

# TABLED



NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 257

AMENDMENT NO. **A10**  
(to be filled in by  
Principal Clerk)

S257-AMHfa-14 [v.4]

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Amends Title [NO]  
Second Edition

Date \_\_\_\_\_, 2025

Senator Kandie Smith

1 moves to amend the bill on page 260, lines 19-20, by inserting the following between those lines:  
2 **"AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE**  
3 **PURPOSE OF PROVIDING ASSISTANCE TO LOCAL GOVERNMENTS**  
4 **WITH DRINKING WATER AND WASTEWATER INFRASTRUCTURE**  
5 **NEEDS**

6  
7 **SECTION 12.4.(a)** Short Title. – This section shall be known as the "Clean Water  
8 Bond Act of 2025."

9 **SECTION 12.4.(b)** Purpose. – It is the intent of the General Assembly by this section  
10 to provide, subject to a vote of the qualified voters of the State, for the issuance of two billion  
11 dollars (\$2,000,000,000) general obligation bonds of the State for the purpose of providing funds,  
12 with any other available funds, to update the State's public drinking water and waste water  
13 treatment infrastructure, including, without limitation, construction, repair, renovation, and  
14 furnishing of new drinking water and wastewater treatment facilities for the benefit of the State  
15 and its citizenry.

16 **SECTION 12.4.(c)** Findings. – The General Assembly finds that clean drinking  
17 water and modern, fully functional sewer systems are essential to the health and well-being of  
18 the State and its citizenry.

19 **SECTION 12.4.(d)** Definitions. – Unless the context otherwise requires, the  
20 following definitions apply in this section:

- 21 (1) Bonds. – Bonds issued under this section.  
22 (2) Cost. – Without intending thereby to limit or restrict any proper definition of  
23 this term in financing the cost of facilities or purposes authorized by this  
24 section, any of the following:  
25 a. The cost of constructing, reconstructing, enlarging, acquiring, and  
26 improving facilities and acquiring equipment and land therefor.  
27 b. The cost of engineering, architectural, and other consulting services as  
28 may be required.  
29 c. Administrative expenses and charges. Nothing in this section shall  
30 permit use of bond funds to pay salaries or fees for bond  
31 administration; such salaries and fees shall come from funds  
32 appropriated by the General Assembly.



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- 1 d. Finance charges and interest prior to and during construction and, if  
2 deemed advisable by the State Treasurer, for a period not exceeding  
3 three years after the estimated date of completion of construction.  
4 e. The cost of bond insurance, investment contracts, credit enhancement  
5 and liquidity facilities, interest-rate swap agreements or other  
6 derivative products, financial and legal consultants, and related costs  
7 of bond and note issuance, to the extent and as determined by the State  
8 Treasurer.  
9 f. The cost of reimbursing the State for any payments made for any cost  
10 described in this subdivision.  
11 g. Any other costs and expenses necessary or incidental to the purposes  
12 of this section.  
13 Allocations in this section of proceeds of bonds to the costs of a project or  
14 undertaking in each case may include allocations to pay the costs set forth in  
15 sub-subdivisions c. through g. of this subdivision in connection with the  
16 issuance of bonds for the project or undertaking.  
17 (3) Credit facility agreement. – An agreement entered into by the State Treasurer  
18 on behalf of the State with a bank, savings and loan association, or other  
19 banking institution; an insurance company, reinsurance company, surety  
20 company, or other insurance institution; a corporation, investment banking  
21 firm, or other investment institution; or any financial institution or other  
22 similar provider of a credit facility agreement, which provider may be located  
23 within or without the United States of America, such agreement providing for  
24 prompt payment of all or any part of the principal or purchase price (whether  
25 at maturity, presentment or tender for purchase, redemption, or acceleration),  
26 redemption premium, if any, and interest on any bonds or notes payable on  
27 demand or tender by the owner, in consideration of the State agreeing to repay  
28 the provider of the credit facility agreement in accordance with the terms and  
29 provisions of such agreement.  
30 (4) Notes. – Notes issued under this section.  
31 (5) Par formula. – Any provision or formula adopted by the State to provide for  
32 the adjustment, from time to time, of the interest rate or rates borne by any  
33 bonds or notes, including the following:  
34 a. A provision providing for such adjustment so that the purchase price  
35 of such bonds or notes in the open market would be as close to par as  
36 possible;  
37 b. A provision providing for such adjustment based upon a percentage or  
38 percentages of a LIBOR rate, a prime rate, or base rate, which  
39 percentage or percentages may vary or be applied for different periods  
40 of time; or  
41 c. Such other provision as the State Treasurer may determine to be  
42 consistent with this section and will not materially and adversely affect

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1                                   the financial position of the State and the marketing of bonds or notes  
2                                   at a reasonable interest cost to the State.

