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CHAPTER 23

Pledge of Revenues to Secure Payment of Bonds

**SECTION 11‑23‑10.** Legislative findings.

The General Assembly makes the following findings:

1. From time to time various political subdivisions and public bodies including but not limited to counties, cities, towns, public service districts and authorities, issue general obligation bonds under various authorizing statutes to finance the construction of projects such as hospitals, water systems, sewer systems, airports and other public projects which produce revenues.

2. Many of the statutes which authorize the issuance of such general obligation bonds contain no provision that the bonds may be additionally secured by a pledge of the revenues to be derived from the operation of the projects financed by such bonds and no provision that the annual tax levy to be made for the payment of debt service on such bonds may be reduced in each year by the amount of such revenues actually on hand and available for payment of debt service at the time the annual levy is to be made.

3. That the authorization to make such a pledge to additionally secure such bonds would enable the issuer thereof to strengthen the security of its general obligation bonds, and to shift at least a portion of the burden of the debt‑service payments from ad valorem taxes on the property owners within its taxing jurisdiction to those who pay rates and charges for the facilities and services furnished by the projects financed by such general obligation bonds.

HISTORY: 1975 (59) 174.

**SECTION 11‑23‑20.** Authority to pledge revenues as additional security for bonds.

The governing body of any political subdivision or public body of this State including, but not limited to, counties, cities, towns, townships, school districts, public service districts, and authorities, which is authorized by law to issue general obligation bonds of such political subdivision or public body, the proceeds of which bonds will be used to finance the construction of projects which will be revenue producing, may, with the consent of any board, commission or other body or person which may be charged by statute or otherwise with the operation and management of any such revenue‑producing project, provide in the ordinance or resolution which makes provision for the issuance of such bonds that such bonds may be additionally secured by all or any portion, designated in the ordinance or resolution, of the revenues to be derived from the operation of such projects. Any such board, commission or other body or person shall have full power and authority to make any and all covenants and agreements which may be necessary to implement and effectuate any such pledge of revenues.

HISTORY: 1975 (59) 174.

**SECTION 11‑23‑30.** Authority to apply revenues to payment of bonds.

The governing body of any political subdivision or public body of this State including, but not limited to, those set forth in Section 11‑23‑10, which has issued or may hereafter issue general obligation bonds, the proceeds of which have been or may be used to finance the construction of projects which are or will be revenue producing, may apply the revenues derived from such projects, and not otherwise pledged, to the payment of principal and interest to become due on such bonds.

HISTORY: 1975 (59) 174.

**SECTION 11‑23‑40.** Reduction of tax levy.

In the event that such revenues from the operation of any such revenue‑producing project financed by such bonds shall be available for the payment of debt service on such bonds (whether or not such revenues have been pledged for that purpose), and shall be delivered to the county treasurer (or to such other public official who is charged with the duty of collecting the annual ad valorem tax to pay the annual principal and interest on such bonds) for the payment of such principal and interest and for no other purpose, prior to the occasion when the county auditor (or such other public official who is charged with the duty of making the levy for the annual ad valorem tax to pay the annual principal and interest on such bonds) fixes the annual tax levy, the annual ad valorem tax to be levied for the payment of the principal and interest on such bonds may be reduced in each year by the amount of such revenues derived from such project which is actually in the hands of the county treasurer (or such other public official who is charged with collecting such annual ad valorem tax) at the time the tax for the year is required to be levied.

HISTORY: 1975 (59) 174.

**SECTION 11‑23‑50.** Powers conferred by chapter are additional.

The powers and authorizations hereby conferred upon political subdivisions and public bodies shall be in addition to all other powers and authorizations previously vested in them.

HISTORY: 1975 (59) 174.

**SECTION 11‑23‑60.** Pledges to secure general obligation bonds not affected.

Nothing contained in this chapter nor any action taken pursuant hereto shall be construed to limit or curtail any pledge of the full faith, credit and taxing power of a political subdivision or public body given to secure its general obligation bonds.

HISTORY: 1975 (59) 174.