The trust may set out
7 the rights and remedies of the owners of any bonds or notes and of any trustee, and may
8 restrict the individual rights of action by the owners. In addition to the foregoing, the
9 trust may contain any other provisions the State Treasurer considers appropriate for the
10 security of the owners of any bonds or notes. Expenses incurred in carrying out the
11 provisions of the trust may be treated as a part of the cost of any capital facility or as an
12 administrative charge and may be paid from the proceeds of the bonds or notes or from
13 any other available funds.

14 **"§ 142-90. Variable rate demand bonds and notes and financing contract**
15 **indebtedness.**

16 (a) In fixing the details of special indebtedness, the State Treasurer may make the
17 special indebtedness subject to any of the following conditions:

18 (1) It is payable from time to time on demand or tender for purchase by
19 the owner thereof, if a credit facility supports the special indebtedness,
20 unless the State Treasurer specifically determines that a credit facility
21 is not required upon a determination by the State Treasurer that the
22 absence of a credit facility will not materially and adversely affect the
23 financial position of the State or the marketing of the bonds or notes or
24 financing contract indebtedness at a reasonable interest cost to the
25 State.

26 (2) It is additionally supported by a credit facility.

27 (3) It is subject to redemption or mandatory tender for purchase prior to
28 maturity.

29 (4) It bears interest at a rate or rates that may be fixed or may vary over
30 any period of time, as may be provided in the proceedings providing
31 for the issuance or incurrence of the special indebtedness, including
32 any variations that may be permitted pursuant to a par formula.

33 (5) It is the subject of a remarketing agreement under which an attempt is
34 made to remarket special indebtedness to new purchasers before its
35 presentment for payment to the provider of the credit facility or to the
36 State.

37 (b) If the aggregate principal amount payable by the State under a credit facility
38 is in excess of the aggregate principal amount of special indebtedness secured by the
39 credit facility, whether as a result of the inclusion in the credit facility of a provision for
40 the payment of interest for a limited period of time or the payment of a redemption
41 premium or for any other reason, then the amount of authorized but unissued bonds or
42 notes and financing contract indebtedness during the term of the credit facility shall not
43 be less than the amount of the excess, unless the payment of the excess is otherwise
44 provided for by agreement of the State executed by the State Treasurer.

1 **"§ 142-91. Other agreements.**

2 The State Treasurer may authorize, execute, obtain, or otherwise provide for bond
3 insurance, investment contracts, credit and liquidity facilities, credit enhancement
4 facilities, interest rate swap agreements and other derivative products, and any other
5 related instruments and matters the State Treasurer determines are desirable in
6 connection with the issuance of special indebtedness. The State Treasurer is authorized
7 to employ and designate any financial consultants, underwriters, fiduciaries, and bond
8 attorneys to be associated with any incurrence or issuance of special indebtedness under
9 this Article as the State Treasurer considers appropriate.

10 **"§ 142-92. Tax exemption.**

11 Special indebtedness shall at all times be free from taxation by the State or any
12 political subdivision or any of their agencies, excepting estate, inheritance, and gift
13 taxes; income taxes on the gain from the transfer of the indebtedness; and franchise
14 taxes. The interest component of any payments made by the State under special
15 indebtedness, including the interest component of any certificates of participation, is not
16 subject to taxation as to income.

17 **"§ 142-93. Investment eligibility.**

18 Special indebtedness are securities or obligations in which all of the following may
19 invest, including capital in their control or belonging to them: public officers, agencies,
20 and public bodies of the State and its political subdivisions; insurance companies, trust
21 companies, investment companies, banks, savings banks, savings and loan associations,
22 credit unions, pension or retirement funds, and other financial institutions engaged in
23 business in the State; and executors, administrators, trustees, and other fiduciaries.
24 Special indebtedness are securities or obligations that may properly and legally be
25 deposited with and received by any officer or agency of the State or political
26 subdivision of the State for any purpose for which the deposit of bonds, notes, or
27 obligations of the State or any political subdivision is now or may later be authorized by
28 law.

29 **"§ 142-94. Procurement of capital facilities.**

30 The provisions of Articles 3, 3B, 3C, 3D, and 8 of Chapter 143 of the General
31 Statutes and any other laws or rules of the State that relate to the acquisition and
32 construction of State property apply to the financing of capital facilities through the use
33 of special indebtedness pursuant to this Article. This section does not apply to the
34 construction and lease-purchase, including leases with an option to purchase at the end
35 of the lease term for a nominal sum, of State office buildings pursuant to proposals
36 submitted before the effective date of this Article in response to requests for proposals,
37 to the extent any of those proposals, as they may be supplemented or amended, are
38 approved by the Department of Administration and any of these leases or lease-purchase
39 agreements are approved by the Council of State in accordance with G.S.
40 143-341(4)d2."

41 **SECTION 3.2.** G.S. 143-341(4) is amended by adding a new sub-subdivision
42 to read:

43 "d2. To purchase or finance the purchase of buildings, utilities,
44 structures, or other facilities or property developments,

1 including streets and landscaping, the acquisition of land,
2 equipment, machinery, and furnishings in connection therewith;
3 additions, extensions, enlargements, renovations, and
4 improvements to existing buildings, utilities, structures, or other
5 facilities or property developments, including streets and
6 landscaping; land or any interest in land; other infrastructure;
7 furniture, fixtures, equipment, vehicles, machinery, and similar
8 items; or any combination of the foregoing, through installment
9 purchase, lease-purchase, or other similar type installment
10 financing agreements in the manner and to the extent provided
11 in Article 9 of Chapter 142 of the General Statutes. Any
12 contract entered into or any proceeding instituted contrary to the
13 provisions of this paragraph is voidable in the discretion of the
14 Council of State."

15 **PART 4. GENERAL PROVISIONS**

16 **SECTION 4.1.** Interpretation of Act. (a) Additional Method. – This act
17 provides an additional and alternative method for the doing of the things authorized by
18 this act and shall be regarded as supplemental and additional to powers conferred by
19 other laws. Except where expressly provided, this act shall not be regarded as in
20 derogation of any powers now existing. The authority granted in this act is in addition to
21 other laws now or hereinafter enacted authorizing the State to issue or incur
22 indebtedness.

23 **SECTION 4.1.(b)** Statutory References. – References in this act to specific
24 sections or Chapters of the General Statutes are intended to be references to those
25 sections or Chapters as they may be amended from time to time by the General
26 Assembly.

27 **SECTION 4.1.(c)** Liberal Construction. – This act, being necessary for the
28 health and welfare of the people of the State, shall be liberally construed to effect its
29 purposes.

30 **SECTION 4.1.(d)** Severability. – If any provision of this act or its
31 application to any person or circumstance is held invalid, that invalidity does not affect
32 other provisions or applications of the act that can be given effect without the invalid
33 provision or application, and to this end the provisions of this act are severable.

34 **SECTION 4.2.** Effective Date. – This act is effective when it becomes law.