



# SENATE BILL 462: Public Authorities/Nonprofit Corporations

2015-2016 General Assembly

**Committee:**  
**Introduced by:**  
**Analysis of:** S.L. 2015-122

**Date:**  
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Staff Attorney

**SUMMARY:** *S.L. 2015-122 authorizes a public authority to establish, control, and operate a nonprofit corporation that is created pursuant to the North Carolina Nonprofit Corporation Act (Chapter 55A of the General Statutes) and is a tax-exempt organization under the Internal Revenue Code.*

*This act became effective June 29, 2015.*

**CURRENT LAW:** “Public authority” is defined in Article 3 of Chapter 159, the Local Government Budget and Fiscal Control Act (LGBFCA), 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), or
- 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).

The LGBFCA requires units of local government to conform to certain standards on financial matters, with oversight provided by the Local Government Commission. It does not currently authorize a public authority to establish, control, or operate a nonprofit corporation with tax-exempt status.

**BILL ANALYSIS:** S.L. 2015-122 authorizes a public authority to establish, control, and operate a nonprofit corporation that is created under Chapter 55A of the General Statutes and is a tax-exempt organization under the Internal Revenue Code. The purposes of the nonprofit corporation are limited to those that further the authorized purposes of the public authority. A nonprofit corporation established under this act is not permitted to have regulatory or enforcement powers or to engage in partisan political activity.

**EFFECTIVE DATE:** This act became effective June 29, 2015.

O. Walker Reagan  
Director



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