Chapter 142.
State Debt.

Article 1.

General Provisions.

§ 142-1. How bonds executed; interest coupons attached; where payable; not to be sold at less than par.

All bonds or certificates of debt of the State shall be signed by the Governor, and countersigned by the State Treasurer, and sealed with the great seal of the State, and shall be made payable to bearer unless registered as hereinafter provided. The principal shall be made payable by the State at a day named in the bonds or certificates. Interest coupons shall be attached to the bonds or certificates unless they be bonds or certificates registered as to both principal and interest, and the bonds, certificates and coupons shall be made payable at such banks or trust companies within or without the State as shall be designated by the State Treasurer, or at the office of the State Treasurer in Raleigh. Any bank or trust company serving as a paying agent may be paid such reasonable fees and charges for such services as shall be agreed upon by and between such bank or trust company and the State Treasurer. No original bond or certificate of debt of the State shall be sold for a sum less than the par value thereof, nor shall any such bond or certificate, issued in lieu of a transferred bond or certificate, be payable elsewhere than may be the original, except by the consent of the holder it may be made payable at the State treasury. (1848, c. 89, s. 22; 1852, c. 9; c. 10, s. 10; R.C., c. 90, s. 3; Code, s. 3563; Rev., s. 5020; C.S., s. 7401; Ex. Sess. 1921, c. 66, ss. 1, 2; 1977, c. 405.)

§ 142-2. Title of act and year of enactment recited in bonds.
In every bond or certificate of debt issued by the State, and in the body thereof, shall be set forth the title of the act, with the year of its enactment, under the authority of which the same may be issued; or reference shall be made thereto by the number of the Chapter, and the year of the legislative session. (1850, c. 90, s. 6; R.C., c. 90, s. 6; Code, s. 3566; Rev., s. 5023; C.S., s. 7402.)

§ 142-3. Record of bonds kept by State Treasurer.
The State Treasurer shall enter in a book to be kept for that purpose a memorandum of every bond or certificate of debt of the State, issued or to be issued under any act whatever, together with the numbers, dates of issue, when and where payable, at what premium, and to whom the same may have been sold or issued. (1852, c. 10, s. 2; R.C., c. 90, s. 4; Code, s. 3564; Rev., s. 5021; C.S., s. 7403.)

§ 142-4. Books for registration and transfer.
The State Treasurer shall keep in his office a register or registers for the registration and transfer of all bonds and certificates of the State heretofore or hereafter issued, in which he may register any bond or certificate at the time of its issue or at the request of the holder. When any bond or certificate shall have been registered as hereinafter provided, the State Treasurer shall enter in a manner to be of easy and ready reference, a description of said bond, or certificates giving the number, series, date of issue, denomination, by whom signed, and such other data as may be necessary for the ready identification thereof, together with the name of the person in whose name the same is then to be registered and whether in his individual capacity or in a fiduciary relation, and if the latter, for whose benefit the same is to be registered. (1848, c. 37, s.
§ 142-5. Registration as to principal.

Upon the presentation at the office of the State Treasurer of any bond or certificate that has heretofore been or may hereafter be issued by the State, or upon the first issuance of any bond or certificate, the same may be registered as to principal in the name of the holder upon such register, such registration to be noted on the reverse of the bond or certificate by the State Treasurer. The principal of any bond or certificate so registered shall be payable only to the registered payee or his legal representative, and such bond or certificate shall be transferable to another holder or back to bearer only upon presentation of the State Treasurer with a written assignment acknowledged or approved in a form satisfactory to the Treasurer. The name of the registered assignee shall be written in said register and upon any bond or certificate so transferred. A bond or certificate so transferred to bearer shall be subject to future registration and transfer as before. (1883, c. 25; Code, s. 3568; 1887, c. 287; Rev., s. 5025; C.S., s. 7405; Ex. Sess. 1921, c. 66, s. 4.)

§ 142-6. Registration as to principal and interest.

(a) If, upon the registration of any such bond or certificate dated prior to January 1, 1965, or at any time after such registration, the coupons thereto attached, evidencing all interest to be paid thereon to the date of maturity, shall be surrendered, such coupons shall be canceled by the Treasurer, and he shall sign a statement endorsed upon such bond or certificate of the cancellation of all unmatured coupons and of the fact that such bond or certificate has been converted into a fully registered bond or certificate, and shall make like entry in the said register. Thereafter the interest evidenced by such canceled coupons shall be paid at the time provided therein, to the registered owner or his legal representatives, in New York exchange, mailed to his address, unless he shall have requested the State Treasurer to pay such interest in funds current at the State capital, which request shall be entered in the said register.

