

HOUSE No. 6977

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, December 9, 1985.

The committee on Ways and Means, to whom was referred the message from His Excellency the Governor recommending legislation relative to enabling the State Treasurer to issue and sell refunding bonds (House, No. 6765), and the message from His Excellency the Governor recommending legislation relative to enabling the State Treasurer to issue and sell refunding bonds (House, No. 6971), reports recommending that the accompanying bill (House, No. 6977) ought to pass.

For the committee,

RICHARD A. VOKE.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Five.

AN ACT ENABLING THE STATE TREASURER TO ISSUE AND SELL REFUNDING BONDS.

1 *Whereas*, The deferred operation of this act would tend to defeat
2 its purpose, since the current favorable market opportunity may
3 cease to exist and the authorization by the federal government that
4 allows advance refunding may be severely restricted by the new
5 federal tax proposal, therefore it is hereby declared to be an emer-
6 gency law, necessary for the immediate preservation of the public
7 convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 29 of the General Laws is hereby amended
2 by adding after section 53 thereof the following new section:—
3 Section 53A. The state treasurer is hereby authorized, upon
4 request of the governor, to issue and sell refunding bonds of the
5 commonwealth in an amount to be specified by the governor from
6 time to time for the purpose of paying, at maturity or upon acceler-
7 ation or redemption, any bonds of the commonwealth then out-
8 standing, including the payment of any redemption premium there-
9 on and any interest accrued or to accrue to the date of maturity,
10 acceleration or redemption of such bonds, provided that the state
11 treasurer shall not issue any such refunding bonds unless he shall
12 find that the present value, discounted at such rate as he shall deem
13 appropriate, of the principal and interest payments due on the
14 refunding bonds is less than the present value, discounted at such
15 rate, of the principal and interest payments to be paid, from the
16 proceeds of such refunding bonds and investment earnings there-
17 on, on the bonds to be refunded. Such refunding bonds may be
18 issued at such time prior to the maturity, acceleration or redemp-
19 tion of the bonds to be refunded thereby as the state treasurer, with
20 the approval of the governor, may deem advisable. The issuance of

21 such bonds, the security therefor, the maturities and other details
22 thereof, the rights of the holders thereof and the rights, duties and
23 obligations of the commonwealth with respect thereto shall be
24 governed by the provisions of this chapter which relate to the
25 issuance of bonds, insofar as such provisions may be appropriate
26 therefor. Without limiting the generality of the foregoing, the
27 provisions of section forty-nine applicable to sinking funds estab-
28 lished with trustees shall apply to the deposit of refunding bond
29 proceeds with a trustee except that such proceeds shall be held for
30 the benefit of the holders of the bonds to be refunded thereby. All
31 bonds issued by the commonwealth as aforesaid shall be desig-
32 nated on their face General Obligation Refunding Bonds and shall
33 be issued for such maximum term of years, not exceeding thirty
34 years, as the governor may recommend to the general court pursu-
35 ant to Section 3 of Article LXII of the Amendments to the Consti-
36 tution of the Commonwealth, provided, however, that all such
37 bonds shall be payable not later than June thirtieth, two thousand
38 and thirty-five and that the bonds of any particular issue shall
39 mature not later than five years after the date of final maturity of
40 the bonds being refunded by such issue.

41 The state treasurer shall file a report with the house and senate
42 committees on Ways and Means no later than 30 days after the sale
43 of any General Obligation Refunding Bonds. Said report shall
44 include written documentation of compliance with the provisions
45 of this section, including but not limited to, the issue or issues to be
46 refunded, the projected dollar savings and the projected present
47 value savings.

1 SECTION 2. Notwithstanding any provision of law to the con-
2 trary, the bonds which the state treasurer is authorized to issue
3 under section fifty-three A of chapter twenty-nine of the General
4 Laws, as inserted by section one of this act, for the purpose of
5 refunding outstanding bonds of the commonwealth as provided in
6 said section fifty-three A shall be issued for terms not to exceed
7 thirty years, provided, however, that all such bonds shall be pay-
8 able not later than June thirtieth, two thousand and thirty-five and
9 that the bonds of any particular issue shall mature not later than
10 five years after the date of final maturity of the bonds being
11 refunded by such issue, as recommended by the governor in a

12 message to the general court dated November twenty-seventh nine-
13 teen hundred and eighty-five in pursuance of Section 3 of Article
14 LXII of the Amendments to the Constitution of the Commonwealth.