

§5772. General obligation securities

A municipality may issue general obligation securities for funding or refunding all or part of its debt and for any purpose for which it may raise money. [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

1. Anticipatory borrowing. The municipal officers authorized to issue securities may borrow money in anticipation of their sale by issuing temporary notes and renewal notes.

A. The total face amount of temporary notes and renewal notes issued under this subsection may not exceed at any one time outstanding the authorized amount of the securities. [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

B. The period of anticipatory borrowing under this subsection shall not exceed 3 years and the time within which these securities are to become due shall not be extended by anticipatory borrowing beyond:

(1) The time fixed in the vote authorizing their issue; or

(2) If no term is specified in that vote, beyond the term permitted by law. [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

2. Invalidity in original borrowing. A security authorized and issued for the purpose of funding or refunding a debt is not invalid because of any invalidity in the original borrowing.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

2-A. Financial statement required. The treasurer of the municipality shall prepare a signed statement to accompany any question submitted to the electors for ratification of a general obligation of the municipality bond issue. To meet this requirement, the signed statement of the municipal treasurer may be printed on the ballot or it may be printed as a separate document that is made available to voters. The statement must set forth:

A. The total amount of bonds of the municipality outstanding and unpaid, the total amount of bonds of the municipality authorized and unissued and the total amount of bonds of the municipality contemplated to be issued if the enactment submitted to the electors is ratified; [PL 1991, c. 548, Pt. D, §7 (NEW); PL 1991, c. 548, Pt. D, §10 (AFF).]

B. An estimate and explanation of costs involved, including varying interest rates, the estimated cost of interest on the bond amount to be issued, the total cost of principal and interest to be paid at maturity and any other substantive information relating to the debt of the municipality as the treasurer may consider appropriate; and [PL 2019, c. 371, §41 (AMD).]

C. A declaration that the validity of the bonds and of the voters' ratification of the bonds may not be affected by any errors in the estimate made pursuant to paragraph B. If the actual amount of the total debt service for the bond issue varies from the estimate, the ratification by the electors is nevertheless conclusive and the validity of the bond issue is not affected by reason of the variance. [PL 1991, c. 548, Pt. D, §7 (NEW); PL 1991, c. 548, Pt. D, §10 (AFF).]

[PL 2019, c. 371, §41 (AMD).]

3. Annual installments. Securities may be in serial form payable in annual installments, which need not be equal, the total amount of which shall extinguish the entire issue at maturity. The first such

installment must be payable within 5 years and the last such installment must be payable within 30 years after the date the securities are issued.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

4. Discretion in municipal officers. In the absence of a contrary provision in the vote authorizing the issuance of securities, the discretion to fix the date, maturities, denomination, interest rate, place of payment, form and other details of the securities and of providing for the sale of the securities is deemed to have been delegated to the municipal officers.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

5. Term securities. Term securities may be issued for a period not to exceed 10 years.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

6. Call for redemption. Securities may be issued which are subject to call for redemption with or without premium at the election of the municipality before the date fixed for final payment of the securities, provided:

A. Specific authority to issue callable securities is contained in the vote authorizing their issue; and [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

B. The securities when issued contain provisions setting forth:

(1) The method by which the option to call may be exercised;

(2) The procedure for payment in the event of call; and

(3) The legal effect of making the call. [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

7. Signatures. Securities issued by a municipality shall, in the absence of a contrary provision in a special Act of the Legislature or in the vote authorizing the securities, be signed by the treasurer and countersigned by a majority of the municipal officers.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

8. At least one manual signature; validity. Securities issued by a municipality and coupons, if any, attached to those securities shall be executed in the name of the municipality by the manual or facsimile signatures of the official or officials who are authorized to execute the securities, but at least one signature on each bond or note must be a manual signature. These securities and coupons, if properly executed by the municipal officers who are in office on the date the securities are actually executed, are valid and binding according to their terms, notwithstanding that before the securities are delivered and paid for, any or all such officers have ceased to hold office.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

9. Interest or dividend exemption from state taxation. Interest or dividends paid on general obligation securities issued under this section are exempt from taxation within the State, whether or not such income is subject to taxation under the United States Internal Revenue Code, as amended.

[PL 1993, c. 680, Pt. A, §27 (RPR).]

SECTION HISTORY

PL 1987, c. 737, §§A2,C106 (NEW). PL 1987, c. 873, §§2,3 (AMD). PL 1989, c. 6 (AMD). PL 1989, c. 9, §2 (AMD). PL 1989, c. 104, §§A50,C8,C10 (AMD). PL 1991, c. 548, §D7 (AMD). PL 1991, c. 548, §D10 (AFF). PL 1993, c. 680, §A27 (AMD). PL 2019, c. 371, §41 (AMD).

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