

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 602

Short Title: Cities/Require Performance Guarantees. (Public)

Sponsors: Representative Dobson.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State and Local Government II

April 6, 2017

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING CITIES TO REQUIRE PERFORMANCE GUARANTEES WHEN
3 INDUSTRIAL PROPERTY IS BEING DEMOLISHED.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Part 5 of Article 19 of Chapter 160A of the General Statutes is
6 amended by adding a new section to read as follows:

7 **"§ 160A-440. Demolition of industrial buildings; performance guarantees required.**

8 (a) A city may require performance guarantees when the owner of property classified as
9 industrial under the city's zoning ordinance or property historically used for industrial purposes
10 submits an application for a permit to assure successful completion of demolition and removal
11 of all material from the site in a reasonable time period. The type of performance guarantee
12 shall be at the election of the owner, but the owner shall, in conjunction with the city, determine
13 the estimated cost of demolition and removal of all material from the site and the time period in
14 which demolition and removal shall be completed. For purposes of this section, the term
15 "performance guarantee" means any of the following: (i) a surety bond issued by any company
16 authorized to do business in this State, (ii) a letter of credit issued by any financial institution
17 licensed to do business in this State, or (iii) any other form of guarantee that provides
18 equivalent security to a surety bond or letter of credit.

19 (b) The performance guarantee shall be returned or released, as appropriate, in a timely
20 manner upon the acknowledgement by the city that the demolition and removal of all material
21 has been completed. If demolition and removal of all material has not been completed and the
22 current performance guarantee is expiring, the performance guarantee shall be extended, or a
23 new performance guarantee issued, for an additional period until demolition and removal of all
24 material is completed. The owner shall demonstrate reasonable, good-faith progress toward
25 completion of the demolition and removal of all material that is the subject of the performance
26 guarantee or any extension. The form of any extension shall remain at the election of the
27 owner.

28 (c) The amount of the performance guarantee shall not exceed one hundred twenty-five
29 percent (125%) of the reasonably estimated cost of completion of demolition and removal of all
30 material at the time the performance guarantee is issued. Any extension of the performance
31 guarantee necessary to complete demolition and removal of all material shall not exceed one
32 hundred twenty-five percent (125%) of the reasonably estimated cost of completion of the
33 remaining demolition and removal of all material still outstanding at the time the extension is
34 obtained.



- 1 (d) The performance guarantee shall only be used for completion of the demolition and
2 removal of all material from the site and for no other purpose.
3 (e) Nothing in this section shall be construed as authorizing a city to require
4 performance guarantees for demolition of residential property."

5 **SECTION 2.** This act becomes effective July 1, 2017.