WEST VIRGINIA CODE CHAPTER 13 ARTICLE 4

WV Legislature

§13-4-1. Definitions.

Unless the context clearly indicates otherwise, as used in this article:

(1) "Federal subsidy bonds" means any state or local government bonds authorized for sale under the Internal Revenue Code of 1986, as amended, for which a credit payment is available to the issuer or its designee. Certain Build America Bonds authorized under Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), codified at Section 54AA(g) of the Internal Revenue Code of 1986, as amended, are federal subsidy bonds.

(2) "Credit payment" means any payment to an issuer of federal subsidy bonds or its designee authorized under the provisions of the Internal Revenue Code to offset a portion of the interest paid on the bonds. Periodic credit payments received from the United States Secretary of the Treasury, as described in Section 6431(b) of the Internal Revenue Code, are credit payments.

(3) "Government entity" means the State of West Virginia, including any department, division, agency, bureau, board, commission, office or authority thereof, any political subdivision of the State of West Virginia including, but not limited to, any county, municipality or school district, and any other entity authorized by the provisions of this code to issue bonds, notes or other debt obligations.

(4) "General revenue bond" means a bond, note or other debt obligation issued by a government entity for which the government entity has pledged the full faith and credit, including a limited pledge, of such government entity to the repayment of the obligation.

(5) "Special revenue bond" means a bond, note or other debt obligation issued by a government entity for which the government entity pledges a dedicated revenue stream or other security interest to secure the repayment of the obligation.

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§13-4-2. Authority to issue federal subsidy bonds; election of credit payments; treatment of federal subsidy payments; exemption from taxation.

(a) A government entity authorized to issue bonds, notes or other debt obligations under the provisions of this code may issue federal subsidy bonds in the manner, and subject to the requirements, limitations and conditions, set forth in the provisions of the code that authorize the government entity to issue such bonds, notes or other debt obligations. This section may not be construed to grant bonding authority to any government entity or to expand the bonding authority of any government entity.

(b) A government entity that issues federal subsidy bonds may elect to receive credit payments.

(c) Credit payments shall be treated as special revenue in the case of special revenue bonds issued by a government entity or as general revenue in the case of general revenue bonds issued by a government entity. A government entity may use credit payments to pay future debt service on the federal subsidy bonds or for any other purpose allowable by law.

(d) Federal subsidy bonds issued by a government entity under this section shall be exempt from tax in the manner, and subject to the requirements, limitations and conditions, set forth in the provisions of this code that authorize the government entity to issue bonds, notes or other debt obligations.

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