3                   (6)     State. – The State of North Carolina.

4                   **SECTION 12.4.(e)** Authorization of Bonds and Notes. – Subject to a favorable vote  
5 of a majority of the qualified voters of the State who vote on the question of issuing public  
6 improvement bonds in the election called and held as provided in this section, the State Treasurer  
7 is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one  
8 time or from time to time, general obligation bonds of the State to be designated "State of North  
9 Carolina Water and Wastewater Improvement Bonds," with any additional designations as may  
10 be determined to indicate the issuance of bonds from time to time, or notes of the State as  
11 provided in this section, in an aggregate principal amount not exceeding two billion dollars  
12 (\$2,000,000,000) for the purpose of providing funds, with any other available funds, for the  
13 purposes authorized in this section.

14                   **SECTION 12.4.(f)** Use of Public Improvement Bond and Note Proceeds. –

15                   (1)     Special Allocation of Proceeds. – Subject to the provisions of subdivision (2)  
16 of this subsection, the proceeds of public improvement bonds and notes,  
17 including premium thereon, if any, shall be used for local drinking water and  
18 wastewater treatment infrastructure projects in the following general amounts  
19 set forth below:

20 21 Department of 22 Environmental 23 Quality 24	Statewide	Drinking Water Loans and Grants	\$1,300,000,000
25 Department of 26 Environmental 27 Quality 28	Statewide	Wastewater Loans and Grants	\$700,000,000

29                   (2)     Special Allocation Provision. – The proceeds of public improvement bonds  
30 and notes, including premium thereon, if any, for the Department of  
31 Environmental Quality for Statewide Water/Sewer Loans and Grants, as  
32 provided in subdivision (1) of this subsection, shall be allocated to the Water  
33 Infrastructure Fund established in G.S. 159G-22. Six hundred million dollars  
34 (\$600,000,000) shall be used for grants, and the remainder shall be used for  
35 low-interest loans. The proceeds for loans and the proceeds for grants shall be  
36 allocated in the proportion to the Drinking Water Reserve and the Wastewater  
37 Reserve as the allocation set forth in subdivision (1) of this subsection and  
38 shall be subject to the following:

39                   a.     If the availability of loan funds exceeds project demand, the  
40 limits contained in G.S. 159G-36 applicable to a loan may be  
41 exceeded for the purpose of ensuring that all available loan  
42 funds are utilized for projects prioritized pursuant to  
43 G.S. 159G-23.

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- 1                   b.     Loan and grant applications for projects shall be funded first if  
2                   both of the following criteria are met: (i) the project is required  
3                   to be completed due to an EPA administrative order or consent  
4                   decree and (ii) the application for the project is deemed  
5                   complete by the Division and meets the minimum  
6                   requirements for the program from which it is seeking funding.  
7                   c.     A grant application to be funded from the Wastewater Reserve  
8                   and required to be prioritized under sub-sub-subdivision 2. of  
9                   this sub-subdivision shall be awarded a grant equal to fifty  
10                  percent (50%) of the project costs that are reasonably necessary  
11                  to comply with the EPA administrative order or consent  
12                  decree, notwithstanding limits otherwise applicable pursuant  
13                  to G.S. 159G-36; provided that, the cumulative amount of all  
14                  grants received by an applicant under this sub-subdivision does  
15                  not exceed one-third of the amount of bond proceeds for grants  
16                  allocated to the Wastewater Reserve.  
17                  d.     A loan application to be funded from the Wastewater Reserve  
18                  and required to be prioritized under sub-sub-subdivision 2. of  
19                  this sub-subdivision shall receive a loan equal to the amount  
20                  sufficient to cover all project costs that are reasonably  
21                  necessary to comply with the EPA administrative order or  
22                  consent decree minus the amount of any grant awarded under  
23                  sub-sub-subdivision 3. of this sub-subdivision; provided that,  
24                  the cumulative amount of all loans received by an applicant  
25                  under this sub-subdivision does not exceed fifteen million  
26                  dollars (\$15,000,000).  
27                  (3)     Reallocation. – For public improvement bonds authorized by this section, the  
28                  General Assembly may at this session or at any subsequent session increase  
29                  or decrease the allocations of the proceeds of public improvement bonds and  
30                  notes, including premium thereon, if any, for the projects set forth in  
31                  subdivision (1) of this subsection so long as the aggregate amount of the  
32                  allocations does not exceed two billion dollars (\$2,000,000,000).  
33                  **SECTION #.(g) Allocation and Tracking of Proceeds. –**  
34                  (1)     Public improvement bonds. – The proceeds of public improvement bonds and  
35                  notes, including premium thereon, if any, except the proceeds of bonds the  
36                  issuance of which has been anticipated by bond anticipation notes or the  
37                  proceeds of refunding bonds or notes, shall be placed by the State Treasurer  
38                  in a special fund to be designated "Public Improvement Bonds Fund," which  
39                  may include such appropriate special accounts therein as may be determined  
40                  by the State Treasurer and shall be disbursed as provided in this section.  
41                  Monies in the Public Improvement Bonds Fund shall be allocated and  
42                  expended as provided in this section.

