

1 H.747

2 Introduced by Representatives Emmons of Springfield and Myers of Essex

3 Referred to Committee on

4 Date:

5 Subject: State Treasurer; bonding; Municipal Bond Bank

6 Statement of purpose of bill as introduced: This bill proposes to amend the
7 State Treasurer's authority to intercept State funding to a municipality or
8 school district in the event such entity is in default on a bond borrowed through
9 the Municipal Bond Bank.

10 An act relating to the State Treasurer's authority to intercept State funding
11 to a municipality or school district in default from a Municipal Bond Bank
12 borrowing

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. 24 V.S.A. § 4555 is amended to read:

15 § 4555. DUTIES OF STATE TREASURER

16 (a) The ~~state treasurer~~ State Treasurer may receive from the United States
17 of America or any department or agency thereof any amounts of money as and
18 when appropriated, allocated, granted, turned over, or in any way provided for
19 the purposes of the ~~bank~~ Bank or this chapter, and the amounts shall be
20 credited to and deposited in the reserve fund or revenue bond reserve funds, as
21 appropriate, and be available to the ~~bank~~ Bank.

1 * * *

2 (c) ~~To the extent that~~ Upon receipt by the state treasurer is the custodian of
3 ~~any moneys payable to a governmental unit at any time subsequent to~~ State
4 Treasurer of written notice to him or her from the bank Bank, or the corporate
5 trustee exercising rights on behalf of the holders of bonds issued by the Bank,
6 ~~that the~~ a governmental unit is in default on the payment of principal or interest
7 ~~on any a municipal bonds bond or revenue bonds of the governmental unit then~~
8 bond acquired or held or owned by the bank Bank, the state treasurer must
9 ~~withhold the payment of that money from that governmental unit until the~~
10 ~~amount of the principal or interest then due and unpaid has been paid to the~~
11 ~~bank, or until the state treasurer has been advised that arrangements,~~
12 ~~satisfactory to the bank, have been made for the payment of the principal and~~
13 ~~interest~~ State Treasurer shall immediately withhold all further payment to the
14 governmental unit of any or all funds appropriated and payable by the State to
15 the governmental unit, until the default is cured. During the default period, the
16 State Treasurer shall make direct payment of all, or as much as is necessary, of
17 the withheld amounts to the Bank, or at the Bank's direction, to the trustee or
18 paying agent for the bonds, so as to cure, or cure insofar as possible, the
19 default as to the bond or the interest on the bond.

20 (d) Any payments described in subsection (c) of this section made by the
21 State Treasurer to the Bank, or the Bank's trustee or paying agent for the bond,

1 shall be credited as if made directly by the governmental unit. The payment
2 shall be offset against any appropriation otherwise payable to the governmental
3 unit by the State during each fiscal year. Upon receipt of the payment, the
4 Bank, or the Bank's trustee or paying agent, shall provide written notice of the
5 payment to the governmental unit.

6 (e) Nothing in this section shall be construed:

7 (1) to limit, impair, or impede the rights or remedies granted to the
8 holders of bonds issued by the Bank and the governmental units;

9 (2) to require the State to continue the payment of State aid or assistance
10 to any governmental unit;

11 (3) to limit or prohibit the State from repealing or amending any law
12 relating to State aid or assistance, including the manner and time of payment or
13 apportionment, or the amount of aid or assistance;

14 (4) to create any obligation on the part of the State Treasurer or the State
15 to make any payment on behalf of a defaulting governmental unit other than
16 from funds appropriated and payable to a defaulting governmental unit by the
17 State.

18 Sec. 2. EFFECTIVE DATE

19 This act shall take effect on July 1, 2016.