

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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SENATE BILL 99  
PROPOSED COMMITTEE SUBSTITUTE S99-PCS15358-STxf-31

Short Title: Bond Referendum Transparency.

(Public)

Sponsors:

Referred to:

February 14, 2023

1 A BILL TO BE ENTITLED  
2 AN ACT TO INCREASE THE TRANSPARENCY OF BOND REFERENDUMS BY  
3 REQUIRING ADDITIONAL DISCLOSURES ON BOND APPLICATIONS, THE ORDER  
4 APPROVING THE BOND APPLICATION, AND ON THE BALLOT; TO INCREASE  
5 THE TRANSPARENCY OF BOND REFERENDUMS BY REQUIRING THE AMOUNT  
6 OF PROPERTY TAX INCREASE ON THE BALLOT QUESTION IF KNOWN AND  
7 ADDITIONAL POSTING OF BOND ORDERS; AND TO REQUIRE THE LOCAL  
8 GOVERNMENT COMMISSION TO MAINTAIN A DATABASE OF PROPOSED BOND  
9 ISSUE APPROVED BY THE COMMISSION.

10 The General Assembly of North Carolina enacts:

11 **SECTION 1.** G.S. 159-61(d) reads as rewritten:

12 "(d) The form of the question as stated on the ballot shall be in substantially the following  
13 words:

14 "~~Shall~~ Additional property taxes may be levied on property located in (name of unit of local  
15 government) in an amount sufficient to pay the principal of and interest on bonds if approved by  
16 the following ballot question. Shall the order authorizing \$ \_\_\_\_\_ bonds plus interest for (briefly  
17 stating the purpose) and providing that additional taxes may be levied in an amount sufficient to  
18 pay the principal of and interest on the bonds be ~~approved~~ approved, in light of the following:

19 (1) The estimated cumulative cost over the life of the bond, using the highest  
20 interest rate charged for similar debt over the last (maximum bond issuance  
21 term), would be (\$ \_\_\_\_\_).

22 (2) The amount of property tax liability increase for each one hundred thousand  
23 dollars (\$100,000) of property tax value to service the cumulative cost over  
24 the life of the bond provided above would be (\$ \_\_\_\_\_) per year.

25 [ ] YES

26 [ ] NO""

27 **SECTION 2.** G.S. 159-51 reads as rewritten:

28 "**§ 159-51. Application to Commission for approval of bond issue; preliminary conference;**  
29 **acceptance of application.**

30 No bonds may be issued under this Article unless the issue is approved by the Local  
31 Government Commission. The governing board of the issuing unit shall file an application for  
32 Commission approval of the issue with the secretary of the Commission. If the issuing unit is a  
33 regional public transportation authority, the application must be accompanied by resolutions of  
34 the special tax board of that authority and of each of the boards of county commissioners of the  
35 counties organizing the authority approving of the application. The application shall state ~~such~~  
36 the facts and have attached to it ~~such~~ the documents concerning the proposed bonds and the



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1 financial condition of the issuing ~~unit as~~ unit, including the disclosures required by  
2 G.S. 159-52(c) and any additional information the secretary may require. The Commission may  
3 prescribe the form of the application.

4 Before he accepts the application, the secretary may require the governing board or its  
5 representatives to attend a preliminary conference to consider the proposed bond issue. If the  
6 issuing unit is a merged school administrative unit described in G.S. 115C-513, each county in  
7 which the merged unit is located may attend the preliminary conference.

8 After an application in proper form has been filed, and after a preliminary conference if one  
9 is required, the secretary shall notify the unit in writing that the application has been filed and  
10 accepted for submission to the Commission. The secretary's statement shall be conclusive  
11 evidence that the unit has complied with this section."

12 **SECTION 3.** G.S. 159-52 reads as rewritten:

13 "**§ 159-52. Approval of application by Commission.**

14 ...

15 (c) If the Commission approves the application, the Commission shall include all of the  
16 following disclosures in the order approving the application:

17 (1) The total amount of interest estimated to result from the proposed bond using  
18 the highest interest rate charged when looking at the immediately preceding  
19 years for a term equal to the maximum issue term of the proposed bond.

20 (2) The unit's increase in property tax liability for each one hundred thousand  
21 dollars (\$100,000) of property tax value necessary to service the debt.

22 (3) A notice that, pursuant to G.S. 159-49, the unit may issue, without a vote,  
23 additional general obligation debt in an amount of up to two-thirds of the  
24 amount of the proposed bond as the debt is retired. This notice shall include a  
25 calculation of that amount.

26 (d) The order approving the application shall be posted online via all of the following:

27 (1) The website of the Commission.

28 (2) The website of the unit of local government.

29 (3) The website of the appropriate county board or boards of election for the unit  
30 of local government.

31 (e) If the Commission tentatively decides to deny the application because it is of the  
32 opinion that any one or more of these conclusions cannot be supported from the information  
33 presented to it, it shall so notify the unit filing the application. If the unit so requests, the  
34 Commission shall hold a public hearing on the application at which time any interested persons  
35 shall be heard. The Commission may appoint a hearing officer to conduct the hearing, and to  
36 present a summary of the testimony and his recommendations for the Commission's  
37 consideration."

