

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 426

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO STATE'S GUARANTY AND BONDHOLDERS; AMENDING SECTION 33-5303,
2 IDAHO CODE, TO PROVIDE THAT GUARANTEED BONDS THAT ARE ADVANCE REFUNDED
3 AND BOND PROCEEDS HELD IN ESCROW NO LONGER HAVE THE BENEFIT OF THE GUAR-
4 ANTY PROVIDED BY CHAPTER 53, TITLE 33, IDAHO CODE, FROM AND AFTER THE
5 DATE ON WHICH THE PROCEEDS FROM THE ADVANCE REFUNDING HAVE BEEN PLACED
6 IN AN IRREVOCABLE ESCROW AND TO MAKE TECHNICAL CORRECTIONS.
7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section 33-5303, Idaho Code, be, and the same is hereby
10 amended to read as follows:

11 33-5303. STATE'S GUARANTY -- MONITORING OF FINANCIAL SOLVENCY CON-
12 TRACT WITH BONDHOLDERS -- GUARANTY -- LIMITATION AS TO CERTAIN REFUNDED
13 BONDS.

14 (1) (a) The state of Idaho pledges to and agrees with the holders of
15 any bonds that the state will not alter, impair, or limit the rights
16 vested by the default avoidance program with respect to the bonds until
17 the bonds, together with applicable interest, are fully paid and dis-
18 charged.

19 (b) Notwithstanding ~~subsection (1)~~ paragraph (a) of this subsection,
20 nothing contained in this chapter precludes an alteration, impairment,
21 or limitation if adequate provision is made by law for the protection of
22 the holders of the bonds.

23 (c) Each school district may refer to this pledge and undertaking by the
24 state in its bonds.

25 (2) (a) The sales tax of the state is pledged to guarantee full and
26 timely payment of the principal of, either at the stated maturity or
27 by any advancement of maturity pursuant to a mandatory sinking fund
28 payment, and interest on, refunding bonds issued on and after March 1,
29 1999, for voter-approved bonds which were voted on by the electorate
30 prior to March 1, 1999, and voter-approved bonds which were voted on
31 by the electorate on and after March 1, 1999, as such payments shall
32 become due, except that in the event of any acceleration of the due
33 date of such principal by reason of mandatory or optional redemption
34 or acceleration resulting from default or otherwise, other than any
35 advancement of maturity pursuant to a mandatory sinking fund payment,
36 the payments guaranteed shall be made in such amounts and at such times
37 as such payments of principal would have been due had there not been any
38 such acceleration.

39 (b) This guaranty does not extend to the payment of any redemption pre-
40 mium.

1 (c) Reference to this chapter by its title on the face of any bond con-
2 clusively establishes the guaranty provided to that bond under provi-
3 sions of this chapter.

4 (3) (a) Any bond guaranteed under this chapter that is currently re-
5 funded and considered paid for, no longer has the benefit of the guar-
6 anty provided by this chapter from and after the date on which that bond
7 was considered to be paid.

8 ~~(b) Any refunding bond issued by a school district that is itself se-~~
9 ~~cured by government obligations until the proceeds are applied to pay~~
10 ~~refunded bonds is not guaranteed under the provisions of this chapter,~~
11 ~~until the refunding bonds cease to be secured by government obligations~~
12 In accordance with section 57-504(7), Idaho Code, any bond guaranteed
13 under this chapter that is advance refunded and is itself secured by
14 bond proceeds held in escrow no longer has the benefit of the guaranty
15 provided by this chapter from and after the date on which the proceeds
16 from the advance refunding have been placed in an irrevocable escrow.

17 (4) Only validly issued bonds issued after the effective date of this
18 chapter are guaranteed under this chapter.