

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 218

BY EDUCATION COMMITTEE

AN ACT

1 RELATING TO SCHOOL BONDS; AMENDING SECTION 33-1107, IDAHO CODE, TO REVISE
2 PROVISIONS RELATING TO THE ISSUANCE OF SCHOOL BONDS, TO ESTABLISH CER-
3 TAIN PROVISIONS RELATING TO AN ANNUAL TAX LEVY, TO ESTABLISH PROVISIONS
4 RELATING TO THE ADOPTION OF AN AMORTIZATION PLAN, TO PROVIDE THAT BONDS
5 MAY BE ISSUED AS SERIAL OR TERM BONDS, TO ESTABLISH PROVISIONS RELATING
6 TO INTEREST AND THAT EACH BOND SHALL BE NUMBERED, TO PROVIDE THAT EACH
7 ISSUE SHALL MATURE AND BE PAID IN FULL NOT MORE THAN THIRTY YEARS FROM
8 THE DATE OF THE BONDS AND TO ESTABLISH THAT NO ISSUE SHALL BE SOLD AT
9 LESS THAN ITS AGGREGATE PAR VALUE; REPEALING SECTION 33-1108, IDAHO
10 CODE, RELATING TO PRINTING OF BONDS; AMENDING SECTION 33-1109, IDAHO
11 CODE, TO REMOVE LANGUAGE RELATING TO CERTAIN COUPONS AND TO REVISE A
12 PROVISION RELATING TO THE RECORDING OF BONDS; AMENDING SECTION 33-1111,
13 IDAHO CODE, TO REVISE PROVISIONS RELATING TO THE PUBLIC OR PRIVATE SALE
14 OF BONDS, TO PROVIDE FOR ELECTRONIC BIDS, TO REMOVE LANGUAGE RELATING
15 TO ELECTRONIC BIDDING AND TO REMOVE LANGUAGE RELATING TO THE SALE OF
16 CERTAIN BONDS AT LESS THAN PAR VALUE; REPEALING SECTION 33-1116, IDAHO
17 CODE, RELATING TO REFUNDING BONDS; AMENDING SECTION 33-1117, IDAHO
18 CODE, TO REVISE PROVISIONS RELATING TO THE REDEMPTION OF BONDS; AMEND-
19 ING SECTION 33-1121, IDAHO CODE, TO REVISE PROVISIONS RELATING TO THE
20 REFUNDING OF BONDS, TO ESTABLISH ADDITIONAL PROVISIONS RELATING TO THE
21 REFUNDING OF BONDS AND TO REVISE PROVISIONS RELATING TO THE ADVANCE
22 REFUNDING OF BONDS; REPEALING SECTION 33-1122, IDAHO CODE, RELATING TO
23 THE APPLICATION OF OTHER STATUTES; REPEALING SECTION 33-1123, IDAHO
24 CODE, RELATING TO AUTHORIZATION; REPEALING SECTION 33-1124, IDAHO
25 CODE, RELATING TO A RESOLUTION NOT TO BE AMENDED OR REPEALED; REPEAL-
26 ING SECTION 33-1125, IDAHO CODE, RELATING TO THE APPLICATION OF BOND
27 PROCEEDS AND LIMITATIONS; AND AMENDING SECTION 33-354, IDAHO CODE, TO
28 PROVIDE CORRECT CODE REFERENCES.
29

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

31 SECTION 1. That Section 33-1107, Idaho Code, be, and the same is hereby
32 amended to read as follows:

33 33-1107. PLAN AND FORM OF BONDS -- AMORTIZATION. School district bonds
34 shall be issued in denominations ~~of one hundred dollars (\$100) or multiples~~
35 ~~thereof, not to exceed one hundred thousand dollars (\$100,000), and in form~~
36 ~~prescribed by the state superintendent of public instruction to be deter-~~
37 ~~mined by the board of trustees.~~

38 No school district bonds shall be issued except upon an amortization
39 plan, ~~each issue of bonds to be redeemed in full within twenty (20) years~~
40 ~~from the date of the bonds.~~ The first amortized principal payment shall
41 mature and be payable not more than two (2) years from and after the date of
42 the bonds, and the various annual maturities of any issue of bonds shall as

1 ~~nearly as practicable be in such principal amounts as will, together with~~
 2 ~~accruing interest on all outstanding bonds of such issue, be met and paid by~~
 3 ~~an equal annual tax levy during the term for which such bonds shall be issued.~~
 4 ~~No bond shall mature and be payable as to principal in partial payments.~~

