WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1984

ENROLLED

SENATE BILL NO. 744

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-
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[...]trict, by and through its board of education or other fiscal
body in lieu thereof, may, in the manner and subject to
the limitations and conditions contained in this article,
issue and sell its bonds for the purpose of refunding the
bonds of such political division which have become or
are becoming due and payable and for the discharge of
which there are or will be when the bonds mature no
funds or insufficient funds available; or when, in the
opinion of the governing body of the political division
obligated to the payment of such bonds, the rate of levy
necessary to provide funds for their discharge will impose
excessive taxes upon the taxpayers of such political di-
vision; or for the purpose of providing for the payment of
outstanding bonds in advance of the maturity or redemp-
tion thereof through the making of a deposit as provided
in section four of this article; or for the purpose of
rendering outstanding bonds not due when such outstand-
ing bonds are to be presented for payment before maturity
by the exercise of option provisions or by agreement
with the holders thereof. Such refunding bonds may be
issued bearing the same or a higher or lesser rate of
interest than the bonds to be refunded. Except to the
extent that additional taxes for such purpose have been
approved by the voters and the levy of such additional
taxes provided for in the manner stipulated in sections
seven through fourteen of article one of this chapter,
no such refunding bonds shall be issued bearing a higher
rate of interest than the bonds being refunded or shall
be issued in a principal amount exceeding the principal
amount of the bonds to be refunded unless the amount
of debt service payable on such refunding bonds in each
year is equal to or less than the amount of taxes expected
to be available therefor as shall be certified by the chair-
man of the West Virginia municipal bond commission
prior to the issuance of such refunding bonds. The
amount of taxes expected to be available in each year
for purposes of this section shall be based upon the rates
of levy stipulated in the order directing the election at
which the issuance of the bonds being refunded was
approved by the voters and upon the most recent
assessed valuation of the affected property prior to such
In the event only a portion of the bonds provided for such order are being refunded or have been issued, an appropriate reduction shall be made in the amount of taxes expected to be available based upon the actual debt service requirements of bonds which have been issued but are not being refunded and the estimated debt service 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 governing body of such political division shall, by resolution, authorize the issuance of such bonds in an amount not exceeding the principal amount permitted by section one of this article, fix the date thereof, the rate of interest which such bonds shall bear, payable semiannually, and require that the bonds shall bear, payable at the office of the state treasurer and at such other place or places as the body issuing the same may designate. Such resolution shall also provide that such bonds shall mature serially in annual installments beginning not more than three years after the date thereof, and the last of such annual installments shall mature in not exceeding thirty-four years from the date of such bonds. The amount payable in each year on the refunding bonds, together with any unrefunded or unissued bonds of the prior issue, may be so fixed that, when the amount of interest is added to the principal amount to be paid during the respective years, the total amount payable in each year shall be as nearly equal as practicable; or such bonds may be made payable in annual installments as nearly equal in principal 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 subdivision issuing bonds under this article shall first offer the bonds to the secretary of state of purchase by any of the governmental agencies of the state authorized by law to purchase such bonds, in accordance with the provisions of section nine, article three of this chapter.
2 If the state does not purchase any or all of the bonds so
offered, the governing body may sell the same or any part
thereof and collect the proceeds, or such bonds may be
delivered to the holder or holders of the bonds to be
refunded in exchange therefor.

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

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

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

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

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

J. C. Stith
Clerk of the Senate

Donald A. Keyser
Clerk of the House of Delegates

Wanda P. McSwee
President of the Senate

James M. Gee, Jr.
Speaker House of Delegates

The within ________ approved ________ this the ________ day of _______, 1984.

J. D. Pickler
Governor