



CHAPTER 159
ARTICLE 4 - LOCAL GOVERNMENT BOND ACT

N.C.G.S. § 159-55.

Sworn statement of debt; debt limitation.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT S.L. 2022-53, s. 2(a), (b) — twenty-fourth act in the lineage	RETRIEVED 21 September 2026, 02:52 UTC	SOURCE FINGERPRINT 460b0c2d00d00c9cb6a18f30 - 8d469c22b7b12794d2fd376e - c837f78d8ef171c1
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- § 159-55(a) After the bond order has been introduced and before the public hearing thereon, the finance officer (or some other officer designated by the governing board for this purpose) shall file with the clerk a statement showing the following:
- (1) The gross debt of the unit, excluding therefrom debt incurred or to be incurred in anticipation of the collection of taxes or other revenues or in anticipation of the sale of bonds other than funding and refunding bonds. The gross debt (after exclusions) is the sum of (i) outstanding debt evidenced by bonds, (ii) bonds authorized by orders introduced but not yet adopted, (iii) unissued bonds authorized by adopted orders, and (iv) outstanding debt not evidenced by bonds. However, for purposes of the sworn statement of debt and the debt limitation, revenue bonds and project development financing debt instruments (unless additionally secured by a pledge of the issuing unit's faith and credit) shall not be considered debt and shall not be included in gross debt nor deducted from gross debt.
 - (2) The deductions to be made from gross debt in computing net debt. The following deductions are allowed:
 - a.Funding and refunding bonds authorized by orders introduced but not yet adopted.
 - b.Funding and refunding bonds authorized but not yet issued.
 - c.The amount of money held in sinking funds or otherwise for the payment of any part of the principal of gross debt other than debt incurred for water, gas, electric light or power purposes, or sanitary sewer purposes (to the extent that the bonds are deductible under subsection (b) of this section), or two or more of these purposes.

d. The amount of bonded debt included in gross debt and incurred, or to be incurred, for water, gas, or electric light or power purposes, or any two or more of these purposes.

e. The amount of bonded debt included in the gross debt and incurred, or to be incurred, for sanitary sewer system purposes to the extent that the debt is made deductible by subsection (b) of this section.

f. The amount of uncollected special assessments theretofore levied for local improvements for which any part of the gross debt (that is not otherwise deducted) was or is to be incurred, to the extent that the assessments will be applied, when collected, to the payment of any part of the gross debt.

g. The amount, as estimated by the governing board of the issuing unit or an officer designated by the board for this purpose, of special assessments to be levied for local improvements for which any part of the gross debt (that is not otherwise deducted) was or is to be incurred, to the extent that the special assessments, when collected, will be applied to the payment of any part of the gross debt.

- (3) The net debt of the issuing unit, being the difference between the gross debt and deductions.
- (4) The assessed value of property subject to taxation by the issuing unit, as revealed by the tax records and certified to the issuing unit by the assessor. In calculating the assessed value, the incremental valuation of any development financing district located in the unit, as determined pursuant to G.S. 159-107, shall not be included.
- (5) The percentage that the net debt bears to the assessed value of property subject to taxation by the issuing unit.

§ 159-55(b)

Debt incurred or to be incurred for sanitary sewer system purposes is deductible from gross debt when the combined revenues of the water system and the sanitary sewer system (whether or not the water and sewer system are operated separately or as a consolidated system) were sufficient to pay all operating, capital outlay, and debt service expenditures attributable to both systems in each of the three complete fiscal years immediately preceding the date on which the sworn statement of debt is filed. For the purposes of this subsection, the "revenues" of a water system and a sanitary sewer system include:

- (1) Rates, fees, rentals, charges, and other receipts and income derived from or in connection with the system.

- (2) Fees, rents, or other charges collected from other offices, agencies, institutions, and departments of the issuing unit at rates not in excess of those charged to other consumers, customers, or users.
- (3) Appropriations from the fund balance of the prior fiscal year from the fund or funds established to account for the revenues and expenditures of the water system or sewer system pursuant to G.S. 159-13(a) of the Local Government Budget and Fiscal Control Act.