5 ~~Each bond shall bear interest from the date of issue, payable semian-~~
 6 ~~annually on the first days of such months as shall be determined by the board~~
 7 ~~of trustees, at such interest rate as said board may determine. Each bond~~
 8 ~~of any issue shall be numbered in a consecutive series. Each interest pay-~~
 9 ~~ment on each bond shall be evidenced by an interest coupon thereto attached.~~
 10 ~~Such coupons shall be numbered in a consecutive series; shall be identified~~
 11 ~~with the bond to which attached; shall show the number and name of the issuing~~
 12 ~~school district, and the date and place of payment of such interest.~~

13 ~~The foregoing plan and form of bonds and bonding may be departed from~~
 14 ~~whenever in the judgment of and shall satisfy one (1) of the following:~~

15 (1) The annual tax levy in any year shall not exceed by more than ten
 16 percent (10%) the average annual tax levy if the principal and interest com-
 17 ing due on the bonds was repaid in equal annual amounts; or

18 (2) The annual tax levy in any year shall not exceed by more than ten
 19 percent (10%) the average annual tax levy if the principal and interest com-
 20 ing due on the bonds, together with the principal and interest coming due on
 21 all other outstanding bonds of the school district, was repaid in equal an-
 22 nual amounts; or

23 (3) The annual tax levy shall result in the repayment of principal and
 24 interest coming due on the bonds, or the bonds, together with the principal
 25 and interest coming due on all other outstanding bonds of the school dis-
 26 trict, more rapidly than an equal annual tax levy.

27 Whenever the amortization plan does not satisfy any of the foregoing al-
 28 ternatives, the board of trustees such departure may adopt such amortization
 29 plan as it shall find will result to the benefit and advantage of the dis-
 30 trict, and the board of trustees may issue and sell such bonds with such an-
 31 ual maturities as it shall determine either prior to or after the fixing of
 32 the interest rates such bonds will bear, and in every such instance it shall
 33 be permissible for the board of trustees to issue such bonds in the annual
 34 maturities so determined upon and bearing the rate or rates of interest as-
 35 certained upon the sale of such bonds, and the plan and form thereof together
 36 with the contract, if any, for the issue must be approved by the state super-
 37 intendent of public instruction.

38 Subject to the provisions of this section, bonds may be issued as serial
 39 or term bonds.

40 Each bond shall bear interest from the date of issue, payable semi-
 41 annually on the days of such months as shall be determined by the board of
 42 trustees, at such interest rate as said board may determine. Each bond of any
 43 issue shall be numbered in a consecutive series. Each issue of bonds shall
 44 mature and be paid in full not more than thirty (30) years from the date of the
 45 bonds.

46 No issue of school bonds shall at any time be sold at less than its aggre-
 47 gate par value.

48 SECTION 2. That Section [33-1108](#), Idaho Code, be, and the same is hereby
 49 repealed.

1 SECTION 3. That Section 33-1109, Idaho Code, be, and the same is hereby
2 amended to read as follows:

3 33-1109. SIGNATURE AND RECORDING OF BONDS. Each bond shall be signed
4 by the chairman of the board of trustees and countersigned by the clerk; and
5 the seal of the district, if it ~~have~~ has a seal, shall be attached. ~~The at-~~
6 ~~tached coupons shall be signed by the clerk, personally or by facsimile.~~

7 All bonds shall be recorded by the treasurer of the district who shall
8 keep record of the number, amount and status of the issue, together with the
9 name of the successful ~~bidder~~ purchaser therefor.

10 SECTION 4. That Section 33-1111, Idaho Code, be, and the same is hereby
11 amended to read as follows:

12 33-1111. SALE OF BONDS. School bonds may be sold at private sale, as
13 provided in section 57-232, Idaho Code, after notice as hereinafter pro-
14 vided, or may be sold at public sale as hereinafter provided.

15 ~~If bonds are sold at private sale, notice~~ Notice of the intention to sell
16 such bonds at public or private sale shall be published once in the name of
17 the issuer in a newspaper of general circulation within the issuer's bound-
18 aries at least three (3) days prior to the time scheduled by the issuer for
19 approving the ~~private~~ sale of such bonds. Failure to comply with this re-
20 quirement shall not invalidate the sale of the bonds, so long as the issuer
21 has made a good faith effort to comply.

