

HB 204 with HCA 1 -- GENERAL OBLIGATION BONDS

SPONSOR: Curtman

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Government Efficiency by a vote of 10 to 0.

This bill requires a political subdivision maintaining a credit rating of "A" or higher to sell refunding general obligation bonds and general obligation bonds at public sale through a competitive bid process after giving reasonable notice of the sale. Any municipality that retains or employs an independent municipal advisor is exempt from these provisions. The bonds must be sold for an amount not less than 95% of the value of the bonds and at an interest rate not exceeding 14% per year. A financial advisor involved with any sale of bonds cannot underwrite the issue. Any municipal advisor who provides services to an issuing political corporation or subdivision must be independent of the underwriter.

The State Treasurer may provide assistance regarding the issuance of bonds, notes, or other indebtedness in order to obtain the lowest possible net interest costs to a political corporation or subdivision if it makes a request.

HCA 1: Removes the provisions regarding the sell of refunding general obligation bonds; prohibits a municipality advisor from underwriting the securities; and defines municipal advisor

PROPOSERS: Supporters say that this bill will provide useful financing tools to municipalities while ensuring that the best practices are followed.

Testifying for the bill was Representative Curtman.

OPPOSERS: There was no opposition voiced to the committee.