

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 71*

Short Title: Sch. Bd. Leases of Sch. Bldgs.

(Public)

Sponsors: Senators Hartsell, Winner, Lee, Dannelly, Lucas, Perdue; and Jordan.

Referred to: Education/Higher Education.

February 10, 1997

A BILL TO BE ENTITLED

**AN ACT TO ALLOW SCHOOL BOARDS TO ENTER INTO OPERATIONAL
LEASES OF REAL AND PERSONAL PROPERTY FOR USE AS SCHOOL
BUILDINGS AND FOR THE REVIEW AND APPROVAL OF CERTAIN LEASES
BY BOARDS OF COUNTY COMMISSIONERS AND THE LOCAL
GOVERNMENT COMMISSION.**

The General Assembly of North Carolina enacts:

Section 1. G.S. 115C-521(d) reads as rewritten:

"(d) Local boards of education shall make no contract for the erection ~~or repair~~ of any school building unless the site upon which it is located is owned in fee simple by the board: Provided, that the board of education of a local school administrative unit, with the approval of the board of county commissioners, may appropriate funds to aid in the establishment of a school facility and the operation thereof in an adjoining local school administrative unit when a written agreement between the boards of education of the administrative units involved has been reached and the same recorded in the minutes of the boards, whereby children from the administrative unit making the appropriations shall be entitled to attend the school so established.

In all cases where title to property has been vested in the trustees of a special charter district which has been abolished and has not been reorganized, title to the property shall

1 be vested in the local board of education of the county embracing the former special
2 charter district."

3 Section 2. Article 37 of Chapter 115C is amended by adding a new section to
4 read:

5 "**§ 115C-530. Operational leases of school buildings and school facilities.**

6 (a) Local boards of education may enter into operational leases of real or personal
7 property for use as school buildings or school facilities. Operational leases for terms of
8 less than three years shall not be subject to the approval of the board of county
9 commissioners. Operational leases for terms of three years or longer, including periods
10 that may be added to the original term through the exercise of options to renew or extend,
11 are permitted provided:

12 (1) The budget resolution includes an appropriation authorizing the current
13 fiscal year's portion of the obligation;

14 (2) An unencumbered balance remains in the appropriation sufficient to pay
15 in the current fiscal year the sums obligated by the lease for the current
16 fiscal year; and

17 (3) The leases are approved by a resolution adopted by the board of county
18 commissioners. If an operational lease is approved by the board of
19 county commissioners, in each year the county commissioners shall
20 appropriate sufficient funds to meet the amounts to be paid during the
21 fiscal year under the lease.

22 For purposes of this section, an operational lease is defined according to generally
23 accepted accounting principles.

24 (b) Local boards of education may enter into contracts for the repair or renovation
25 of leased property provided the budget resolution includes an appropriation authorizing
26 the obligation and an unencumbered balance remains in the appropriation sufficient to
27 pay in the current fiscal year the sums obligated by the transaction for the current fiscal
28 year. Contracts for renovation that are subject to the bidding requirements of G.S. 143-
29 129(a) and which do not constitute continuing contracts for capital outlay must be
30 approved by the local board of county commissioners.

31 (c) Operational leases and contracts entered into under this section are subject to
32 approval by the Local Government Commission under Article 8 of Chapter 159 of the
33 General Statutes if they meet the standards set out in G.S. 159-148(a)(1), 159-148(a)(2),
34 and 159-148(a)(3)."

35 Section 3. G.S. 153A-158.1(d) reads as rewritten:

36 "(d) Board of Education May Contract for Construction. –Notwithstanding the
37 provisions of G.S. 115C-40 and G.S. 115C-521, a local board of education may enter into
38 contracts for the erection ~~or repair~~ of school buildings upon sites owned in fee simple by
39 one or more counties in which the local school administrative unit is located."

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