

The House Committee on Ways and Means offers the following substitute to SB 514:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Title 36 of the Official Code of Georgia Annotated, relating to local government,  
2 so as to authorize the issuance of commercial paper by certain local governmental entities;  
3 to provide for procedures, conditions, and limitations; to provide for related matters; to  
4 provide an effective date; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Title 36 of the Official Code of Georgia Annotated, relating to local government, is amended  
8 by adding a new article at the end of Chapter 82, relating to bonds, to be designated Article  
9 10, to read as follows:

10 "ARTICLE 10

11 36-82-240.

12 As used in this article, the term:

13 (1) 'Governing body' means the board, commission, council, or other local legislative  
14 body of governmental entity.

15 (2) 'Governmental entity' shall mean and include only:

16 (A) Any county, municipal corporation, or consolidated government of this state; and

17 (B) Any local public authority having corporate powers which has been or may  
18 hereafter be created by general, local, or special Act of the General Assembly.

19 36-82-241.

20 (a) Whenever a governmental entity is authorized by law to issue bonds, notes, or  
21 certificates, including but not limited to general obligation bonds, revenue bonds, bond  
22 anticipation notes, tax anticipation notes, or revenue anticipation certificates, such

1 governmental entity is authorized to issue such obligation in the form of commercial paper  
2 notes. The issuance of commercial paper notes shall be subject to the same restrictions and  
3 provisions under the laws of this state which would be applicable to the issuance of the  
4 type of bond, note, or certificate in lieu of which the commercial paper notes are being  
5 issued. The governing body of any governmental entity may designate the commercial  
6 paper notes issued under this article to be in registered form or bearer form and may  
7 provide for payment by wire transfers or electronic funds transfer in accordance with the  
8 federal Electronic Fund Transfer Act, 15 U.S.C., Section 1693, et seq. The authority  
9 granted by this article to issue commercial paper notes shall not be construed to permit the  
10 governmental entity to increase or otherwise alter any debt limits.

11 (b) To secure commercial paper notes authorized under this article, a governmental entity  
12 may:

13 (1) Pledge its anticipated taxes, grants, other revenue, the proceeds of any bonds, notes,  
14 or other permanent financing, or any combination thereof;

15 (2) Segregate any pledged funds in separate accounts that may be held by the  
16 governmental entity or third parties;

17 (3) Enter into contracts with third parties to obtain standby lines of credit or other  
18 financial commitments designated to provide additional security for commercial paper  
19 notes authorized by this article;

20 (4) Establish any reserves deemed necessary for the payment of the commercial paper  
21 notes; and

22 (5) Adopt ordinances or resolutions and enter into agreements containing covenants,  
23 including covenants to issue bonds, notes, or other permanent financing and provisions  
24 for protection and security of the owners of commercial paper notes, which shall  
25 constitute enforceable contracts with such owners.

26 (c) Commercial paper notes authorized by this article may be in any form and contain any  
27 terms, including provisions for redemption at the option of the owner and provisions for  
28 the varying of interest rates in accordance with any index, banker's loan rate, or other  
29 standard.

30 (d) The governing body shall adopt an ordinance or resolution finding that issuance of the  
31 obligations in the form of commercial paper notes is necessary and desirable, directing the  
32 designated officer to arrange for preparation of the requisite number of suitable notes, and  
33 specifying other provisions relating to the commercial paper notes including the following:

34 (1) For each program of commercial paper notes authorized, the final date of maturity  
35 and the total aggregate principal amount of the commercial paper notes authorized to be  
36 outstanding at any one time up to the maturity date. The ordinance or resolution may  
37 provide that the commercial paper notes may be issued and renewed from time to time

1 until the final maturity date and that the amount issued from time to time may be set by  
2 a designated officer of the governmental entity up to the maximum amount authorized  
3 to be outstanding at any one time. The ordinance or resolution shall include methods of  
4 setting the dates, numbers, and denominations of the commercial paper notes;

5 (2) The method of setting the interest rates and interest payment dates applicable to the  
6 commercial paper notes. Commercial paper notes may bear a stated rate of interest  
7 payable only at maturity, which rate or rates may be determined at the time of sale of  
8 each unit of commercial paper notes;

9 (3) The maximum effective rate of interest the commercial paper notes shall bear;

10 (4) The manner of sale;

11 (5) The discount, if any, the governmental entity may allow;

12 (6) Any provisions for the redemption of the commercial paper notes prior to the stated  
13 maturity;

14 (7) The technical form and language of the commercial paper notes; and

15 (8) All other terms and conditions of the commercial paper notes and of their execution,  
16 issuance, and sale deemed necessary and appropriate by the governing body.

17 (e) The governing body, in the ordinance or resolution authorizing the issuance of  
18 commercial paper notes under this article, may delegate to any elected or appointed official  
19 or employee of the governmental entity the authority to determine maturity dates, principal  
20 amounts, redemption provisions, interest rates, and other terms and conditions of such  
21 commercial paper notes that are not appropriately determined at the time of enactment or  
22 adoption of the authorizing ordinance or resolution, which delegated authority shall be  
23 exercised subject to such parameters, limitations, and criteria as may be set forth in such  
24 ordinance or resolution.

25 (f) Any commercial paper notes may be sold at negotiated sale at a price below the par  
26 value thereof.

27 (g) For purposes of determining the principal amount of debt outstanding in connection  
28 with complying with any limitations on the amount of debt outstanding for a governmental  
29 entity, commercial paper notes shall be deemed outstanding at any time during the term of  
30 a program of commercial paper notes in an amount equal to the maximum amount  
31 authorized in the ordinance or resolution.

32 (h) The renewal and reissuance from time to time of the commercial paper notes pursuant  
33 to a commercial paper note program in an amount up to the maximum amount authorized  
34 by the ordinance or resolution shall be deemed to be a refunding of the previously maturing  
35 amount."

1 **SECTION 2.**

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

4 **SECTION 3.**

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