INTRODUCED

April 28, 2011

**H. 4149**

Introduced by Reps. Hodges and R.L. Brown

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Read the first time April 28, 2011.

**A** **BILL**

TO AUTHORIZE THE BOARD OF TRUSTEES OF THE SCHOOL DISTRICT OF COLLETON COUNTY TO ISSUE GENERAL OBLIGATION BONDS OF THE SCHOOL DISTRICT WITHIN ITS CONSTITUTIONAL DEBT LIMIT NOT TO EXCEED TWO MILLION FIVE HUNDRED THOUSAND DOLLARS IN ONE OR MORE SERIES, TO DEFRAY THE LOSS OF AMERICAN REINVESTMENT AND RECOVERY ACT FUNDS AND EDUCATION FINANCE ACT FUNDS TO THE SCHOOL DISTRICT, TO PRESCRIBE THE CONDITIONS UNDER WHICH THE BONDS MAY BE ISSUED AND THE PURPOSES FOR WHICH THE PROCEEDS MAY BE EXPENDED, AND TO MAKE PROVISION FOR THE PAYMENT OF THE BONDS.

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

SECTION 1. (A) The General Assembly finds that the School District of Colleton County will experience a revenue shortfall upon the loss of American Reinvestment and Recovery Act funds and Education Finance Act funds due to a change in student count and future budget cuts which has resulted in a budgetary crisis. In responding to this financial crisis, the board of trustees of the school district is exploring all of its options, including but not limited to eliminating teaching and other staff positions, eliminating programs, and increasing class size.

(B) There presently exists no statutory authorization for the school district to incur bonded indebtedness to fund an operating deficit or to fund current operating expenditures. The General Assembly has determined to authorize the board of trustees of the school district to issue general obligation bonds of the school district to fund the deficit and operating expenditures to the extent permitted under the constitutional debt limit applicable to the school district under Section 15, Article X of the Constitution of this State.

(C) By using the proceeds of general obligation bonds as provided for herein, the school district could minimize the impact of eliminating teaching and other staff positions, eliminating programs and increasing class size.

SECTION 2. For the purpose of funding operating expenditures for Fiscal Years 2010‑2011, 2011‑2012 and 2012‑2013 so as to mitigate a deficit for fiscal years 2010‑2011, 2011‑2012 and 2012‑2013, the board may on or before December 31, 2013, issue, without an election, general obligation bonds of the school district, in an amount within the constitutional debt limitation applicable to the school district.

SECTION 3. Bonds issued pursuant to this act mature on the dates the board prescribes.

SECTION 4. Bonds issued pursuant to this act may be issued with a provision for their redemption prior to their maturity at par and accrued interest, plus a redemption premium as may be prescribed by the board, but no bond is redeemable before maturity, unless it contains a statement to that effect. In the proceedings authorizing the issuance of the bonds, provision must be made specifying the manner of call and the notice of call must be given.

SECTION 5. Bonds issued pursuant to this act must be in the form of fully registered bonds payable upon conditions as the board may prescribe.

SECTION 6. Bonds issued pursuant to this act must be in a denomination and must be made payable at a place, within or without the State, as the board prescribes.

SECTION 7. Bonds issued pursuant to this act bear interest at a rate or rates determined by the board.

SECTION 8. Bonds must be executed in a manner as the board prescribes by resolution.

SECTION 9. Bonds issued pursuant to this act must be sold at a price of not less than par and accrued interest, if any, to the date of their respective deliveries. Bonds authorized by this act may be sold at private or public sale upon the terms prescribed by the board.

SECTION 10. For the payment of principal of and interest on all bonds issued pursuant to this act, as they respectively mature, and for the creation of a sinking fund as may be necessary therefor, the full faith, credit, and taxing power of the school district must be irrevocably pledged, and there may be levied annually by the Auditor of Colleton County, and collected by the Treasurer of Colleton County, in the same manner as county taxes are levied and collected, a tax without limit on all taxable property in the school district sufficient to pay the principal of and interest on the bonds as they respectively mature and to create a sinking fund as may be necessary therefor.

SECTION 11. The principal of and interest on bonds issued pursuant to this act have the tax‑exempt status prescribed by Section 12‑2‑50.

SECTION 12. The proceeds derived from the sale of any bonds issued pursuant to this act must be paid to the Treasurer of Colleton County, to be deposited in a bond account fund for the school district and must be expended and made use of by the board as follows:

(a) any accrued interest must be applied to the payment of the first installment of interest to become due on the bonds;

(b) any premium may be applied to the payment of the first installment of principal on the bonds or be deposited in the bond fund account for the school district;

(c) the remaining proceeds of the bonds must be used to defray the cost of issuing bonds authorized by this act and to fund operating expenditures for Fiscal Years 2010‑2011, 2011‑2012 and 2012‑2013 so as to mitigate a deficit for Fiscal Years 2010‑2011, 2011‑2012, and 2012‑2013; and

(d) if any balance remains, it must be held by the Treasurer of Colleton County in a special fund to be used to effect the retirement of bonds.

SECTION 13. The powers and authorizations conferred upon the board by this act are in addition to all other powers and authorizations previously vested in the board and may be availed of pursuant to action taken at any regular or special meeting of the board by a resolution to take effect immediately upon its adoption.

SECTION 14. No elections prescribed as a condition precedent to the issuance of the bonds and no action other than that prescribed in this act need to be taken to effect the issuance of bonds nor are required to obtain the approval of any other public agency to any action taken pursuant to the authorizations by this act.

SECTION 15. In anticipation of the issuance of the bonds authorized by this act, the school district may issue bond anticipation notes in accordance with state law provisions for the issuance of same.

SECTION 16. This act takes effect upon approval by the Governor.

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