

1 HB749
2 116468-2
3 By Representative Knight (Constitutional Amendment)
4 RFD: Government Appropriations
5 First Read: 23-MAR-10

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8 SYNOPSIS: Under existing provisions of the
9 Constitution of Alabama of 1901, Amendments 666 and
10 796, now appearing as Sections 219.04 and 219.041
11 of the Official Recompilation of the Constitution
12 of Alabama of 1901, as amended, bonds issued to
13 refund existing general obligation bonds count
14 against the maximum aggregate principal amount of
15 general obligation bonds that may be issued
16 pursuant to said amendments.

17 This bill would propose an amendment to the
18 Constitution of Alabama of 1901, to provide that
19 bonds issued to refund bonds issued under said
20 Amendments 666 and 796, now appearing as Sections
21 219.04 and 219.041 of the Official Recompilation of
22 the Constitution of Alabama of 1901, as amended,
23 would not count against the maximum aggregate
24 principal amount of general obligation bonds that
25 may be issued pursuant to said amendments. In all
26 other respects, Amendments 666 and 796, now
27 appearing as Sections 219.04 and 219.041 of the

1 Official Recompilation of the Constitution of
2 Alabama of 1901, as amended, would remain unchanged
3 and in full force and effect.

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5 A BILL
6 TO BE ENTITLED
7 AN ACT
8

9 Proposing an amendment to the Constitution of
10 Alabama of 1901, as amended, to allow the issuance by the
11 State of general obligation refunding bonds under the
12 authority of Amendment 666, now appearing as Section 219.04 of
13 the Official Recompilation of the Constitution of Alabama of
14 1901, as amended, without regard to the maximum aggregate
15 principal limitations imposed thereon by Amendments 666 and
16 796, now appearing as Sections 219.04 and 219.041 of the
17 Official Recompilation of the Constitution of Alabama of 1901,
18 as amended.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

20 Section 1. The following amendment to the
21 Constitution of Alabama of 1901, as amended, is proposed and
22 shall become valid as a part thereof when approved by a
23 majority of the qualified electors voting thereon and in
24 accordance with Sections 284, 285, and 287 of the Constitution
25 of Alabama of 1901, as amended:

26 PROPOSED AMENDMENT

1 (a) General obligation bonds issued by the State
2 pursuant to the authority contained in Amendment 666, now
3 appearing as Section 219.04 of the Official Recompilation of
4 the Constitution of Alabama of 1901, as amended, for the
5 purpose of refunding general obligation bonds issued
6 thereunder may be issued without regard to the limitation on
7 aggregate principal amount imposed by Section VIII of said
8 Amendment 666, now appearing as Section 219.04 of the Official
9 Recompilation of the Constitution of Alabama of 1901, as
10 amended, as modified by paragraph (a) of Amendment 796, now
11 appearing as Section 219.041 of the Official Recompilation of
12 the Constitution of Alabama of 1901, as amended. Such general
13 obligation refunding bonds may be issued from time to time in
14 aggregate principal amounts (which may exceed the principal
15 amount of general obligation bonds being refunded) determined
16 by the Bond Commission established pursuant to Section IX of
17 Amendment 666, now appearing as Section 219.04 of the Official
18 Recompilation of the Constitution of Alabama of 1901, as
19 amended; provided, however, that no such general obligation
20 refunding bonds shall be issued unless (i) the present value
21 of all debt service on such general obligation refunding bonds
22 (computed with a discount rate equal to the true interest rate
23 of such general obligation refunding bonds and taking into
24 account all underwriting discount and other issuance expenses)
25 shall not be greater than 97 percent of the present value of
26 all debt service on the general obligation bonds to be
27 refunded (computed using the same discount rate and taking

1 into account the underwriting discount and other issuance
2 expenses originally applicable to such general obligation
3 bonds to be refunded) determined as if such general obligation
4 bonds to be refunded were paid and retired in accordance with
5 the schedule of maturities (considering mandatory redemption
6 as a scheduled maturity) provided at the time of their
7 issuance; and (ii) the average maturity of such general
8 obligation refunding bonds, as measured from the date of
9 issuance of such general obligation refunding bonds, shall not
10 exceed by more than three years the average maturity of the
11 general obligation bonds to be refunded, as also measured from
12 such date of issuance, with the average maturity of any
13 principal amount of general obligation bonds to be determined
14 by multiplying the principal of each maturity by the number of
15 years (including any fractional part of a year) intervening
16 between such date of issuance and each such maturity, taking
17 the sum of all such products, and then dividing such sum by
18 the aggregate principal amount of general obligation bonds for
19 which the average maturity is to be determined.

20 (b) Except to the extent modified hereunder, the
21 terms and provisions of Amendments 666 and 796, now appearing
22 as Sections 219.04 and 219.041 of the Official Recompilation
23 of the Constitution of Alabama of 1901, as amended, shall
24 remain in full force and effect.

25 Section 2. An election upon the proposed amendment
26 shall be held in accordance with Sections 284 and 285 of the
27 Constitution of Alabama of 1901, now appearing as Sections 284

1 and 285 of the Official Recompilation of the Constitution of
2 Alabama of 1901, as amended, and the election laws of this
3 state.

4 Section 3. The appropriate election official shall
5 assign a ballot number for the proposed constitutional
6 amendment on the election ballot and shall set forth the
7 following description of the substance or subject matter of
8 the proposed constitutional amendment:

9 "Proposing an amendment to the Constitution of
10 Alabama of 1901, to allow issuance by the State of general
11 obligation refunding bonds under the authority of Amendments
12 666 and 796, now appearing as Sections 219.04 and 219.041 of
13 the Official Recompilation of the Constitution of Alabama of
14 1901, as amended, that would not count against the maximum
15 aggregate principal limitations imposed by Amendments 666
16 (Section 219.04) and 796 (Section 219.041)."

17 "Proposed by Act _____."

18 This description shall be followed by the following
19 language:

20 "Yes () No ()."

21 Section 4. Notice of the election on the proposed
22 amendment shall be given by proclamation of the governor
23 published in every county in the state for four successive
24 weeks next preceding the day herein appointed for the
25 election, such publication to be made once a week for four
26 consecutive weeks next preceding the day so appointed, in a
27 newspaper published in each such county; provided, that in any

1 county in which there may be no newspaper published, the
2 proclamation shall be published by posting, for a period of
3 not less than four consecutive weeks next preceding the day so
4 appointed, a copy of the said proclamation at each courthouse
5 in the said county. A newspaper shall be deemed to be
6 published in a county, within the meaning of this section, if
7 its principal editorial office is located in that county.