22 ~~If the bonds are sold at public sale the board of trustees shall give no-~~
23 ~~tice of its intent to sell a bond issue.~~

24 ~~The notice shall be published once in a newspaper published in this~~
25 ~~state, at least one (1) week prior to the day bids are opened. Said~~ If the
26 bonds are sold at public sale, the notice shall describe the issue of bonds;
27 shall state that the board of trustees will receive sealed bids or electronic
28 bids pursuant to the provisions of section 57-233, Idaho Code, until a speci-
29 fied day and hour; and that said bids will be opened accepted or rejected at a
30 regular or special meeting of the board at a time and place to be named in the
31 notice. Said notice may require such deposits of forfeits as the board may
32 deem necessary.

33 At the meeting held at the time and place named in the notice, the board
34 of trustees shall open the bids, and may sell the same to whomever shall make
35 the bid most advantageous to the school district, and the deposits of the un-
36 successful bidders shall thereupon be returned to them. Should the success-
37 ful bidder fail or refuse to tender payment of the amount required for the
38 purchase of the issue within ten (10) days after tender to him of the executed
39 bonds and a certified copy of the bond proceedings, his deposit shall be for-
40 feited; and the board may in its judgment accept the bid next most advanta-
41 geous, readvertise the issue as before, or sell the bonds at private sale.

42 The board of trustees may reject any or all bids, and sell the bonds at
43 private sale when this is found to be in the best interest of the district.

44 ~~In lieu of receiving sealed bids, the board of trustees may provide for~~
45 ~~the public sale of bonds by electronic bidding as provided in section 57-233,~~
46 ~~Idaho Code.~~

47 ~~No school bond shall at any time be sold at less than its par value.~~

1 SECTION 5. That Section 33-1116, Idaho Code, be, and the same is hereby
2 repealed.

3 SECTION 6. That Section 33-1117, Idaho Code, be, and the same is hereby
4 amended to read as follows:

5 33-1117. CALL OR REDEMPTION OF BONDS -- NOTICE. The board of trustees
6 of any school district having outstanding bonds which are redeemable or
7 callable before final maturity, having sufficient money in its bond interest
8 and redemption fund may redeem one (1) or more bonds, on any callable or re-
9 deemable date. ~~If such bonds are held by the department of finance, notice~~
10 ~~shall be given said department not less than thirty (30) days prior to such~~
11 ~~redemption date. Otherwise, notice shall be given by publication, not less~~
12 ~~than thirty (30) days prior to said redemption date, in a newspaper in which~~
13 ~~the district lies. The notice shall give the name, series and number of the~~
14 ~~bond or bonds which will be redeemed; the place of redemption; and shall~~
15 ~~state that after the date of the proposed payment, interest on the said bonds~~
16 ~~will cease. In addition thereto, like notice shall be given to the holder of~~
17 ~~the bond or bonds if known; to the fiscal agent if any; to the bank or banks~~
18 ~~through which the bonds to be redeemed are payable, and to "The Bond Buyer," a~~
19 ~~publication printed in New York City. Notice of redemption shall be given in~~
20 ~~the manner specified in the bonds or the resolution authorizing the bonds.~~

21 SECTION 7. That Section 33-1121, Idaho Code, be, and the same is hereby
22 amended to read as follows:

23 33-1121. REFUNDING BONDS AND ADVANCE REFUNDING BONDS. ~~Whenever The~~
24 ~~board of trustees of any school district has may issue negotiable bonds for~~
25 ~~the purpose of refunding any outstanding bonds which may be called and re-~~
26 ~~deemed prior to their maturities, the board of trustees of any such district~~
27 ~~may issue refunding bonds bonded indebtedness of the district pursuant to~~
28 ~~the provisions of chapter 5, title 57, Idaho Code, subject to the following~~
29 ~~additional provisions:~~

30 (1) The provisions of section 33-1107, 33-1109, 33-1111, 33-1115,
31 33-1117, 33-1118 and 33-1120, Idaho Code, shall be applicable to refunding
32 bonds.

33 (2) No election shall be required for the issuance of refunding bonds
34 provided that the refunding bonds do not create an additional indebtedness.
35 Additional indebtedness shall mean either that the term of the refunding
36 bonds exceeds the term of the bonds to be refunded, except as provided in
37 subsection (4) of this section; or that the total amount of principal and
38 interest to be paid on the refunding bonds exceeds the total of principal and
39 interest to be paid on the bonds to be refunded.

40 (3) In the case of refunding bonds issued in advance of the date of
41 calling and redeeming such outstanding bonds, for the purpose of redeeming
42 the same, without submitting the question of issuing refunding bonds to the
43 electors of the district, when the net interest cost of the refunding bonds
44 shall not exceed the net interest cost of the bonds to be refunded.

