**South Carolina General Assembly**

118th Session, 2009-2010

**S. 1432**

**STATUS INFORMATION**

General Bill

Sponsors: Senator Setzler

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Introduced in the Senate on May 11, 2010

Currently residing in the Senate Committee on **Finance**

Summary: Political subdivision

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

5/11/2010 Senate Introduced and read first time [SJ](file:///h:\SJ%20Archive\2010\05-11-10.docx)‑4

5/11/2010 Senate Referred to Committee on **Finance** [SJ](file:///h:\SJ%20Archive\2010\05-11-10.docx)‑4

**VERSIONS OF THIS BILL**

[5/11/2010](file:///p:\pprever\2009-10\1432_20100511.docx)

**A** **BILL**

TO AMEND SECTION 6‑5‑10 OF THE 1976 CODE, RELATING TO AUTHORIZED INVESTMENTS BY POLITICAL SUBDIVISIONS, TO ALLOW REFINANCING AND REFUNDING OF CERTAIN BONDS UNDER THE BUILD AMERICA BONDS PROGRAM; TO AMEND SECTION 11‑14‑110, RELATING TO DEFEASANCE OF OUTSTANDING PUBLIC OBLIGATIONS AUTHORIZED, TO ALLOW REFINANCING AND REFUNDING OF CERTAIN BONDS UNDER THE BUILD AMERICA BONDS PROGRAM; AND TO AMEND SECTION 11‑21‑60, RELATING TO DISPOSITION OF PROCEEDS OF REFUNDING BONDS, TO ALLOW REFINANCING AND REFUNDING OF CERTAIN BONDS UNDER THE BUILD AMERICA BONDS PROGRAM.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 6‑5‑10(d) of the 1976 Code is amended to read:

“(d) For purposes of subsection (a), in the case of a defeased obligation, an obligation shall be treated as the obligation of the ~~issuer~~ issuers of the ~~obligation~~ defeasance obligations included in the qualifying defeasance escrow for the defeased obligation. ~~A ‘defeased~~ ‘Defeased obligation’ means any obligation the payment of which is secured and payable solely from a qualifying defeasance escrow ~~and~~, the terms of which qualifying defeasance escrow may not be amended or modified without the consent of each of the holders of the defeased obligation. A ‘qualifying defeasance escrow’ means a deposit of ~~securities, including~~ defeasance obligations~~,~~ with a trustee or similar fiduciary under the terms of an agreement that requires the trustee or fiduciary to apply the proceeds of any interest payments or on and, at maturity, the principal of, the defeasance ~~obligation to the payment of the defeased obligation and when the trustee or fiduciary has received verification from a certified public accountant that the payments will be sufficient to pay the defeased obligation timely. A defeasance obligation must not be callable or subject to prepayment by the issuer and it must be~~ obligations to the payment of the principal of, redemption premium, if any, and interest on the defeased obligation. A ‘defeasance obligation’ is a direct general obligation of the United States and its agencies, or an obligation the payment of principal and interest on which is fully and unconditionally guaranteed by the United States, which must not be callable or subject to repayment by the issuer thereof.”

SECTION 2. Section 11‑14‑110 of the 1976 Code is amended to read:

“Section 11‑14‑110. The State, acting through the State Budget and Control Board, all agencies and institutions and all counties, municipal corporations, authorities, special purpose districts and other political units may effect the defeasance of any outstanding bonds, notes, or other obligations by depositing in a special irrevocable trust fund, to be held by the State Treasurer or a bank or other financial institution approved by the State Treasurer, obligations provided for in Section 6‑5‑10(a)(1), Section 6‑5‑10(a)(2), general obligation bonds of the State, its institutions, agencies, school districts, and political subdivisions, and moneys which will provide the sums required to pay when due the principal of, redemption premium, if any, and interest on the bonds sought to be defeased. Upon the establishment and funding in full of such special trust fund, the bonds so defeased shall no longer be deemed outstanding for any purpose.”

SECTION 3. Section 11‑21‑60 of the 1976 Code is amended to read:

“Section 11‑21‑60. On the delivery of any refunding bonds issued pursuant to this chapter, the proceeds of the bonds, less the proceeds of that portion of any refunding bonds issued pursuant to Chapter 17, Title 6 for improvements, must be deposited with a corporate trustee and held by it under a written trust agreement and in a special trust account, except that the accrued interest, if any, must be used to discharge in part the first interest to become due on the refunding bonds. It is the duty of the corporate trustee to keep the proceeds invested and reinvested to the extent practical in obligations ~~of the United States or any agency of the United States~~ provided for in Section 6‑5‑10(a)(2), general obligation bonds of the State, its institutions, agencies, school districts, and political subdivisions, and to apply the principal and interest of the trust so established in the manner prescribed in the trust agreement.”

SECTION 4. This act takes effect upon approval by the Governor.

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