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1 Any additional monies that may be received by means of a grant or grants  
2 from the United States of America or any agency or department thereof or  
3 from any other source for deposit to the Public Improvement Bonds Fund may  
4 be placed in the Public Improvement Bonds Fund or in a separate account or  
5 fund and shall be disbursed, to the extent permitted by the terms of the grant  
6 or grants, without regard to any limitations imposed by this section.

7 Monies in the Public Improvement Bonds Fund or any separate account  
8 established under this section may be invested from time to time by the State  
9 Treasurer in the same manner permitted for investment of monies belonging  
10 to the State or held in the State treasury, except with respect to grant money  
11 to the extent otherwise directed by the terms of the grant. Investment earnings,  
12 except investment earnings with respect to grant monies to the extent  
13 otherwise directed or restricted by the terms of the grant, may be (i) credited  
14 to the Public Improvement Bonds Fund, (ii) used to pay debt service on the  
15 bonds authorized by this section, (iii) used to satisfy compliance with  
16 applicable requirements of the federal tax law, or (iv) transferred to the  
17 General Fund of the State.

18 The proceeds of public improvement bonds and notes, including premium  
19 thereon, if any, may be used with any other monies made available by the  
20 General Assembly for funding the projects authorized by this section,  
21 including the proceeds of any other State bond issues, whether heretofore  
22 made available or that may be made available at the session of the General  
23 Assembly at which this section is ratified or any subsequent sessions. The  
24 proceeds of public improvement bonds and notes, including premium thereon,  
25 if any, shall be expended and disbursed under the direction and supervision of  
26 the Director of the Budget. The funds provided by this section shall be  
27 disbursed for the purposes provided in this section upon warrants drawn on  
28 the State Treasurer by the State Controller, which warrants shall not be drawn  
29 until requisition has been approved by the Director of the Budget and which  
30 requisition shall be approved only after full compliance with the State Budget  
31 Act, Chapter 143C of the General Statutes.

32 (2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's  
33 designee is hereby authorized and directed to set up a comprehensive system  
34 of tracking the proceeds of the public improvement bonds and notes, including  
35 premium thereon, if any, to the extent necessary to enable the State Treasurer  
36 or the State Treasurer's designee to properly account for the use of such  
37 proceeds for compliance with applicable requirements of the federal tax law  
38 or otherwise. All recipients of such proceeds shall comply with any tracking  
39 system implemented by the State Treasurer or the State Treasurer's designee  
40 for this purpose. The State Treasurer may withhold such proceeds from any  
41 State agency or department not complying with this subdivision.

42 (3) Costs. – Allocations to the costs of a capital improvement or undertaking in  
43 each case may include allocations to pay the costs set forth in sub-subdivisions

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c. through g. of subdivision (2) of subsection (d) of this section in connection with the issuance of bonds for that capital improvement or undertaking.

**SECTION 12.4.(h)** Election. – The question of the issuance of the bonds authorized by this section shall be submitted to the qualified voters of the State at the time of the election in 2026 when voters of this State are given an opportunity to express their preference for the person to be the candidate for U.S. Senate of their political party. Any other primary, election, or referendum validly called or scheduled by law at the time the election on the bond question provided for in this subsection is held may be held as called or scheduled. Notice of the election shall be given in the manner and at the times required by G.S. 163-33(8). The election and the registration of voters therefor shall be held under and in accordance with the general laws of the State. Absentee ballots shall be authorized in the election and shall be available 50 days prior to the date on which the election is to be held.