38 **SECTION 4.** G.S. 159-53 reads as rewritten:

39 "**§ 159-53. Order approving or disapproving an application.**

40 (a) After considering an application, and conducting a public hearing thereon if one is  
41 requested under ~~G.S. 159-52(b)~~, G.S. 159-52, the Commission shall enter its order either  
42 approving or denying the application. An order approving an issue shall not be regarded as an  
43 approval of the legality of the bonds in any respect.

44 ...."

45 **SECTION 5.(a)** G.S. 159-55 is amended by adding two new subsections to read:

46 "(e) Before the public hearing on the bond order, the finance officer (or some other officer  
47 designated by the governing board for this purpose) shall file with the clerk a summary sheet  
48 containing all of the following information:

49 (1) The current financial state of the unit of local government, including any  
50 outstanding bonds held by the unit of local government.

51 (2) The information required by G.S. 159-55.1 for the statement of disclosure.

(3) The amount of debt that may be issued over (maximum bond issuance term) years, and the interest charged for similar debt over the last (same period of time in years) was (provide applicable range).

(4) The information required by this section.

(f) The summary sheet filed in accordance with subsection (e) of this section shall be included in the minutes for the governing board and on posted online via all of the following:

(1) The website of the Commission.

(2) The website of the unit of local government.

(3) The website of the appropriate county board or boards of election for the unit of local government."

**SECTION 5.(b)** G.S. 159-55.1(c) reads as rewritten:

"(c) The statement of disclosure shall be filed with the ~~Commission, posted online,~~ Commission and maintained by the clerk of the board. The statement of disclosure shall be posted online via all of the following:

(1) The website of the Commission.

(2) The website of the unit of local government.

(3) The website of the appropriate county board or boards of election for the unit of local government."

**SECTION 5.(c)** G.S. 159-56 reads as rewritten:

**"§ 159-56. Publication of bond order as introduced.**

(a) After the introduction of the bond order, the clerk shall publish it once with the following statement appended:

"The foregoing order has been introduced and a sworn statement of debt has been filed under the Local Government Bond Act showing the appraised value of the [issuing unit] to be \$\_\_\_\_\_ and the net debt thereof, including the proposed bonds, to be \$\_\_\_\_\_. The finance officer of the [issuing unit] has filed a statement estimating that the total amount of interest that will be paid on the bonds over the expected term of the bonds, if issued, is \$\_\_\_\_\_. A tax is authorized to be levied to pay the principal of and interest on the bonds if they are issued. The finance officer has filed a statement estimating that [a property tax increase of \$\_\_\_\_\_ per \$100.00 of assessed valuation] [no property tax increase] will be required to provide sufficient funds to pay the principal and interest on the proposed bonds. These estimates are preliminary, are for general informational purposes only, and may differ from the actual interest paid on the bonds or the actual property tax increases required to provide sufficient funds to pay the principal and interest on the bonds. Anyone who wishes to be heard on the questions of the validity of the bond order and the advisability of issuing the bonds may appear at a public hearing or an adjournment thereof to be held at \_\_\_\_\_.

Clerk"

(b) The publication may include a summary of the assumptions upon which the estimates of the total amount of interest that will be paid on the bonds over the expected term of the bonds if issued, or the amount of any property tax increase required to provide funds to pay principal and interest on the bonds if issued, are based, and may further state that there is no assurance that the circumstances included in the assumptions will occur, that the occurrence of certain of the assumptions is beyond the control of the issuing unit, and that differences between the actual circumstances at the time the bonds are issued from the assumptions included in the estimates could result in significant differences between the estimated interest and the actual interest on the bonds or the actual property tax increases required to provide sufficient funds to pay the principal and interest on the bonds. The statement may include additional qualifications as the unit deems appropriate. The validity of bonds authorized to be issued pursuant to this act is not subject to challenge on the grounds that the actual interest cost of the bonds when issued, or the

1 actual property tax increases required to provide sufficient funds to pay the principal and interest  
2 on the bonds when issued, is different than the amount set forth in the estimates referenced in the  
3 publication of the bond order as introduced.

4 (c) The publication provided for in this section shall be posted online via all of the  
5 following:

6 (1) The website of the Commission.

7 (2) The website of the unit of local government.

8 (3) The website of the appropriate county board or boards of election for the unit  
9 of local government."