Before the sworn statement of debt is filed, the secretary shall determine to what extent debt incurred or to be incurred for sanitary sewer system purposes qualifies for deduction from gross debt pursuant to this subsection, and shall give his certificate to that effect. The secretary's certificate shall be filed with and deemed a part of the sworn statement of debt. The secretary's certificate shall be conclusive in the absence of fraud.

§ 159-55(c)

No bond order shall be adopted unless it appears from the sworn statement of debt filed in connection therewith that the net debt of the unit does not exceed eight percent (8%) of the assessed value of property subject to taxation by the issuing unit. This limitation shall not apply to:

- (1) Funding and refunding bonds.
- (2) Bonds issued for water, gas, or electric power purposes, or two or more of these purposes.
- (3) Bonds issued for sanitary sewer system purposes when the bonds are deductible pursuant to subsection (b) of this section.
- (4) Bonds issued for sanitary sewers, sewage disposal, or sewage purification plants when the construction of these facilities has been ordered by the Environmental Management Commission, which Commission is hereby authorized to make such an order, or by a court of competent jurisdiction.
- (5) Bonds or notes issued for erosion control purposes.
- (6) Bonds or notes issued for the purpose of erecting jetties or other protective works to prevent encroachment by the ocean, sounds, or other bodies of water.

§ 159-55(d)

Repealed by Session Laws 2022-53, s. 2(a), effective July 7, 2022, and applicable to bonds issued under bond orders introduced on or after October 1, 2022, and to contracts entered into on or after October 1, 2022.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
24 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.



Nº	YEAR	ACT	CHARACTER
01	1917	c. 138, s. 19	ENACTED
02	1919	c. 178, s. 3(19)	AMENDED
03	1919	c. 285, s. 4	AMENDED
04	C.S.	s. 2943	RECODIFIED
05	1921	c. 8, s. 1	AMENDED
06	1921	Ex. Sess. 1921, c. 106, s. 1	AMENDED
07	1927	c. 81, ss. 13, 14	AMENDED
08	1927	c. 102, s. 1	AMENDED
09	1931	c. 60, s. 51	AMENDED
10	1933	c. 259, s. 1	AMENDED
11	1933	c. 321	AMENDED
12	1933	Ex. Sess. 1938, c. 3	AMENDED
13	1955	c. 1045	AMENDED
14	1959	c. 779, s. 10	AMENDED
15	1967	c. 892, s. 4	AMENDED
16	1969	c. 1092	AMENDED
17	1971	c. 780, s. 1	AMENDED
18	1973	c. 494, s. 7	AMENDED
19	1973	c. 1262, s. 231	AMENDED
20	1991	c. 11, ss. 2, 3	AMENDED
21	1991	1991 (Reg. Sess., 1992), c. 1007, s. 41	AMENDED

22	2003	S.L. 2003-403, s. 4	AMENDED
23	2013	S.L. 2013-200, s. 1	AMENDED
24	2022	S.L. 2022-53, s. 2(a), (b)	AMENDED

APPARATUS II
2 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 159-107	(a)(4)	<i>"the unit, as determined pursuant to"</i>
G.S. 159-13(a)	(b)(3)	<i>"system or sewer system pursuant to"</i>

APPARATUS III

Citation

FULL SECTION
N.C. Gen. Stat. § 159-55 (2022).

PINPOINT
N.C. Gen. Stat. § 159-55(a) (2022).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

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HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1917, c. 138, s. 19; 1919, c. 178, s. 3(19); c. 285, s. 4; C.S., s. 2943; 1921, c. 8, s. 1; Ex. Sess. 1921, c. 106, s. 1; 1927, c. 81, ss. 13, 14; c. 102, s. 1; 1931, c. 60, s. 51; 1933, c. 259, s. 1; c. 321; Ex. Sess. 1938, c. 3; 1955, c. 1045; 1959, c. 779, s. 10; 1967, c. 892, s. 4; 1969, c. 1092; 1971, c. 780, s. 1; 1973, c. 494, s. 7; c. 1262, s. 231; 1991, c. 11, ss. 2, 3; 1991 (Reg. Sess., 1992), c. 1007, s. 41; 2003-403, s. 4; 2013-200, s. 1; 2022-53, s. 2(a), (b).)

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