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CHAPTER 14

Defeasance of Outstanding Public Bonds, Notes, and Other Obligations

**SECTION 11‑14‑110.** Defeasance of outstanding public obligations authorized; deposits in special trust fund.

The State, acting through the State Fiscal Accountability Authority, all agencies and institutions and all counties, municipal corporations, authorities, special purpose districts and other political units may effect the defeasance of any outstanding bonds, notes, or other obligations by depositing in a special irrevocable trust fund, to be held by the State Treasurer or a bank or other financial institution approved by the State Treasurer, obligations provided for in Section 6‑5‑10(a)(1) and monies which will provide the sums required to pay when due the principal of, redemption premium, if any, and interest on the bonds sought to be defeased. Upon the establishment and funding in full of such special trust fund, the bonds so defeased shall no longer be deemed outstanding for any purpose.

HISTORY: 1981 Act No. 179 Section 13; 2008 Act No. 231, Section 4.

Code Commissioner’s Note

At the direction of the Code Commissioner, references in this section to the offices of the former State Budget and Control Board, Office of the Governor, or other agencies, were changed to reflect the transfer of them to the Department of Administration or other entities, pursuant to the directive of the South Carolina Restructuring Act, 2014 Act No. 121, Section 5(D)(1), effective July 1, 2015.

**SECTION 11‑14‑120.** Defeasance of assumed debt.

In all instances where all or any portion of the debt of one public agency or political unit has been assumed by another public agency or political unit, it shall be presumed that the assumed obligations will be appropriately paid by the public agency or political unit assuming such debt and the unpaid debt shall be deemed to have been defeased to the same extent as debt defeased in the manner provided for in Section 11‑14‑110.

HISTORY: 1981 Act No. 179 Section 13.

**SECTION 11‑14‑130.** Defeasance not to impair obligations of contract between issuer and holder.

It is not intended that any action pursuant to the authorization of this chapter shall impair any obligation of any contract between the issuer and any holder of any bond, note or other obligation of the issuer and, if for any reason any trust established shall fall, in whole or in part, to effect the payments intended or required to be made, or if in the instance of debt assumed as contemplated by Section 11‑14‑120, the public agency or political unit assuming such debt shall fail to pay such assumed debt, in whole or in part, then in each instance the issuer shall forthwith effect payment of such principal or interest through the means and in the manner originally provided.

HISTORY: 1981 Act No. 179 Section 13.