

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 1042

Short Title: Authorize Public Hospital Debt.

(Public)

Sponsors: Senator Rand.

Referred to: Finance.

April 15, 1999

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE PUBLIC HOSPITALS TO ENGAGE IN INSTALLMENT PURCHASE FINANCING AND TO ISSUE REVENUE ANTICIPATION NOTES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 160A-20(h) is amended by adding a new subdivision to read:

"(h) As used in this section, the term 'unit of local government' means any of the following:

...

(12) A public hospital, as defined in G.S. 159-39."

Section 2. G.S. 160A-20 is amended by adding a new subsection to read:

"(e1) A contract entered into under this section by a public hospital owned by a county or city is subject to approval by the county or city that owns the hospital. The county or city may withhold its approval only if it determines that the contract would adversely affect its credit worthiness, would violate an existing bond order or covenant, or would adversely affect an anticipated bond issuance."

Section 3. G.S. 159-170 reads as rewritten:

"§ 159-170. Revenue anticipation notes.

(a) Authorization; Term. – A unit of local government or a public hospital, as defined in G.S. 159-39, is authorized to borrow money for the purpose of paying appropriations made or expenses budgeted or incurred for the current fiscal year in

1 anticipation of the receipt of revenues, other than taxes, estimated in its budget to be
2 realized or collected in cash during the fiscal year, and to issue its negotiable notes in
3 evidence thereof. A revenue anticipation note shall mature not later than 30 days after the
4 close of the fiscal year in which it is issued, and may not be renewed beyond that time.

5 (b) Limit on Amount; Disclosure. – No revenue anticipation loan shall be made if
6 the amount thereof, together with the amount of all revenue anticipation notes authorized
7 or outstanding on the date the loan is authorized, would exceed eighty percent (80%) of
8 the revenues of the issuing ~~unit~~, unit or public hospital, other than taxes, estimated in its
9 budget to be realized or collected in cash during the fiscal year. Each revenue anticipation
10 note shall bear on its face a statement to the effect that it is payable solely from budgeted
11 nontax revenues of the issuing unit ~~and~~ or public hospital and, in the case of revenue
12 anticipation notes issued by a unit of local government or by a public hospital operated
13 by a unit of local government, that the faith and credit of the issuing unit or the unit that
14 operates the public hospital are not pledged for the payment of the ~~note~~, ~~and note~~. Each
15 revenue anticipation note shall also bear on its face or reverse the following certificate
16 signed by the finance officer: 'This note and all other revenue anticipation notes of
17 (~~issuing unit~~) (issuer) authorized or outstanding as of (date) amount to eighty percent
18 (80%) or less of the budgeted nontax revenues for the current fiscal year as of the above
19 date.' No revenue anticipation note shall be valid without this certificate.

20 (c) Faith and Credit Not Pledged. – Revenue anticipation notes issued under this
21 section shall be special obligations of the issuing ~~unit~~, unit or public hospital. Neither the
22 credit nor the taxing power of the issuing ~~unit~~, unit, in the case of revenue anticipation
23 notes issued by a unit of local government or by a public hospital operated by a unit of
24 local government, may be pledged for the payment of revenue anticipation ~~notes~~, ~~and no~~
25 notes. No holder of a revenue anticipation note issued by a unit of local government or
26 by a public hospital operated by a unit of local government shall have the right to compel
27 the exercise of the taxing power by the issuing unit or the unit that operates the public
28 hospital or the forfeiture of any of its property in connection with any default thereon.

29 (d) Approval of Certain Public Hospital Notes. – A public hospital that operates a
30 hospital facility owned by a unit of local government may not issue revenue anticipation
31 notes without first obtaining the approval of the unit that owns the facility. The unit of
32 local government may withhold this approval only if it determines that the issuance of the
33 notes would adversely affect its credit worthiness, would violate an existing bond order
34 or covenant, or would adversely affect a planned bond issuance."

35 Section 4. This act is effective when it becomes law.