

House Bill 695 (AS PASSED HOUSE AND SENATE)

By: Representatives Smith of the 175th, Turnquest of the 73rd and Dukes of the 161st

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 17 of Title 50 of the Official Code of Georgia Annotated, relating to state
2 debt, investment, and depositories, so as to make the State Financing and Investment
3 Commission responsible for the proper application of an appropriation for capital outlay and
4 for the proper disbursement of an appropriation to it for public school capital outlay; to make
5 the commission and the State Board of Education concurrently responsible for the proper
6 application of an appropriation to the commission for public school capital outlay; to provide
7 for grant administration services for state agencies and instrumentalities by the construction
8 division of the commission; to provide for construction related and grant administration
9 services for local governments, their instrumentalities, and other political subdivisions by the
10 construction division of the commission; to repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 style="text-align:center">**SECTION 1.**

13 Chapter 17 of Title 50 of the Official Code of Georgia Annotated, relating to state debt,
14 investment, and depositories, is amended in Code Section 50-17-22, relating to the State
15 Financing and Investment Commission, by striking subsection (a) and paragraph (2) of
16 subsection (b) and inserting in lieu thereof the following:

17 *"(a) Responsibilities.* Subject to the limitations contained in this article, the commission
18 shall be responsible for the issuance of all public debt incurred hereunder, for the proper
19 application of the proceeds of such debt to the purposes for which it is incurred, for the
20 proper application of an appropriation to the commission for capital outlay to the purpose
21 for which it is appropriated, and for the application and administration of this article;
22 provided, however, that the proceeds of guaranteed revenue obligations shall be paid to the
23 issuer thereof, and such proceeds and the application thereof shall be the responsibility of
24 the issuer. The commission shall also be responsible for the proper disbursement of an
25 appropriation to it for public school capital outlay, and the commission and the State Board
26 of Education will be concurrently responsible for its proper application. The commission
27 shall be responsible for the issuance of guaranteed revenue debt, except that bonds

1 themselves evidencing such debt shall be in the name of the instrumentality of this state
2 issuing the same and shall be issued and executed in accordance with the laws relative to
3 such instrumentality and the applicable provisions of this article."

4 "(2) There shall be a construction division of the commission administered by a director
5 who shall not be a member of the commission and who shall also serve as the executive
6 secretary for the commission. The director and the staff of the construction division shall
7 be appointed by and serve at the pleasure of the commission, shall provide administrative
8 support for all personnel of the commission, and shall account for and keep all records
9 pertaining to the operation and administration of the commission and its staff. The
10 director, as executive secretary, shall prepare agenda and keep minutes of all meetings
11 of the commission. In construction and construction related matters, the construction
12 division shall act in accordance with the policies, resolutions, and directives of the
13 Georgia Education Authority (Schools) and the Georgia Education Authority (University)
14 until such time as such policies, resolutions, or directives are changed or modified by the
15 commission. In carrying out its responsibilities in connection with the application of any
16 funds under its control, including the proceeds of any debt or any appropriation made
17 directly to it for construction purposes, the commission is specifically authorized to
18 acquire and construct projects for the benefit of any department or agency of the state or
19 to contract with any such department or agency for the acquisition or construction of
20 projects under policies, standards, and operating procedures to be established by the
21 commission; provided, however, that the commission shall contract with the Department
22 of Transportation or the Georgia Highway Authority or the State Tollway Authority or
23 any combination of the foregoing for the supervision of and contracting for design,
24 planning, building, rebuilding, constructing, reconstructing, surfacing, resurfacing, laying
25 out, grading, repairing, improving, widening, straightening, operating, owning,
26 maintaining, leasing, and managing any public roads and bridges for which general
27 obligation debt has been authorized. The construction division also shall perform such
28 construction related services and grant administration services for state agencies and
29 instrumentalities and for local governments, instrumentalities of local governments, and
30 other political subdivisions as may be assigned to the commission or to the construction
31 division by executive order of the Governor."

32 SECTION 2.

33 Said chapter is further amended in Code Section 50-17-27, relating to the application and
34 investment of public debt proceeds, by striking subsection (b) and inserting in lieu thereof
35 the following:

1 "(b) Proceeds received from the sale of bonds evidencing general obligation debt shall be
2 held in trust by the commission and disbursed promptly by the commission in accordance
3 with the original purpose set forth in the authorization of the General Assembly and in
4 accordance with rules and regulations established by the commission. Bond proceeds and
5 other proceeds held by the commission shall be as fully invested as is practical, consistent
6 with the proper application of such proceeds for the purposes intended. Investments shall
7 be limited to general obligations of the United States or of subsidiary corporations of the
8 United States government fully guaranteed by such government, or to obligations issued
9 by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank,
10 Bank for Cooperatives, Federal Farm Credit Banks, or to tax exempt obligations issued by
11 any state, county, municipal corporation, district, or political subdivision, or civil division
12 or public instrumentality of any such government or unit of such government, or to the
13 units of any unit investment trusts the assets of which are exclusively invested in
14 obligations of the type described above, or to the shares of any mutual fund the investments
15 of which are limited to securities of the type described above and distributions from which
16 are treated for federal income tax purposes in the same manner as the interest on said
17 obligations, provided that at the time of investment such obligations or the obligations held
18 by any such unit investment trust or the obligations held or to be acquired by any such
19 mutual fund are limited to obligations which are rated within one of the top two rating
20 categories of any nationally recognized rating service or any rating service recognized by
21 the commissioner of banking and finance, and no others. Income earned on any such
22 investments or otherwise earned by the commission shall be retained by the commission
23 and used to purchase and retire any public debt or any bonds or obligations issued by any
24 public agency, public corporation, or authority which are secured by a contract to which
25 the second paragraph of Article IX, Section VI, Paragraph I(a) of the Constitution of
26 Georgia of 1976 is applicable and may be used to pay operating expenses of the
27 commission. However, in order to provide for contingencies, efficiency, and flexibility,
28 the commission may agree by contract or grant agreement with county and independent
29 school systems that income earned during grant administration on a direct appropriation
30 of state funds to the commission for public school capital outlay will be applied to the
31 capital outlay purposes of the appropriation. Otherwise, the interest on direct
32 appropriations to the commission shall be deposited into the treasury."

33

SECTION 3.

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