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WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1984



ENROLLED

SENATE BILL NO. 744
Originating in the
(~~By~~ Committee on Finance)



PASSED *March 10,* 1984
In Effect *from* Passage



ENROLLED

Senate Bill No. 744

(Originating in the Committee on Finance.)

[Passed March 10, 1984; in effect from passage.]

AN ACT to amend and reenact sections one, two and four, article two, chapter thirteen of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to the issuance of refunding bonds by counties, municipal corporations, school districts and independent school districts; providing for the refunding of outstanding bonds in advance of the maturity or redemption thereof and for terms and conditions under which such bonds may be issued in an amount, or bearing interest at a rate, which exceeds the amount or interest rate of the bonds being refunded.

Be it enacted by the Legislature of West Virginia:

That sections one, two and four, article two, chapter thirteen of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted, all to read as follows:

ARTICLE 2. REFUNDING BONDS.

§13-2-1. What political divisions may issue refunding bonds; when issued.

1 Any county, by and through its county commission,
2 either for and on behalf of the county or for and on
3 behalf of any magisterial district or group of magisterial
4 districts therein; any municipal corporation, by and
5 through its council or other governing body in lieu there-
6 of; or any school district, or any independent school dis-

7 trict, by and through its board of education or other fiscal
8 body in lieu thereof, may, in the manner and subject to
9 the limitations and conditions contained in this article,
10 issue and sell its bonds for the purpose of refunding the
11 bonds of such political division which have become or
12 are becoming due and payable and for the discharge of
13 which there are or will be when the bonds mature no
14 funds or insufficient funds available; or when, in the
15 opinion of the governing body of the political division
16 obligated to the payment of such bonds, the rate of levy
17 necessary to provide funds for their discharge will impose
18 excessive taxes upon the taxpayers of such political di-
19 vision; or for the purpose of providing for the payment of
20 outstanding bonds in advance of the maturity or redemp-
21 tion thereof through the making of a deposit as provided
22 in section four of this article; or for the purpose of
23 rendering outstanding bonds not due when such outstand-
24 ing bonds are to be presented for payment before maturity
25 by the exercise of option provisions or by agreement
26 with the holders thereof. Such refunding bonds may be
27 issued bearing the same or a higher or lesser rate of
28 interest than the bonds to be refunded. Except to the
29 extent that additional taxes for such purpose have been
30 approved by the voters and the levy of such additional
31 taxes provided for in the manner stipulated in sections
32 seven through fourteen of article one of this chapter,
33 no such refunding bonds shall be issued bearing a higher
34 rate of interest than the bonds being refunded or shall
35 be issued in a principal amount exceeding the principal
36 amount of the bonds to be refunded unless the amount
37 of debt service payable on such refunding bonds in each
38 year is equal to or less than the amount of taxes expected
39 to be available therefor as shall be certified by the chair-
40 man of the West Virginia municipal bond commission
41 prior to the issuance of such refunding bonds. The
42 amount of taxes expected to be available in each year
43 for purposes of this section shall be based upon the rates
44 of levy stipulated in the order directing the election at
45 which the issuance of the bonds being refunded was
46 approved by the voters and upon the most recent
47 assessed valuation of the affected property prior to such

48 election. In the event only a portion of the bonds provided
49 for such order are being refunded or have been issued, an
50 appropriate reduction shall be made in the amount of
51 taxes expected to be available based upon the actual debt
52 service requirements of bonds which have been issued
53 but are not being refunded and the estimated debt service
54 requirements of bonds which have not been issued.

**§13-2-2. Terms of refunding bonds; time, place and amount
of payments.**

1 Upon determining to issue such refunding bonds, the
2 governing body of such political division shall, by resolu-
3 tion, authorize the issuance of such bonds in an amount
4 not exceeding the principal amount permitted by section
5 one of this article, fix the date thereof, the rate of interest
6 which such bonds shall bear, payable semiannually, and
7 require that the bonds shall bear, payable at the office
8 of the state treasurer and at such other place or places
9 as the body issuing the same may designate. Such reso-
10 lution shall also provide that such bonds shall mature
11 serially in annual installments beginning not more than
12 three years after the date thereof, and the last of such
13 annual installments shall mature in not exceeding thirty-
14 four years from the date of such bonds. The amount pay-
15 able in each year on the refunding bonds, together with
16 any unrefunded or unissued bonds of the prior issue, may
17 be so fixed that, when the amount of interest is added
18 to the principal amount to be paid during the respective
19 years, the total amount payable in each year shall be as
20 nearly equal as practicable; or such bonds may be made
21 payable in annual installments as nearly equal in prin-
22 cipal as may be practicable.

§13-2-4. Disposition of bonds; cancellation of original bonds.

1 The governing body of the political body of the political
2 subdivision issuing bonds under this article shall first
3 offer the bonds to the secretary of state of purchase by
4 any of the governmental agencies of the state authorized
5 by law to purchase such bonds, in accordance with the
6 provisions of section nine, article three of this chapter.
7 If the state does not purchase any or all of the bonds so

8 offered, the governing body may sell the same or any part
9 thereof and collect the proceeds, or such bonds may be
10 delivered to the holder or holders of the bonds to be
11 refunded in exchange therefor.

12 It is the intention of this article to authorize political
13 divisions, to issue bonds for the purpose of refunding
14 outstanding bonds without thereby contracting any addi-
15 tional indebtedness, and it shall be conditional upon the
16 delivery of any refunding bonds that a like principal
17 amount of the bonds to be refunded be cancelled and paid
18 simultaneously with the issuance and delivery of such
19 refunding bonds.

20 For all purposes of this section, bonds shall be consid-
21 ered to have been cancelled and paid in advance of their
22 due date or date of redemption if there shall have been
23 deposited with the West Virginia municipal bond com-
24 mission either:

25 (a) Moneys, sufficient to pay when and as due all
26 amounts of principal and interest payable on such bonds;
27 or

28 (b) Direct obligations of the United States of America
29 or the state of West Virginia, or obligations fully and
30 irrevocably secured as to the payment of both principal
31 and interest by such direct obligations, the payment on
32 which when due will provide moneys, sufficient to pay
33 when and as due all amounts of principal and interest
34 payable on such bonds.

35 All such amounts shall be set aside and held in trust
36 and irrevocably dedicated solely to the payment of such
37 bonds, except that amount in excess of the amounts re-
38 quired for the payment of the bonds so refunded may be
39 applied to the payment of costs related to the issuance,
40 carrying, insuring or servicing the refunding bonds, in-
41 cluding costs of credit or market enhancement services,
42 such as letters of credit, remarketing arrangements and
43 similar services. Any amount deposited pursuant to this
44 section may include amounts already held on deposit by
45 the West Virginia municipal bond commission for the
46 payment of the bonds to be refunded.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

James L. Davis

Chairman Senate Committee

Donald Anello

Chairman House Committee

Originated in the Senate.

In effect from passage.

Todd C. Hills

Clerk of the Senate

Donald L. Stapp

Clerk of the House of Delegates

Walter R. McHenry

President of the Senate

John M. Seese, Jr.

Speaker House of Delegates

The within *is approved* this the *30*
day of *March*, 1984.

John J. DeLoach

Governor



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