10 **SECTION 5.(d)** G.S. 159-58 reads as rewritten:

11 **"§ 159-58. Publication of bond order as adopted.**

12 (a) After adoption, the clerk shall publish the bond order once, with the following  
13 statement appended:

14 "The foregoing order was adopted on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, and is hereby  
15 published this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_. Any action or proceeding questioning the validity  
16 of the order must be begun within 30 days after the date of publication of this notice. The finance  
17 officer of the [issuing unit] has filed a statement estimating that the total amount of interest that  
18 will be paid on the bonds over the expected term of the bonds, if issued, is \$\_\_\_\_\_. A tax is  
19 authorized to be levied to pay the principal and interest on the bonds if they are issued. The  
20 finance officer has filed a statement estimating that [a property tax increase of \$\_\_\_\_\_ per  
21 \$100.00 of assessed valuation] [no property tax increase] will be required to provide sufficient  
22 funds to pay the principal and interest on the proposed bonds. These estimates are preliminary,  
23 are for general informational purposes only, and may differ from the actual interest paid on the  
24 bonds or the actual property tax increases required to provide sufficient funds to pay the principal  
25 and interest on the bonds.

26  
27  
28 Clerk"

29 (b) The publication may include a summary of the assumptions upon which the estimates  
30 of the total amount of interest that will be paid on the bonds over the expected term of the bonds  
31 if issued, or the amount of any property tax increase required to provide sufficient funds to pay  
32 the principal and interest on the bonds if issued, are based, and may further state that there is no  
33 assurance that the circumstances included in the assumptions will occur, that the occurrence of  
34 certain of the assumptions is beyond the control of the issuing unit, and that differences between  
35 the actual circumstances at the time the bonds are issued from the assumptions included in the  
36 estimates could result in significant differences between the estimated interest and the actual  
37 interest on the bonds or the actual property tax increases required to provide sufficient funds to  
38 pay the principal and interest on the bonds. The statement may include such additional  
39 qualifications as the unit deems appropriate. The validity of bonds authorized to be issued  
40 pursuant to this act is not subject to challenge on the grounds that the actual interest cost of the  
41 bonds when issued, or the actual property tax increases required to provide sufficient funds to  
42 pay the principal and interest on the bonds when issued, is different than the amount set forth in  
43 the estimates referenced in the publication of the bond order as adopted.

44 (c) The publication provided for in this section shall be posted online on all of the  
45 following:

46 (1) The website of the Commission.

47 (2) The website of the unit of local government.

48 (3) The website of the appropriate county board or boards of election for the unit  
49 of local government."

1           **SECTION 6.(a)** The Local Government Commission shall establish an online  
2 database that makes publicly available a searchable listing of all proposed bond issue approved  
3 by the Commission. The database shall contain the following information:

- 4           (1) The summary sheet as provided for in G.S. 159-55(e).
- 5           (2) The ballot question as provided for in G.S. 159-61.
- 6           (3) A statement of the result of the ballot question once certified by the  
7 appropriate board of elections.

8           **SECTION 6.(b)** This section becomes effective January 1, 2024.

9           **SECTION 7.** G.S. 69-25.1 reads as rewritten:

10       **"§ 69-25.1. Election to be held upon petition of voters.**

11       (a) Upon the petition of thirty-five percent (35%) of the resident freeholders living in an  
12 area lying outside the corporate limits of any city or town, which area is described in the petition  
13 and designated as "\_\_\_\_\_ Fire District," the board of county commissioners of  
14

(Here insert name)

15 the county shall call a special election in said district for the purpose of submitting to the qualified  
16 voters therein the question of levying and collecting a special tax on all taxable property in said  
17 district, of not exceeding fifteen cents (15¢) on the one hundred dollars (\$100.00) valuation of  
18 property, for the purpose of providing fire protection in said district. The ballot question shall  
19 specify that the maximum tax rate authorized shall be fifteen cents (15¢) on the one hundred  
20 dollars (\$100.00) valuation of property and the first proposed fire tax rate, if any is proposed.  
21 The county tax office shall be responsible for checking the freeholder status of those individuals  
22 signing the petition and confirming the location of the property owned by those individuals.  
23 Unless specifically excluded by other law, the provisions of Chapter 163 of the General Statutes  
24 concerning petitions for referenda and special elections shall apply.

25       (b) If the voters reject the special tax under ~~the first paragraph~~ subsection (a) of this  
26 section, then no new election may be held under the first paragraph of this section within two  
27 years on the question of levying and collecting a special tax under the first paragraph of this  
28 section in that district, or in any proposed district which includes a majority of the land within  
29 the district in which the tax was rejected.

30       (c) Upon the petition of thirty-five percent (35%) of the resident freeholders living in an  
31 area which has previously been established as a fire protection district and in which there has  
32 been authorized by a vote of the people a special tax not exceeding ten cents (10¢) on the one  
33 hundred dollars (\$100.00) valuation of property within the area, the board of county  
34 commissioners shall call a special election in said area for the purpose of submitting to the  
35 qualified voters therein the question of increasing the allowable special tax for fire protection  
36 within said district from ten cents (10¢) on the one hundred dollars (\$100.00) valuation to fifteen  
37 cents (15¢) on the one hundred dollars (\$100.00) valuation on all taxable property within such  
38 district. Special elections on the question of increasing the allowable tax rate for fire protection  
39 shall not be held within the same district at intervals less than two years."

40       **SECTION 8.** Except as otherwise provided, this act becomes effective December  
41 31, 2023, and applies to bonds proposed on or after that date.