

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 474
Committee Substitute Favorable 4/2/97

Short Title: Industrial Revenue Bonds/AB.

(Public)

Sponsors:

Referred to:

March 10, 1997

A BILL TO BE ENTITLED

AN ACT TO CLARIFY WHICH PREINDUCEMENT EXPENDITURES MAY BE FINANCED WITH INDUSTRIAL REVENUE BONDS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 159C-6 reads as rewritten:

"§ 159C-6. Bonds.

Each authority is ~~hereby~~ authorized to provide for the issuance, at one time or from time to time, of bonds of the authority for the purpose of paying all or any part of the cost of any project. The principal of, the interest on and any premium payable upon the redemption of such bonds shall be payable solely from the funds herein authorized for such payment. The bonds of each issue shall bear interest as may be determined by the Local Government Commission of North Carolina with the approval of the authority and the obligor irrespective of the limitations of G.S. 24-1.1, as amended, and successor provisions. The bonds of each issue shall be dated, shall mature at such time or times not exceeding 30 years from the date of their issuance, and may be made redeemable before maturity at such price or prices and under such terms and conditions, as may be fixed by the authority prior to the issuance of the bonds. The authority shall determine the form and the manner of execution of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or

1 places of payment of principal and interest. In case any officer whose signature or a
2 facsimile of whose signature shall appear on any bonds or coupons shall cease to be ~~such~~
3 an officer before the delivery of ~~such the~~ bonds, ~~such the~~ signature or ~~such the~~ facsimile
4 shall nevertheless be valid and sufficient for all purposes the same as if ~~he the person~~ had
5 remained in office until such delivery. The authority may also provide for the
6 authentication of the bonds by a trustee or fiscal agent. The bonds may be issued in
7 coupon or in fully registered form, or both, as the authority may determine, and provision
8 may be made for the registration of any coupon bonds as to principal alone and also as to
9 both principal and interest, and for the reconversion into coupon bonds of any bonds
10 registered as to both principal and interest, and for the interchange of registered and
11 coupon bonds.

12 The proceeds of the bonds of each issue shall be used solely for the payment of the
13 cost of the project or projects, or a portion thereof, for which ~~such the~~ bonds ~~shall have~~
14 ~~been were~~ issued, and shall be disbursed in such manner and under such restrictions, if
15 any, as the authority may provide in the financing agreement and the security document.
16 If the proceeds of the bonds of any issue, by reason of increased construction costs or
17 error in estimates or otherwise, shall be less than such cost, additional bonds may in like
18 manner be issued to provide the amount of ~~such the~~ deficiency. ~~The~~

19 The proceeds of bonds shall not be used to refinance the cost of a project. For the
20 purposes of this section, a cost of a project is considered refinanced if both of the
21 following conditions are met:

22 (1) The cost is initially paid from sources other than bond proceeds, and the
23 original expenditure is to be reimbursed from bond proceeds.

24 (2) The original expenditure was paid more than 60 days before the
25 authority took some action indicating its intent that the expenditure
26 would be financed or reimbursed from bond proceeds.

27 However, preliminary expenditures that are incurred prior to the commencement of the
28 acquisition, construction, or rehabilitation of a project, such as architectural costs,
29 engineering costs, surveying costs, soil testing costs, bond issuance costs, and other
30 similar costs, may be reimbursed from bond proceeds even if these costs are incurred or
31 paid more than 60 days prior to the authority's action. This exception that allows
32 preliminary expenditures to be reimbursed from bond proceeds, regardless of whether or
33 not they are incurred or paid within 60 days of the authority's action, does not include
34 costs that are incurred incident to the commencement of the construction of a project,
35 such as expenditures for land acquisition and site preparation. In any event, an
36 expenditure originally paid before the authority took some action indicating its intent that
37 the expenditures would be financed or reimbursed from bond proceeds may only be
38 reimbursed from bond proceeds if the authority finds that reimbursing those costs from
39 bond proceeds will promote the purposes of this Chapter.

40 The authority may issue interim receipts or temporary bonds, with or without
41 coupons, exchangeable for definitive bonds when such bonds have been executed and are
42 available for delivery. The authority may also provide for the replacement of any bonds
43 which shall become mutilated or shall be destroyed or lost.

1 Bonds may be issued under the provisions of this Chapter without obtaining, except as
2 otherwise expressly provided in this Chapter, the consent of the State or of any political
3 subdivision or of any agency of either thereof, and without any other proceedings or the
4 happening of any conditions or things other than those proceedings, conditions or things
5 which are specifically required by this Chapter and the provisions of the financing
6 agreement and security document authorizing the issuance of such bonds and securing the
7 same."

8 Section 2. This act is effective when it becomes law.