

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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SENATE BILL 265

Short Title: Bond Referendum Transparency. (Public)

Sponsors: Senators Johnson and Ford (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 15, 2021

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.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 159-51 reads as rewritten:

7 "§ 159-51. Application to Commission for approval of bond issue; preliminary conference;  
8 acceptance of application.

9 No bonds may be issued under this Article unless the issue is approved by the Local  
10 Government Commission. The governing board of the issuing unit shall file an application for  
11 Commission approval of the issue with the secretary of the Commission. If the issuing unit is a  
12 regional public transportation authority, the application must be accompanied by resolutions of  
13 the special tax board of that authority and of each of the boards of county commissioners of the  
14 counties organizing the authority approving of the application. The application shall state ~~such~~  
15 the facts and have attached to it ~~such the~~ documents concerning the proposed bonds and the  
16 financial condition of the issuing unit as unit, including the disclosures required by  
17 G.S. 159-52(c) and any additional information the secretary may require. The Commission may  
18 prescribe the form of the application.

19 ...."

20 SECTION 2. G.S. 159-52 reads as rewritten:

21 "§ 159-52. Approval of application by Commission.

22 ...

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

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

28 (2) The unit's increase in property tax liability for each ten thousand dollars  
29 (\$10,000) of property tax value necessary to service the debt.

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

34 (d) If the Commission tentatively decides to deny the application because it is of the  
35 opinion that any one or more of these conclusions cannot be supported from the information  
36 presented to it, it shall so notify the unit filing the application. If the unit so requests, the



1 Commission shall hold a public hearing on the application at which time any interested persons  
 2 shall be heard. The Commission may appoint a hearing officer to conduct the hearing, and to  
 3 present a summary of the testimony and his recommendations for the Commission's  
 4 consideration."

5 **SECTION 3.** G.S. 159-53 reads as rewritten:

6 "**§ 159-53. Order approving or disapproving an application.**

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

11 ...."

12 **SECTION 4.** G.S. 159-61(d) reads as rewritten:

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

15 "Shall the order authorizing \$ \_\_\_\_\_ bonds plus interest for (briefly stating the purpose) and  
 16 providing that additional taxes may be levied in an amount sufficient to pay the principal of and  
 17 interest on the bonds be ~~approved?~~approved, in light of the following information?

- 18 (1) The debt may be issued over (maximum bond issuance term) years, and the  
 19 interest charged for similar debt over the last (same period of time in years)  
 20 was (provide applicable range).
- 21 (2) The estimated cumulative cost over the life of the bond, using the highest  
 22 interest rate provided above, would be (\$ \_\_\_\_\_).
- 23 (3) The amount of property tax liability increase for each ten thousand dollars  
 24 (\$10,000) of property tax value to service the cumulative cost over the life of  
 25 the bond provided above would be (\$ \_\_\_\_\_) per year.
- 26 (4) The approval of the debt would allow (name of unit) to issue **without voter**  
 27 **approval** (2/3 times the principal amount authorized in the ballot question) in  
 28 future years.

29 [ ] YES

30 [ ] NO"

31 ...."

32 **SECTION 5.** This act is effective when it becomes law and applies to bonds  
 33 proposed on or after that date.