

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 48

Short Title: Airport Authority Security Interests.

(Public)

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Sponsors: Senators Block; and Carpenter.

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Referred to: Transportation.

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February 11, 1991

A BILL TO BE ENTITLED

AN ACT TO EXTEND TO AIRPORT AUTHORITIES THE AUTHORITY TO  
PURCHASE PROPERTY SUBJECT TO A PURCHASE MONEY SECURITY  
INTEREST.

The General Assembly of North Carolina enacts:

Section 1. G.S. 160A-20 reads as rewritten:

**"§ 160A-20. Security interests.**

(a) Cities, counties, airport authorities, and water and sewer authorities created under Article 1 of Chapter 162A of the General Statutes may purchase or finance the purchase of real or personal property by installment contracts that create in the property purchased a security interest to secure payment of the purchase price to the seller or to an individual or entity advancing moneys or supplying financing for the purchase transaction.

(b) Cities, counties, airport authorities, and water and sewer authorities created under Article 1 of Chapter 162A of the General Statutes may finance the construction or repair of fixtures or improvements on real property by contracts that create in the fixtures or improvements, or in all or some portion of the property on which the fixtures or improvements are located, or in both, a security interest to secure repayment of moneys advanced or made available for such construction or repair.

(c) Cities, counties, airport authorities, and water and sewer authorities created under Article 1 of Chapter 162A of the General Statutes may use escrow accounts in connection with the advance funding of transactions authorized by this section, whereby the proceeds of such advance funding are invested pending disbursement.

1 (d) No contract entered into under this section may contain a nonsubstitution  
2 clause that restricts the right of a city, a county, an airport authority, or a water and  
3 sewer authority created under Article 1 of Chapter 162A of the General Statutes to:

4 (1) Continue to provide a service or activity; or

5 (2) Replace or provide a substitute for any fixture, improvement, project,  
6 or property financed or purchased pursuant to such contract.

7 (e) A contract entered into under this section is subject to approval by the Local  
8 Government Commission under Article 8 of Chapter 159 of the General Statutes if it:

9 (1) Meets the standards set out in G.S. 159-148(a)(1), 159-148(a)(2), and  
10 159-148(a)(3), or involves the construction or repair of fixtures or  
11 improvements on real property; and

12 (2) Is not exempted from the provisions of that Article by one of the  
13 exemptions contained in G.S. 159-148(b).

14 (f) No deficiency judgment may be rendered against any city, county, airport  
15 authority, or water and sewer authority created under Article 1 of Chapter 162A of the  
16 General Statutes in any action for breach of a contractual obligation authorized by this  
17 section, and the taxing power of a city or county is not and may not be pledged directly  
18 or indirectly to secure any moneys due under a contract authorized by this section.

19 (g) Before entering into a contract under this section involving real property, a  
20 city, a county, an airport authority, or a water and sewer authority created under Article  
21 1 of Chapter 162A of the General Statutes shall hold a public hearing on the contract. A  
22 notice of the public hearing shall be published once at least 10 days before the date  
23 fixed for the hearing."

24 Sec. 2. This act is effective upon ratification.