(b) If, upon the registration of any such bond or certificate dated on or after January 1, 1965, or at any time after such registration, the coupons thereto attached, evidencing all interest to be paid thereon to the date of maturity, shall be surrendered, such coupons shall be detached and retained in the custody of the State Treasurer, and the State Treasurer shall endorse upon such bond or certificate the fact that such bond or certificate has been converted into a fully registered bond or certificate, and shall make like entry in said register. Thereafter the interest evidenced by such detached coupons shall be paid at the times provided therein to the registered owner or his legal representatives, in New York exchange, mailed to his address, unless he shall have requested the State Treasurer to pay such interest in funds current at the State capital, which request shall be entered in said register. Any such bond or certificate, if converted into a bond or certificate registered as to both principal and interest, may be reconverted at the expense of the registered owner into a coupon bond or certificate upon presentation thereof to the State Treasurer, accompanied by an instrument duly executed by the registered owner or his legal representatives in such form as shall be satisfactory to the State Treasurer; upon any such reconversion the State Treasurer shall reattach thereto the coupons representing the interest to become due thereafter on such bond or certificate to the date of maturity and shall make notation upon such bond or certificate whether such bond or certificate is registered as to principal alone or is payable to bearer, and shall make like entry in said register and he shall cancel any detached coupons retained by him.
§ 142-7. No charge for registration.

There shall be no charge for the registration of any bond or certificate whether registered at the time of issuance thereof or subsequently registered, and no charge for the transfer of registered bonds and certificates shall be made. (1887, c. 287, ss. 4, 5; Rev., s. 5028; C.S., s. 7408; Ex. Sess. 1921, c. 66, s. 7; 1925, c. 49.)


General Statutes 142-1 to 142-9, both inclusive, as amended, shall be applicable to all bonds or certificates of the State heretofore issued and now outstanding, and to all bonds or certificates of the State that may hereafter be issued in accordance with any law now in force or hereafter to be enacted. However, any provisions of G.S. 142-1 to G.S. 142-9 in conflict with the "Registered Public Obligations Act", Chapter 159E of the General Statutes, shall not apply. (Code, s. 3570; 1887, c. 287, ss. 3; Rev., s. 5028; C.S., s. 7408; Ex. Sess. 1921, c. 66, s. 7; 1965, c. 181, s. 2; 1983, c. 322, s. 2.)

§ 142-9. Duties performed by other officers.

If the Council of State shall at any time find that either the Governor or the State Treasurer is unable by reason of absence, disability, or otherwise, to sign any bonds or certificates, the Lieutenant-Governor may sign the same in lieu of the Governor, and they may be signed in lieu of the Treasurer by any member of the Council of State designated by it. (1864-5, c. 24; Code, s. 3567; Rev., s. 5024; C.S., s. 7409; Ex. Sess. 1921, c. 66, s. 8.)

§ 142-10. Chief clerk may issue when Treasurer unable to act.

Whenever it shall appear by formal finding of the Governor and Council of State, within seven days before any bonds or notes of the State or any interest thereon shall fall due, that it is advisable to issue notice of the State to provide for the renewal or payment of such bonds, notes or interest and that the State Treasurer is unable for any reason to negotiate or to issue such notes, it shall be the duty of the chief clerk of the State treasury, if the issuance of such notice shall have been authorized by law, upon certification to him of such finding, and in the name of the State Treasurer, to make all necessary negotiations and to sign and deliver such notes for value and to attach thereto the seal of the State Treasurer. (1927, c. 12.)

§ 142-11. When bonds deemed duly executed.

State bonds duly authorized by law and approved by the Governor and Council of State shall be regarded as duly executed by proper officers if signed and sealed while in office by the officer or officers then authorized to sign and seal the same, notwithstanding one or more of such officers shall not be in office at the time of actual delivery of such bonds. (1925, c. 2.)

§ 142-12. State bonds exempt from taxation.

Bonds and other evidences of indebtedness issued by the State are exempt from State taxation to the extent provided in the act authorizing their issuance. If the act authorizing the issuance of the instruments does not address exemption from taxation, then they are exempt from taxation by the State or any of its subdivisions, except for inheritance or gift taxes, income taxes on the gain.
from the transfer of the instruments, and franchise taxes. Unless the act authorizing the issuance of the instruments provides otherwise, the interest on the instruments is not subject to taxation as income. (1852, c. 10, s. 4; R.C., c. 90, s. 5; Code, s. 3565; Rev., s. 5022; C.S., s. 7410; 1995, c. 46, s. 14.)

§ 142-12.1. Effect of federal taxation of interest income on state or local bonds on issuance thereof; continuation of state tax exemptions.

(a) It is hereby found, determined and declared that:
   (1) From time to time bills have been introduced in the United States Congress providing that the interest on all or certain state and municipal bonds or debt obligations, whether issued by or on behalf of states or local governmental units, be subject to federal income taxation; and
   (2) The Tax Reform Act of 1986 requires, in certain circumstances, the inclusion in the gross income of the recipient thereof of interest on bonds or obligations issued by or on behalf of certain state or local governmental units for purposes of federal income tax which heretofore would have been exempt from federal income taxation.