45 "Net interest cost" of a proposed issue of refunding bonds is defined
46 as the total amount of interest to accrue on said refunding bonds from their
47 date to their respective maturities, plus the total amount of premiums

1 payable to the holders of said outstanding bonds as a condition to their
 2 redemption, less the amount of any premium above their par value at which
 3 said refunding bonds are being or have been sold. "Net interest cost" of an
 4 outstanding issue, or issues, to be refunded is defined as the total amount
 5 of interest which would accrue on said outstanding bonds from the date of
 6 the proposed refunding bonds to the respective maturity dates of said out-
 7 standing bonds to be refunded. In all cases the net interest cost shall be
 8 computed without regard to any option of redemption prior to the designated
 9 maturities.

10 ~~(4) Two (2) or more issues of outstanding bonds may be refunded by a sin-~~
 11 ~~gle issue. The maturity of the refunding bonds only if the taxable property,~~
 12 ~~upon which taxes are levied may not exceed the term of the outstanding bonds~~
 13 ~~except in cases where an extension, not to pay the interest and principal~~
 14 ~~payments of the outstanding bonds, is identical as to each issue proposed to~~
 15 ~~be refunded by a single issue of exceed sixty (60) days and in the same fis-~~
 16 ~~cal year shall be needed to enable the refunding bonds to comply with the re-~~
 17 ~~quirements of the Idaho school bond guaranty act and the provisions of sec-~~
 18 ~~tion 33-5306, Idaho Code.~~

19 ~~In all other respects, the issuance of advance refunding bonds shall~~
 20 ~~be governed by and subject to the limitations described in section 57-504,~~
 21 ~~Idaho Code.~~

22 SECTION 8. That Section [33-1122](#), Idaho Code, be, and the same is hereby
 23 repealed.

24 SECTION 9. That Section [33-1123](#), Idaho Code, be, and the same is hereby
 25 repealed.

26 SECTION 10. That Section [33-1124](#), Idaho Code, be, and the same is hereby
 27 repealed.

28 SECTION 11. That Section [33-1125](#), Idaho Code, be, and the same is hereby
 29 repealed.

30 SECTION 12. That Section 33-354, Idaho Code, be, and the same is hereby
 31 amended to read as follows:

32 33-354. INDEBTEDNESS -- BOND ISSUES. School subdistricts may incur
 33 debt and issue bonds for the purpose of acquiring, purchasing or improving
 34 a school site or sites, acquiring or constructing new schoolhouses, re-
 35 modeling existing buildings, constructing additions thereto, including
 36 all necessary furnishings and equipment, and all lighting, heating, ven-
 37 tilation, sanitation facilities and appliances necessary to operate the
 38 buildings of the new school subdistrict. The governing body of a school
 39 subdistrict may submit to the qualified electors of the school subdistrict
 40 the question of whether the governing body of the school subdistrict shall be
 41 empowered to issue negotiable bonds of the school subdistrict in an amount
 42 and for a period of time to be named in the notice of election. Notice of
 43 the bond election shall be given, the election shall be conducted and the
 44 returns thereof canvassed and the qualifications of electors voting or of-
 45 fering to vote shall be as provided in title 34, Idaho Code. The question of

1 the issuance of such bonds shall be approved only if the percentage of votes
2 cast at such election were cast in favor thereof as that which is now, or may
3 hereafter be, set by the constitution of the state of Idaho. All such bonds
4 shall be authorized, issued and sold pursuant to the provisions of sections
5 33-1107 through 33-112521, Idaho Code. No bonds of a school subdistrict may
6 be issued, however, if the issuance of such bonds would cause the percent-
7 age of market value for assessment purposes of taxable property within the
8 boundaries of the school subdistrict represented by the aggregate outstand-
9 ing indebtedness of the school subdistrict, when added to the percentage of
10 the assessed valuation of taxable property represented by the aggregate out-
11 standing indebtedness of the school district within which the school subdis-
12 trict lies, to exceed five percent (5%). As used in the preceding sentence
13 hereof, "market value for assessment purposes," "aggregate outstanding in-
14 debtedness" and "issuance" shall have the same meanings as set forth in sec-
15 tion 33-1103, Idaho Code. Upon the approval of the issuance of such bonds,
16 the same may be issued by the governing body of the school subdistrict on be-
17 half of the school subdistrict at any time within two (2) years from the date
18 of such election. Wherever in title 34, Idaho Code, and in sections 33-1107
19 through 33-112521, Idaho Code, reference is made to "school district"; for
20 purposes of this chapter it shall be deemed to refer to school subdistricts.