

HOUSE No. 2004

By Mr. Jordan of Revere, petition of Peter J. Jordan for permitting alternative uses to be made of proceeds of the sale of municipal bonds or notes upon completion, abandonment or discontinuance of original project. Municipal Finance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Fifty.

AN ACT PERMITTING ALTERNATIVE USES TO BE MADE OF PROCEEDS OF THE SALE OF MUNICIPAL BONDS OR NOTES UPON COMPLETION, ABANDONMENT OR DISCONTINUANCE OF ORIGINAL PROJECT.

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 44 of the General Laws is
2 hereby amended by striking out section 20, as most
3 recently amended by chapter 60 of the acts of 1947,
4 and inserting in place thereof the following section:—
5 *Section 20.* The proceeds of any sale of bonds or
6 notes, except premiums, shall be used only for the
7 purposes specified in the authorization of the loan
8 except as otherwise authorized by this section. If a
9 balance remains after the completion of the project
10 for which the loan was authorized, such balance may
11 at any time be appropriated for any purposes for which
12 a loan may be incurred for an equal or longer period

13 of time. If a loan has been issued for a specified pur-
14 pose, a city by a two thirds vote of all of the members
15 of the city council, or a town by a two thirds vote of
16 the voters present and voting thereon at an annual
17 town meeting, may vote to abandon or discontinue
18 the project, and the proceeds of the loan, or balance
19 of such proceeds, may thereafter be appropriated for
20 any other purpose for which a loan may be authorized
21 for an equal or longer period of time. After the com-
22 pletion of the project for which the loan was author-
23 ized, or after a vote to abandon or discontinue such
24 project as provided herein, any balance of such pro-
25 ceeds may be placed at interest in savings banks, trust
26 companies incorporated under the laws of the com-
27 monwealth, or national banks, or invested by cities
28 and towns in shares of co-operative banks, or in se-
29 curities which are legal investments for savings banks,
30 and while deposited or invested in such manner such
31 proceeds may be appropriated for the purposes per-
32 mitted by this section. While such proceeds are de-
33 posited or invested as permitted herein, the income
34 therefrom, and so much of the principal sum thereof
35 as may be necessary, shall be used for and applied to
36 the redemption of such bonds or notes. Any premiums
37 received upon such bonds or notes, less the cost of
38 preparing, issuing and marketing them, shall be ap-
39 plied to the payment of the principal of the first bonds
40 or notes to mature, and the contributions from other
41 sources for the payment of said bonds or notes shall
42 be reduced correspondingly.

1 SECTION 2. The provisions of this act shall apply
2 to the proceeds of all bonds or notes issued after the
3 effective date hereof, and to the unexpended portion

4 of the proceeds of any bonds or notes issued on or
5 before the effective date hereof.

1 SECTION 3. This act shall become effective im-
2 mediately upon its passage.