Ballots, voting systems authorized by Article 14A of Chapter 163 of the General Statutes, or both may be used in accordance with rules prescribed by the State Board of Elections. The bond question to be used in the ballots or voting systems shall be in substantially the following form:

"  FOR       AGAINST

The issuance of two billion dollars (\$2,000,000,000) State of North Carolina Public Improvement Bonds constituting general obligation bonds of the State secured by a pledge of the faith and credit and taxing power of the State for the purpose of providing funds, with any other available funds, to fund capital improvements and new facilities for drinking water and wastewater treatment systems owned by units of local government."

**SECTION 12.4.(i)** Issuance of Bonds and Notes. –

(1) Terms and conditions. – Bonds or notes may bear such date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not exceeding 40 years from their date or dates, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may vary from time to time, and may be made redeemable before maturity, at the option of the State or otherwise as may be provided by the State, at such price or prices, including a price less than the face amount of the bonds or notes, and under such terms and conditions, all as may be determined by the State Treasurer by and with the consent of the Council of State.

(2) Signatures; form and denomination; registration. – Bonds or notes may be issued as certificated or uncertificated obligations. If issued as certificated obligations, bonds or notes shall be signed on behalf of the State by the Governor or shall bear the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear the State Treasurer's facsimile signature, and shall bear the Great Seal of the State of North Carolina or a facsimile thereof shall be impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall

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1 also bear a manual signature, which may be that of a bond registrar, trustee,  
2 paying agent, or designated assistant of the State Treasurer. Should any officer  
3 whose signature or facsimile signature appears on bonds or notes cease to be  
4 such officer before the delivery of the bonds or notes, the signature or  
5 facsimile signature shall nevertheless have the same validity for all purposes  
6 as if the officer had remained in office until delivery, and bonds or notes may  
7 bear the facsimile signatures of persons who at the actual time of the execution  
8 of the bonds or notes shall be the proper officers to sign any bond or note,  
9 although at the date of the bond or note such persons may not have been such  
10 officers. The form and denomination of bonds or notes, including the  
11 provisions with respect to registration of the bonds or notes and any system  
12 for their registration, shall be as the State Treasurer may determine in  
13 conformity with this section; provided, however, that nothing in this section  
14 shall prohibit the State Treasurer from proceeding, with respect to the issuance  
15 and form of the bonds or notes, under the provisions of Chapter 159E of the  
16 General Statutes, the Registered Public Obligations Act, as well as under this  
17 section.

18 (3) Manner of sale; expenses. – Subject to the consent of the Council of State, the  
19 State Treasurer shall determine the manner in which bonds or notes shall be  
20 offered for sale, whether at public or private sale, whether within or without  
21 the United States of America, and whether by publishing notices in certain  
22 newspapers and financial journals, mailing notices, inviting bids by  
23 correspondence, negotiating contracts of purchase, or otherwise, and the State  
24 Treasurer is authorized to sell bonds or notes at one time or from time to time  
25 at such rate or rates of interest, which may vary from time to time, and at such  
26 price or prices, including a price less than the face amount of the bonds or the  
27 notes, as the State Treasurer may determine. All expenses incurred in  
28 preparation, sale, and issuance of bonds or notes shall be paid by the State  
29 Treasurer from the proceeds of bonds or notes or other available monies.

30 (4) Notes; repayment. –  
31 a. Subject to the consent of the Council of State, the State Treasurer is  
32 hereby authorized to borrow money and to execute and issue notes of  
33 the State for the same, but only in the following circumstances and  
34 under the following conditions:  
35 1. For anticipating the sale of bonds to the issuance of which the  
36 Council of State shall have given consent, if the State Treasurer  
37 shall deem it advisable to postpone the issuance of the bonds.  
38 2. For the payment of interest on or any installment of principal  
39 of any bonds then outstanding, if there shall not be sufficient  
40 funds in the State treasury with which to pay the interest or  
41 installment of principal as they respectively become due.  
42 3. For the renewal of any loan evidenced by notes herein  
43 authorized.



