State of South Dakota

EIGHTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2012

921T0283

SENATE BILL NO. 101

Introduced by: Senators Hansen (Tom), Frerichs, Gray, Juhnke, Maher, and Novstrup (Al)
and Representatives Kirkeby, Cronin, Fargen, Munsterman, and Street

1 FOR AN ACT ENTITLED, An Act to authorize counties and townships to borrow money using

2   promissory notes.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4   Section 1. That chapter 7-21 be amended by adding thereto a NEW SECTION to read as

5 follows:

6   The provisions of § 7-21-16 or any other provision of law notwithstanding, a county may

7 borrow money from any source willing to lend the money by issuing a promissory note subject

8 to the limitations set in sections 2 to 5, inclusive, of this Act. Notes issued pursuant to this

9 section are payable solely from the sources provided in section 2 of this Act and do not

10 constitute an indebtedness of the county within the meaning of any constitutional or statutory

11 provisions or limitations. The notes shall specify the authority under which the notes are issued

12 and shall state that the notes are issued in conformity with the provisions, restrictions, and

13 limitations of sections 2 to 5, inclusive, of this Act and that the notes and the interest on the

14 notes are payable from the sources specified in sections 2 to 5, inclusive, of this Act. The notes

15 shall be authorized, issued, and sold in accordance with chapter 6-8B. No election is required,

1   and the notes may not be issued for a term in excess of five years.

2   Section 2. That chapter 7-21 be amended by adding thereto a NEW SECTION to read as

3   follows:

4   The money borrowed pursuant to section 1 of this Act may not exceed the sum of ninety-five

5   percent of the amount of uncollected taxes levied by the county for the current fiscal year plus

6   other receivables of the fund, including state or federal grant moneys, that have been earned by

7   the county or committed by the state or federal governments but not collected at the date of

8   borrowing.

9   Section 3. That chapter 7-21 be amended by adding thereto a NEW SECTION to read as

10   follows:

11   If any registered warrants or promissory notes are outstanding against the fund for which the

12   money is to be borrowed, the borrowing limit specified in section 2 of this Act is reduced by the

13   amount of the outstanding warrants or promissory notes.

14   Section 4. That chapter 7-21 be amended by adding thereto a NEW SECTION to read as

15   follows:

16   The rate of interest for a promissory note authorized by section 1 of this Act shall be stated

17   on the note. The note shall be signed by the chair of the board of county commissioners and by

18   the county auditor.

19   Section 5. That chapter 7-21 be amended by adding thereto a NEW SECTION to read as

20   follows:

21   If a note authorized by sections 1 to 4, inclusive, of this Act has been issued and not paid

22   in full within the term provided in section 1 of this Act, no cash receipts may be expended for

23   any purpose except the retirement of principal and interest of notes outstanding against that

24   fund, until all such notes are retired.

1   Section 6. That chapter 8-10 be amended by adding thereto a NEW SECTION to read as

2   follows:

3   The provisions of §§ 8-10-7, 8-10-8, 8-10-9, or any other provision of law notwithstanding,

4   a township may borrow money from any source willing to lend the money by issuing a

5   promissory note subject to the limitations set in sections 7 to 10, inclusive, of this Act. Notes

6   issued pursuant to this section are payable solely from the sources provided in section 7 of this

7   Act and do not constitute an indebtedness of the township within the meaning of any

8   constitutional or statutory provisions or limitations. The notes shall specify the authority under

9   which the notes are issued and shall state that the notes are issued in conformity with the

10   provisions, restrictions, and limitations of sections 7 to 10, inclusive, of this Act and that the

11   notes and the interest on the notes are payable from the sources specified in sections 7 to 10,

12   inclusive, of this Act. The notes shall be authorized, issued, and sold in accordance with chapter

13   6-8B. No election is required, and the notes may not be issued for a term in excess of five years.

14   Section 7. That chapter 8-10 be amended by adding thereto a NEW SECTION to read as

15   follows:

16   The money borrowed pursuant to section 6 of this Act may not exceed the sum of ninety-five

17   percent of the following: the amount of uncollected taxes levied by the township for the current

18   calendar year, the unreceived amount of motor vehicle registration fees to be apportioned and

19   distributed by the county for the current calendar year, and other receivables of the fund,

20   including state or federal grant moneys, that have been earned by the township or committed by

21   the state or federal governments but not collected at the date of borrowing.

22   Section 8. That chapter 8-10 be amended by adding thereto a NEW SECTION to read as

23   follows:

24   If any registered warrants or promissory notes are outstanding against the fund for which the

1   money is to be borrowed, the borrowing limit specified in section 7 of this Act is reduced by the

2   amount of the outstanding warrants or promissory notes.

3   Section 9. That chapter 8-10 be amended by adding thereto a NEW SECTION to read as

4   follows:

5   The rate of interest for a promissory note authorized by section 6 of this Act shall be stated

6   on the note. The note shall be signed by the chair of the township board of supervisors and by

7   the township treasurer.

8   Section 10. That chapter 8-10 be amended by adding thereto a NEW SECTION to read as

9   follows:

10   If a note authorized by sections 6 to 9, inclusive, of this Act has been issued and not paid

11   in full within the term provided in section 6 of this Act, no cash receipts may be expended for

12   any purpose except the retirement of principal and interest of notes outstanding against that

13   fund, until all such notes are retired.