HOUSE BILL 163:
Treasury Administrative Changes.

2021-2022 General Assembly

Committee:	House Pensions and Retirement. If favorable, re-refer to Local Government. If favorable, re-refer to Rules, Calendar, and Operations of the House	**Date:**	March 8, 2021
Introduced by:	Reps. C. Smith, McNeill, Riddell, Cleveland	**Prepared by:**	Theresa Matula Legislative Analyst
Analysis of:	PCS to First Edition H163-CSSH-6		

OVERVIEW: The Proposed Committee Substitute (PCS) for House Bill 163 would make clarifying and administrative changes to statutes pertaining to the State Treasurer's Investment Programs, to the Local Government Commission, and to reports submitted to the Council of State. The bill would become effective when it becomes law.

BILL ANALYSIS:

Part I. State Treasurer's Investment Programs.

Section 1(a) amends the statutes pertaining to administration of the State Treasurer's investment programs to provide that the Treasurer may invest in the countries of Sudan and South Sudan to the extent that the investments are not prohibited by the US Government, or to the extent that the investment is part of an index or index replication strategy, commingled fund, limited partnership, or similar investment vehicle or derivative instrument. **Section 1(c)** repeals Article 6D of Chapter 147 which contains the Sudan (Darfur) Divestment Act that was enacted by S.L. 2007-486.

Section 1(b) amends the definition of "investment" in Article 6E of Chapter 147 which pertains to the Iran Divestment Act. The amendment to the definition of "investment" provides that is does not include index, or index replication strategies, commingled funds, limited partnerships, or similar investment vehicles, or derivative instruments.

Part II. Local Government Commission.

Section 2 amends the statutes on public-private partnership construction contracts to require a unit of local government to get approval from the Local Government Commission for the amount financed by a unit of local government when a development contract is entered into by a unit of local government and the unit finances all or part of its portion of the cost of the project. This approval must be secured prior to the execution of the development contract.

Section 3 enacts local government budgetary accounting language pertaining to the use of an automated system for preaudit and the annual certification of that automated preaudit system.

Section 4(a) amends statutes pertaining to the enforcement of the local government finance chapter as it relates to the General Assembly suspending the charter of a municipality. It further provides that if a unit of local government or public authority fails to submit annual audit reports, the Local Government Commission is authorized to waive the audit requirements based on specified criteria. If the Commission waives the annual audit requirement, they must consider making a recommendation to the General

Assembly or other organizing body for revocation of the charter or dissolution of the unit of local government or public authority. **Section 4(b)** authorizes the Local Government Commission to impound the books and records and take other action authorized under the changes in 4(a) for the Town of Eureka and the Town of Spencer Mountain. The Town of Spencer Mountain is in Gaston County. S.L. 2016-45 suspended the Charter of the Town of Spencer Mountain from July 1, 2016 until June 30, 2019. Section 1 of S.L. 2019-29, extended the June 30, 2019 date to June 30, 2023. The Town of Eureka is in Wayne County. Section 1.5 of S.L. 2019-29 suspended the Charter for the Town of Eureka from July 1, 2019 to June 30, 2024.

Section 5 amends education statutes to provide that the charter school audit requirements do not include submission to, review of, or approval by the Local Government Commission.

Part III. Council of State

Section 6 removes the requirement for the University of North Carolina Health Care System to file a report with the Council of State concerning acquisition or disposition of real property.

EFFECTIVE DATE: This bill would become effective when it becomes law.