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- 1           (1)    Be made payable from time to time on demand or tender for purchase by the
- 2                   owner thereof, provided a credit facility agreement supports the bonds or
- 3                   notes, unless the State Treasurer specifically determines that a credit facility
- 4                   agreement is not required, upon a finding and determination by the State
- 5                   Treasurer, that the absence of a credit facility agreement will not materially or
- 6                   adversely affect the financial position of the State and the marketing of the
- 7                   bonds or notes at a reasonable interest cost to the State;
- 8           (2)    Be additionally supported by a credit facility agreement;
- 9           (3)    Be made subject to redemption or a mandatory tender for purchase prior to
- 10                   maturity;
- 11           (4)    Bear interest at a rate or rates that may vary for such period or periods of time,
- 12                   all as may be provided in the proceedings providing for the issuance of the
- 13                   bonds or notes, including, without limitation, such variations as may be
- 14                   permitted pursuant to a par formula; and
- 15           (5)    Be made the subject of a remarketing agreement whereby an attempt is made
- 16                   to remarket bonds or notes to new purchasers prior to their presentment for
- 17                   payment to the provider of the credit facility agreement or to the State.

18           If the aggregate principal amount repayable by the State under a credit facility  
19           agreement is in excess of the aggregate principal amount of bonds or notes secured by the credit  
20           facility agreement, whether as a result of the inclusion in the credit facility agreement of a  
21           provision for the payment of interest for a limited period of time or the payment of a redemption  
22           premium or for any other reason, then the amount of authorized but unissued bonds or notes  
23           during the term of such credit facility agreement shall not be less than the amount of such excess,  
24           unless the payment of such excess is otherwise provided for by agreement of the State executed  
25           by the State Treasurer.

26           **SECTION 12.4.(k)** Interpretation of Section. –

- 27           (1)    Additional method. – The foregoing subsections of this section shall be
- 28                   deemed to provide an additional and alternative method for the doing of the
- 29                   things authorized thereby and shall be regarded as supplemental and
- 30                   additional to powers conferred by other laws and shall not be regarded as in
- 31                   derogation of any powers now existing.
- 32           (2)    Statutory references. – References in this section to specific sections or
- 33                   Chapters of the General Statutes or to specific acts are intended to be
- 34                   references to these sections, Chapters, or acts as they may be amended from
- 35                   time to time by the General Assembly.
- 36           (3)    Broad construction. – The General Assembly specifically has chosen to
- 37                   combine what otherwise might be considered differing projects to be financed
- 38                   into one bond bill and bond question because the General Assembly finds that
- 39                   such differing projects, when taken together, constitute an interrelated, united,
- 40                   and single plan for the State's infrastructure as stated aforesaid. Accordingly,
- 41                   this section, being necessary for the health, welfare, and advancement of the
- 42                   people of the State, shall be broadly construed to affect the purposes thereof.

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1 (4) Inconsistent provisions. – Insofar as the provisions of this section are  
2 inconsistent with the provisions of any general laws, or parts thereof, the  
3 provisions of this section shall be controlling.

4 (5) Severability. – If any provision of this section or the application thereof to any  
5 person or circumstance is held invalid, such invalidity shall not affect other  
6 provisions or applications of the section that can be given effect without the  
7 invalid provision or application, and to this end, the provisions of this section  
8 are declared to be severable.

9 **SECTION 12.4.(l)** Report. – Each entity receiving the proceeds of public  
10 improvement bonds and notes, including premium thereon, if any, issued pursuant to and for  
11 projects listed in subsections (a) through (k) of this section shall report by January 1, 2027, and  
12 quarterly thereafter, to the State Water Infrastructure Authority, and the Authority shall combine  
13 the reports and submit them to the Joint Legislative Oversight Committee on Capital  
14 Improvements, the House of Representatives Appropriations Committee, and the Senate  
15 Committee on Appropriations/Base Budget. Each report shall include the total project costs, the  
16 amount to be funded from the bonds, the expenditures to date from the bonds and other sources,  
17 and the percentage of each project completed.

18 **SECTION 12.4.(m)** Restriction on Issuance. – The State Treasurer shall not issue  
19 bonds or notes otherwise authorized by subsections (a) through (k) of this section in an amount  
20 or year where the issuance of the bonds or notes would violate the Debt Affordability Advisory  
21 Committee's recommendations on debt capacities required under G.S. 142-101."

SIGNED

  
Amendment Sponsor

SIGNED \_\_\_\_\_

Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_

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