



SENATE BILL 462: Public Authorities/Nonprofit Corporations

2015-2016 General Assembly

Committee:	Senate Judiciary II	Date:	April 14, 2015
Introduced by:	Sen. Hartsell	Prepared by:	Bill Patterson
Analysis of:	PCS to First Edition S462-CSTG-8		Committee Counsel

SUMMARY: *Senate Bill 462 would authorize a public authority to establish, own, and operate a nonprofit corporation with tax-exempt status.*

CURRENT LAW: The Local Government Budget and Fiscal Control Act (LGBFCA)¹ requires units of local government to conform to certain standards with respect to financial matters, with oversight being provided by the Local Government Commission. The standards cover all aspects of finance, from budget adoption to accounting practices to long-term debt issuance. By definition, the LGBFCA applies to municipalities, counties, and public authorities.²

The LGBFCA does not currently authorize a public authority to establish, own, or operate a nonprofit corporation with tax-exempt status.

BILL ANALYSIS: Senate Bill 462 would add new G.S. 159-42.1 authorizing a public authority to establish, own, and operate a nonprofit corporation that is created under Chapter 55A of the General Statutes and that is a tax-exempt organization under the Internal Revenue Code.

EFFECTIVE DATE: This act is effective when it becomes law.

¹ Article 3 of Chapter 159 of the General Statutes.

² "Public authority" is defined as:

- a municipal corporation (other than a unit of local government) that is not subject to the State Budget Act (Chapter 143C of the General Statutes)
- a local governmental authority, board, commission, council, or agency that:
 - (i) is not a municipal corporation:
 - (ii) is not subject to the State Budget Act: and
 - (iii) operates on an area, regional, or multi-unit basis, and the budgeting and accounting systems of which are not fully a part of the budgeting and accounting systems of a unit of local government.

G.S. 159-7(10).

