SB 563 - AS INTRODUCED

2020 SESSION

SENATE BILL 563

AN ACT relative to authorizing the issuance of bonds or notes by a municipality.


COMMITTEE: Election Law and Municipal Affairs

ANALYSIS

This bill requires a 3/5 vote in certain municipalities to authorize the issuance of bonds or notes.

Explanation: Matter added to current law appears in bold italics. Matter removed from current law appears in brackets and struckthrough. Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
AN ACT relative to authorizing the issuance of bonds or notes by a municipality.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Municipal Finance Act; Town or District Bonds or Notes. Amend RSA 33:8 to read as follows:
2 33:8 Town or District Bonds or Notes. Except as otherwise specifically provided by law, the
3 issue of bonds or notes by any municipal corporation, except a city or a town which has adopted a
4 charter pursuant to RSA 49-B, without a budgetary town meeting, [and except a school district or
5 municipality which has adopted official ballot voting procedures pursuant to RSA 40:13] shall be
6 authorized by a vote by ballot of \[\frac{2}{3} \times \frac{3}{5}\] and the issue of tax anticipation notes, by a vote of a
7 majority, of all the voters present and voting at an annual or special meeting of such corporation,
8 called for the purpose. [The issue of notes or bonds by a school district or municipality which has
9 adopted official ballot voting procedures pursuant to RSA 40:13 shall be authorized by a vote of \( \frac{3}{5} \).]
10 The issue of notes or bonds by a municipality that has adopted an optional form of legislative body
11 under RSA 49-D:3, I-a or RSA 49-D:3, II-a shall be authorized by either a 2/3 or 3/5 vote as adopted
12 and provided for in the charter. If such charter does not specify which majority vote is required,
13 then the required majority vote shall be \[\frac{2}{3} \times \frac{3}{5}\]. Only votes in the affirmative or negative shall be
14 included in the calculation of any majority. No such action taken at any special meeting shall be
15 valid unless a majority of all the legal voters are present and vote at such special meeting, unless the
16 governing board of any municipality shall petition the superior court for permission to hold an
17 emergency special meeting, which, if granted, shall give said special meeting the same authority as
18 an annual meeting. The warrant for a special meeting shall be published once in a newspaper
19 having a general circulation in the municipality within one week after the posting of such special
20 meeting. The warrant for any such annual or special meeting shall be served or posted at least 14
21 days before the date of such special meeting. Every warrant shall be deemed to have been duly
22 served or posted, if the return on the warrant shall so state, and it shall be certified by the officer or
23 officers required to serve or post the same. All bonds or notes, authorized in accordance with this
24 chapter, shall be signed by the governing board, or a majority of the governing board, and
25 countersigned by the treasurer of the municipality, and shall have the corporate seal, if any, affixed
26 to it. The discretion of fixing the date, maturities, denominations, the interest rate, or discount rate
27 in the case of notes, the place of payment, the form and other details of said bonds or notes and of
28 providing for the sale of such bonds or notes, may be delegated to the governing board or to the
29 treasurer and shall, to the extent provision therefor shall not have been made in the vote authorizing
30 the same, be deemed to have been delegated to the governing board. Bonding authority under this
31 section may be limited or rescinded as provided in RSA 33:8-f.
2 Municipal Electric Revenue Bonds; Authorization and Issuance. Amend RSA 374-B:2, I to read as follows:

I. Any municipality, when authorized by a [2/3] 3/5 vote as defined in RSA 33:8 for bonds or notes not in excess of $100,000, or in RSA 33:8-a for other bonds or notes for towns and village districts or in RSA 33:9 for cities, may, subject to the approval of the commission under RSA 369:1, borrow money through the issue of revenue bonds to finance project costs, or its share of project costs, of electric power facilities. The commission in rendering its decision shall, in addition to the other requirements of said RSA 369:1, approve only such issue as the commission finds, after notice and opportunity for hearing, is appropriate to finance an electric power facility which is both consistent with the power needs of the state and necessary to supply the load plus reserve requirements created by the municipality's retail customers, and by such wholesale customers as may have existed on the day of the vote of the municipality, said load plus reserve requirements to be forecast by the municipality at a time 3 years beyond the scheduled date for commencement of commercial operation of the facility; in evaluating the ability of the municipality to supply its load plus reserve requirements at said time, the commission shall deduct from these requirements all capacity in other generating units to which the municipality will then be entitled by ownership or contract, including any contracts for the purchase of electricity to be in force at said time. The project costs to be financed may include finance charges, interest prior to and during the carrying out of any project and for a reasonable period thereafter, prepayments under contracts made pursuant to RSA 374-A:2, the funding of notes issued for project costs as hereinafter provided, such reserves for debt service (including a common reserve for debt service established pursuant to an agreement for consolidation of indebtedness under paragraph VI) or other capital or current expenses as may be required by a trust agreement or resolution securing notes or bonds, and all other expenses incidental to the determination of the feasibility of any project or to carrying out the project or to placing the project in operation.

3 Municipal Electric Revenue Bonds; Temporary Notes. Amend RSA 374-B:3 to read as follows:

374-B:3 Temporary Notes. In anticipation of the authorization or issue of bonds under this chapter, and subject to the approval of the commission under RSA 369:1 or RSA 369:7, a municipality, when authorized by a [2/3] 3/5 vote as defined in RSA 33:8 for towns and village districts or in RSA 33:9 for cities, may issue temporary notes. Subject to the terms of the commission's approval and of the authorizing vote, the municipality may provide for the sale of the notes at public or private sale and may determine the interest rate or rates, maturity or maturities, redemption privileges, if any, form, denomination or denominations and place or places of payment or provide for the determination thereof by the treasurer. Temporary notes issued hereunder shall be executed in the manner provided herein for bonds and shall be payable within 6 years from their respective dates, but the principal of and interest on notes issued for a shorter period may be renewed or paid from time to time by the issue of other notes under this chapter, provided the period...
from the date of issue of an original note to the maturity of any note issued to renew or pay the same
debt or the interest thereon shall not exceed 6 years. Unless otherwise provided in the authorizing
vote or in the approval of the commission, the municipality may cause notes to be refunded to the
extent provided in this chapter. To the extent of any borrowing in anticipation of bonds, the
maximum maturity of an equivalent amount of the bonds shall be measured from the date of the
anticipatory borrowing.

4 Municipal Electric Revenue Bonds; Revenue Refunding Bonds. Amend RSA 374-B:12 to read
as follows:

374-B:12 Revenue Refunding Bonds. Any municipality having bonds outstanding under this
chapter, when authorized by a 2/3 vote as defined in RSA 33:8 for towns and village districts
and in RSA 33:9 for cities, may issue refunding bonds for the purpose of paying bonds issued by or on
its behalf, at maturity or upon acceleration or redemption, subject to the approval of the commission
under RSA 369:1. The refunding bonds may be issued in sufficient amounts to pay or provide the
principal of the bonds being refunded, together with any redemption premium thereon, any interest
accrued or to accrue to the date of payment of such bonds, the expenses of issue of the refunding
bonds, the expenses of redeeming the bonds being refunded, and such reserves for debt service
(including a common reserve for debt service established pursuant to an agreement for consolidation
of indebtedness under RSA 374-B:2, VI) or other capital or current expenses from the proceeds of
such refunding bonds as may be required by a trust agreement or resolution securing bonds or notes.
The refunding bonds may be issued not more than 5 years prior to the maturity or redemption date
of bonds being refunded. The issue of refunding bonds, the maturities and other details thereof, the
security therefor, the rights of the holders thereof, and the rights, duties and obligations of the
municipality in respect of the same shall be governed by the provisions of this chapter relating to the
issue of bonds other than refunding bonds insofar as the same may be applicable, but no bonds shall
be refunded to a date later than the refunded bonds could have matured hereunder.

5 Effective Date. This act shall take effect 60 days after its passage.