

House Bill 441

By: Representatives Cummings of the 27<sup>th</sup>, Shanahan of the 10<sup>th</sup>, Irvin of the 45<sup>th</sup> and McBee of the 88<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 1 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated,  
2 relating to general provisions relative to bonds, so as to provide requirements for pension  
3 obligation bonds; to define certain terms; to provide that no political subdivision shall issue  
4 any pension obligation bond without a certain certification of the state auditor; to provide that  
5 no governmental entity, authority, or retirement or pension fund shall purchase any pension  
6 obligation bonds; to provide for a reserve fund; to provide for related matters; to provide an  
7 effective date; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 1 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, relating to  
11 general provisions relative to bonds, is amended by inserting at the end thereof the following:

12 "36-82-9.

13 (a) As used in this Code section, the term:

14 (1) 'Annual savings' means the difference between the annual debt service payments on  
15 pension obligation bonds and the annual required contribution to fund the unfunded  
16 actuarial accrued liability of the pension fund.

17 (2) 'Level debt structure' means the establishment of a bond repayment schedule that  
18 requires equal annual debt service payments, including both principal and interest, over  
19 the life of the debt issue.

20 (3) 'Pension obligation bond' means a bond issued as a general obligation bond in  
21 accordance with the provisions of this chapter, the proceeds of which are deposited with  
22 the government's retirement system administrator to liquidate, in whole or in part, the  
23 government's unfunded accrued actuarial liability to the government's retirement plan.

24 (b) No political subdivision shall issue any pension obligation bond unless the state auditor  
25 has certified that such bonds comply fully with the provisions of this Code section.

26 (c) All pension obligation bonds shall:

- 1 (1) Be general obligation bonds subject to the provisions of the Constitution of the State  
2 of Georgia and this chapter relating to general obligation bonds;
- 3 (2) Be included as a component of the total debt of the political subdivision subject to  
4 the debt limits provided in Article IX, Section V of the Constitution of the State of  
5 Georgia;
- 6 (3) Be issued on a competitive basis;
- 7 (4) Specify a level debt structure; and
- 8 (5) Specify a maturity not longer than 20 years.
- 9 (d) An amount not less than 5 percent of the annual savings shall be deposited into a  
10 reserve fund as protection against changes that might impact the future financial condition  
11 of the pension system.
- 12 (e) Neither the political subdivision issuing pension obligation bonds nor any department,  
13 agency, authority, retirement system, or pension fund of such political subdivision shall  
14 purchase the pension obligation bonds so issued."

15 **SECTION 2.**

16 This Act shall become effective upon its approval by the Governor or upon its becoming law  
17 without such approval.

18 **SECTION 3.**

19 All laws and parts of laws in conflict with this Act are repealed.