(b) Nothing in any act, general, special or private, shall be deemed to limit or restrict the right of the State or any agency or instrumentality thereof, or The University of North Carolina or any agency or instrumentality thereof, or any county, city, town, special district, authority or other political subdivision or local governmental unit or any agency or instrumentality thereof, to issue, or have issued on its behalf, bonds or obligations the interest income on which is or may be subject to federal income taxation.

(c) The interest on any of these bonds or obligations shall maintain its existing exemption from State income taxation, or other taxation, if any, notwithstanding that the interest may be or become subject to federal income taxation as a result of legislative action by the federal government.

(d) If the provisions of this section are inconsistent with the provisions of any other laws, the provisions of this section shall be controlling. (1987, c. 587, ss. 1-4; 1995, c. 41, s. 10.)


All canceled bonds, notes and interest coupons of the State may be destroyed in one of the following ways, in the discretion of the Treasurer:

(1) Method 1. The Treasurer shall make an entry in a substantially bound book kept by him for the purpose of recording the destruction of bonds, notes and coupons, showing
   a. With respect to bonds and notes, the designation, the date of issue, serial numbers (if any), denomination, maturity date, and total principal amount.
   b. With respect to coupons, the designation and date of the bonds to which the coupons appertain, the maturity date of the coupons and, as to each maturity date, the denomination, quantity and total amount of coupons.

   After this entry has been made, the paid bonds, notes or coupons shall be destroyed, by either burning or shredding, in the presence of the Council of State. Each member of the Council of State in attendance shall certify under his hand in the book kept by the Treasurer that he saw the bonds, notes or coupons
destroyed. Canceled bonds, notes or coupons shall not be destroyed until after one year from the date of payment.

(2) Method 2. The Treasurer may contract with the bank or trust company acting as paying agent for a bond issue for the destruction of bonds and interest coupons which have been canceled by the paying agent. The contract shall require that the paying agent give the Treasurer a written certificate of each destruction containing the same information required by Method 1 to be entered in the record of destroyed bonds and coupons. The certificates shall be filed among the permanent records of the Treasurer. Canceled bonds or coupons shall not be destroyed until one year from the date of payment.

The provisions of G.S. 121-5 and 132-3 shall not apply to any such paid bonds, notes or coupons.

Notwithstanding the foregoing, in lieu of destroying all canceled bonds, notes and interest coupons, the Treasurer is authorized, with the approval of the Council of State, to distribute the bonds, notes, and coupons to the public schools of North Carolina and to the Department of Natural and Cultural Resources to be used for educational and historical purposes. The Department of Public Instruction and the Department of Natural and Cultural Resources may cooperate and assist in implementing such purposes. (1879, c. 98, s. 8; Code, s. 3578; Rev., s. 5035; C.S., s. 7415; 1941, c. 28; 1975, c. 527; 1987, c. 522, s. 1; 2015-241, s. 14.30(s).)


Whenever the State Treasurer shall be authorized by law to issue bonds or notes of the State, and all acts, conditions and things required by law to happen, exist and be performed, before the delivery thereof for value, shall have happened, shall exist and shall have been performed, except the printing, lithographing or engraving of the definitive bonds or notes authorized and the execution thereof, the State Treasurer is authorized, by and with the consent of the Governor and Council of State, to issue and deliver for value temporary bonds or notes, with or without coupons, which may be printed or lithographed in any denomination or denominations which may be a multiple of one thousand dollars ($1,000), and shall be signed and sealed as shall be provided for the signing and sealing of such definitive bonds or notes, and shall be substantially of the tenor of such definitive bonds or notes except as herein otherwise provided and except that such temporary bonds or notes shall contain such provisions as the Treasurer may elect as to the conditions of payment of the semiannual interest thereon. Every such temporary bond or note shall bear upon its face the words "Temporary Bond (or Note) Exchangeable for Definitive Bond." Upon the completion and execution of the definitive bonds or notes, such temporary bonds or notes shall be exchangeable without charge therefor to the holder of such temporary bonds or notes for definitive bonds or notes of an equal amount of principal. Such exchange shall be made by the Treasurer or by a bank or trust company in North Carolina or elsewhere appointed by him as agent which shall have a capital and surplus of not less than the amount of the definitive bonds or notes to be so exchanged, and in making such exchange the Treasurer shall detach from the definitive bonds or notes all coupons which represent interest theretofore paid upon the temporary bonds or notes to be exchanged therefor, and shall cancel all such coupons; and upon such exchange such temporary bonds or notes and the coupons attached thereto, if any, shall be forthwith canceled by the Treasurer of such agent. Until so exchanged, temporary bonds and notes issued under the authority hereof shall in all respects be entitled to all the rights and privileges of the definitive securities. (1925, c. 43.)
§ 142-15. Reimbursement of Treasurer for interest.
Whenever it shall become necessary for the State Treasurer to borrow money to provide the maintenance fund for any State institution, the said Treasurer is authorized to deduct from the sum appropriated for maintenance of said institution the amount of interest the Treasurer shall have to pay for the use of said fund. This section shall apply to all future laws creating a maintenance fund for any State institution, unless said laws shall specifically state otherwise. (1923, c. 210; C.S., s. 7466(a).)

