

SENATE BILL 117

By Watson

AN ACT to authorize the state of Tennessee, acting by resolutions of its funding board, to issue and sell its bonds and bond anticipation notes to provide for acquisition of equipment and sites, and erection, construction, and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments, and extraordinary repairs to existing structures, for construction of highways, and repair, replacement, or rehabilitation of bridges, and for grants to any county, metropolitan government, incorporated town, city, special district of the state, or any governmental agency or instrumentality of any of them; to make grants to industrial development corporations to provide for acquisition of equipment and acquisition, site preparation, erection, construction, and equipment of sites and buildings; and infrastructure improvements and development; and to provide for the expenditure of said funds; to issue its debt in excess of the authorized amount to fund discount and costs of issuance; and to provide for the expenditure of said funds. This act makes appropriations for an indefinite period of time for the purpose of allocating the proceeds of the bonds and notes authorized by this act.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The state of Tennessee, acting by resolution of its funding board, is hereby authorized and empowered to issue and sell direct general obligation interest-bearing bonds of the state of Tennessee in amounts not to exceed thirty million dollars (\$30,000,000) to effectuate the purposes specified in Section 4 of this act. Further, the funding board is authorized to sell bonds in amounts not to exceed two and one-half percent (2.5%) of the amounts specified above and authorized in Section 4 for the purpose of funding discount and costs of issuance. Such bonds may be issued and sold in one (1) block or in several

installments and separately or together with other general obligation bonds of the state of Tennessee as the board may determine after advertisement as provided by law.

SECTION 2. The bonds and the interest-bearing coupons attached thereto, if any, must be in such form, mature at such time or times within twenty (20) years from the date of their issuance, be executed in such manner, be payable at such place or places both as to principal and interest, and be in such denomination and bear such rate of interest, payable in such manner as the funding board shall by resolution direct; provided, however, that the maximum rate determined by the funding board must not exceed the legal rate as provided in Tennessee Code Annotated, Section 47-14-103. The bonds must be sold by the funding board after advertisement as provided by law, together with the accrued interest thereon, and, when they have been sold, the proceeds derived from the sale thereof must be paid to the state treasurer to be disbursed by the treasurer and other fiscal officers and agencies of the state as provided by the general law and this act. The bonds and interest payable thereon are exempt from taxation by the state of Tennessee or by any county, municipality, or taxing district of the state except inheritance, transfer, and estate taxes.

SECTION 3. When the bonds are so issued and sold, they are direct general obligations of the state of Tennessee for the payment of which well and truly to be made according to the tenor, effect, and terms thereof the full faith and credit of the state, together with its taxing power must irrevocably be pledged; and the bonds as authorized herein must be issued agreeable to the terms of Tennessee Code Annotated, Title 9, Chapter 9; and they must be financed, retired, and paid both as to principal and interest as provided in that chapter and must be subject to the terms and conditions therein and herein contained. When the bonds are sold and proceeds paid over to the state treasurer, the funds must be paid out by the treasurer and the proper fiscal officers of the state, as provided by general law, but only on order of the proper administrative authorities of the agency or department herein named for the benefit of which the

bonds have been authorized and only to the extent the bonds have in fact been issued for the benefit of the agency or department.

SECTION 4. The proceeds of any and all issues of bonds herein authorized must be allocated to the Tennessee higher education commission to be allocated and expended for the purpose of capital outlay and maintenance for institutions of higher education. In its discretion, the funding board is authorized to issue bonds in amounts not to exceed two and one-half percent (2.5%) of the amounts specified above, the proceeds of which are to be allocated to the funding board and expended for the purpose of funding discount and the costs of issuance.

SECTION 5. The proper authorities heretofore enumerated and charged with the duty of expending the funds have authority to proceed with the projects authorized herein and for that purpose may hire an architect or architects, advertise for low bids, and award contracts to low bidders, all within the provisions of the general law, expressly including the provisions of Tennessee Code Annotated, Title 4, Chapter 15, and in agreement with the terms of this act. A contract, including a contract for architectural services, involving a project authorized by this act which is subject to the approval of the state building commission must not be entered into unless and until that contract is approved by the building commission.

SECTION 6. The appropriation made to each agency or department as provided in Section 4 may be applied as determined by the funding board to bear its appropriate portion of discount and costs of issuance.

SECTION 7. Pending the issuance of the definite bonds authorized by this act, the state of Tennessee, acting by resolution of its funding board, is hereby authorized and empowered to issue and sell, either at public or private sale, together with accrued interest thereon, its interest-bearing bond anticipation note or notes. The note or notes must be authorized by resolution of the funding board and must bear the date or dates as the resolution or resolutions provide. The note or notes must bear interest at the rate or rates, be in such denominations, be in such form,

be executed in such manner, be payable in such medium of payment, at such place or places, and mature on such date or dates, subject to such terms and conditions as the resolution or resolutions may provide. In its discretion, the funding board may provide that a bond anticipation note or any renewal of the note may mature more than five (5) years from the date of issue of the original note; provided, that an amortization schedule of repayment of principal is established for the project funded by the note, and provisions are made such that any note or renewal note or bond refunding such note attributed to the financing of the project shall be redeemed or retired either twenty-five (25) years from the date of issue of the original note or twenty (20) years from the date the project is completed and placed in full service, whichever is earlier. Provisions of general law with respect to authentication, execution, and registration of general obligation bonds of the state of Tennessee also apply to the notes to the extent applicable. The note or notes and the interest payable thereon are exempt from taxation by the state of Tennessee or by any county, municipality, or taxing district of the state except inheritance, transfer, and estate taxes. Any resolution or resolutions of the funding board authorizing the issuance of the bond anticipation note or notes must provide that the same are issued in anticipation of the bonds authorized hereunder and must further provide that the full faith and credit of the state of Tennessee are pledged to the payment thereof.

SECTION 8. Bonds must not be issued under the authority of this act until such time as the general assembly has appropriated sufficient funds to pay the first year's obligation of principal and interest on the amount of bonds to be issued, and the state funding board has determined that the funds are available.

SECTION 9. If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared to be severable.

SECTION 10. This act takes effect upon becoming a law, the public welfare requiring it.