

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL 99

Short Title: Bond Referendum Transparency. (Public)

Sponsors: Senators Johnson, Ford, and Settle (Primary Sponsors).

Referred to: Rules and Operations of the Senate

February 14, 2023

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE TRANSPARENCY OF BOND REFERENDUMS BY
REQUIRING ADDITIONAL DISCLOSURES ON BOND APPLICATIONS, THE ORDER
APPROVING THE BOND APPLICATION, AND ON THE BALLOT.

The General Assembly of North Carolina enacts:

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

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

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

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

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

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

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

...

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

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

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



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

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

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

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

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

...."

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

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

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

- (1) The debt 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).
- (2) The estimated cumulative cost over the life of the bond, using the highest interest rate provided above, would be (\$ _____).
- (3) The amount of property tax liability increase for each ten thousand dollars (\$10,000) of property tax value to service the cumulative cost over the life of the bond provided above would be (\$ _____) per year.
- (4) The approval of the debt would allow (name of unit) to issue **without voter approval** (2/3 times the principal amount authorized in the ballot question) in future years.

- [] YES
- [] NO""

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