§ 142-15.1. Lost, stolen, defaced, or destroyed State bonds.
(a) If lost, stolen, or completely destroyed, any State bond, note, or coupon may be reissued in the same form and tenor upon the owner's furnishing to the satisfaction of the State Treasurer:
   (1) Proof of ownership,
   (2) Proof of loss or destruction,
   (3) A surety bond in twice the face amount of bond or note and coupon, and
   (4) Payment of the cost of preparing and issuing the new bond, note, or coupon.
(b) If defaced or partially destroyed, any State bond, note, or coupon may be reissued in the same form and tenor to the bearer or registered holder, at his expense, upon surrender of the defaced or partially destroyed bond, note, or coupon and on such other conditions as the State Treasurer may prescribe. The State Treasurer may also provide for authentication of defaced or partially destroyed bonds, notes, or coupons instead of reissuing them.
(c) Each new State bond, note, or coupon issued under this section shall be signed by the State Treasurer and shall contain a recital to the effect that it is issued in exchange for or replacement of a certain bond, note, or coupon (describing it sufficiently to identify it) and is to be deemed a part of the same issue as the original bond, note, or coupon.
(d) Before taking action under this section to replace, exchange, or authenticate a State bond, note, or coupon, the State Treasurer shall obtain the advice and consent of the Council of State. (1971, c. 780, s. 36.)

§ 142-15.3. Capital appreciation bonds.
(a) Cross-Reference. – The provisions of G.S. 159-99 govern capital appreciation bonds.
(b) Authorization. – The State is authorized to issue capital appreciation bonds pursuant to the provisions of The State and Local Government Revenue Bond Act. The State is authorized to issue capital appreciation bonds pursuant to the provisions of applicable law and pursuant to the provisions of any law enacted in the future. (1987-650, ss. 2, 4 and 5; 2004-170, s. 41(a), (b).)

§ 142-15.4. Savings from refinancing of general obligation bonds to be placed in the Savings Reserve.
(a) Whenever general obligation bonds issued or incurred by the State are refinanced:
   (1) The General Assembly shall not reduce the funds appropriated for servicing the refinanced debt during the fiscal biennium in which the refinancing occurs.
   (2) The State Controller shall, in conjunction with the State Treasurer, periodically transfer the savings resulting from the refinancing of the debt to the Savings Reserve established pursuant to G.S. 143C-4-2 during the fiscal biennium in which the refinancing occurs.
(3) The Director of the Budget shall, in the fiscal biennium immediately following the refinancing, adjust the amount of debt service funded in the base budget so that it aligns with actual debt service needs.

(b) Subsection (a) of this section applies only if, and to the extent that, the balance of the Savings Reserve remains below the recommended Savings Reserve balance developed pursuant to G.S. 143C-4-2(f).

(c) This section does not apply to general obligation bond indebtedness of the State serviced by the Highway Fund or Highway Trust Fund or other transportation-related debt financing arrangements.

(d) If, and to the extent that, the balance of the Savings Reserve is at or above the recommended Savings Reserve balance developed pursuant to G.S. 143C-4-2(f), whenever general obligation bonds issued or incurred by the State are refinanced, the following shall apply:

1. The General Assembly shall not reduce the funds appropriated for serving the refinanced debt during the fiscal biennium in which the refinancing occurs.
2. The State Controller shall, in conjunction with the State Treasurer, periodically transfer the savings resulting from the refinancing of the debt to the Unfunded Liability Solvency Reserve, established under G.S. 143C-4-10, during the fiscal biennium in which the refinancing occurs.
3. In the fiscal biennium immediately following the refinancing, the Director of the Budget shall adjust the amount of debt service funded in the base budget so that it aligns with the actual debt service needs. (2015-241, s. 6.23(a); 2017-5, s. 3; 2018-30, s. 2(a).)

§ 142-15.5: Reserved for future codification purposes.

§ 142-15.6: Reserved for future codification purposes.

§ 142-15.7: Reserved for future codification purposes.

§ 142-15.8: Reserved for future codification purposes.

§ 142-15.9: Reserved for future codification purposes.

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§ 142-15.10: Reserved for future codification purposes.

§ 142-15.11: Reserved for future codification purposes.

§ 142-15.12: Reserved for future codification purposes.

§ 142-15.14: Reserved for future codification purposes.