

SENATE BILL No. 608

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-9-25.

Synopsis: Revenue bonds for sewage works. Permits the board of sanitary commissioners in certain cities to issue revenue bonds payable solely from the revenues of the sewage works for which they are issued. Applies to: (1) Michigan City; (2) each municipality in Lake County that has adopted the sanitation department statute by ordinance; (3) each second class city in any other county that has adopted the sanitation department statute by ordinance; and (4) Indianapolis. (Under current law, this provision applies only to Indianapolis.) Makes conforming changes.

Effective: July 1, 1999.

Rogers

January 21, 1999, read first time and referred to Committee on Governmental and Regulatory Affairs.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

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SENATE BILL No. 608



A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-9-25-1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) This chapter
3 applies to a second class city located in a county having a population
4 of more than one hundred seven thousand (107,000) but less than one
5 hundred eight thousand (108,000) as well as each municipality in a
6 county having a population of more than four hundred thousand
7 (400,000) but less than seven hundred thousand (700,000) in which the
8 legislative body has adopted this chapter by ordinance.

9 (b) This chapter also applies to each second class city not in such a
10 county in which the legislative body has adopted this chapter by
11 ordinance.

12 (c) In addition, in a consolidated city sections 9 through 38 **and**
13 **section 41** of this chapter apply to the department of public works and
14 the board of public works, subject to IC 36-3-4-23.

15 SECTION 2. IC 36-9-25-41 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 41. (a) ~~This section~~
17 ~~applies to each consolidated city.~~



1 ~~(b)~~ To raise money to pay the costs of acquiring, constructing, and
 2 improving sewage works and property necessary for sewage works, the
 3 board may have issued, in the name of the municipality, revenue bonds
 4 payable solely from the revenues of the sewage works for which they
 5 are issued. Revenue bonds issued under this section are not a corporate
 6 indebtedness of the district or the municipality.

7 ~~(c)~~ **(b)** The revenue bonds bear interest at a rate not to exceed the
 8 maximum rate per annum specified by the board and will be payable
 9 and mature at the time or times determined by the board in the
 10 resolution.

11 ~~(d)~~ **(c)** The revenue bonds may be made redeemable before maturity
 12 at the option of the board, to be exercised by the board, at not more
 13 than their par value plus a premium of five percent (5%), under the
 14 terms and conditions fixed by the resolution authorizing the issuance
 15 of the bonds.

16 ~~(e)~~ **(d)** The principal and interest of the revenue bonds may be made
 17 payable in any lawful medium.

18 ~~(f)~~ **(e)** The resolution authorizing the issuance of the revenue bonds
 19 must determine the form of the bonds and must fix the denomination
 20 or denominations of the bonds and the place or places of payment of
 21 their principal and interest, which may be at any bank or trust company
 22 in Indiana or another state.

23 ~~(g)~~ **(f)** The revenue bonds must contain a statement on their face that
 24 neither the district nor the municipality is obligated to pay the principal
 25 or interest on them, except from the net revenue of the sewage works
 26 that are deposited in the sinking fund established by subsection ~~(t)~~: **(s)**.

27 ~~(h)~~ **(g)** The revenue bonds are negotiable instruments.

28 ~~(i)~~ **(h)** Provision may be made for the registration of any of the
 29 revenue bonds in the name of the owner as to principal alone or as to
 30 both principal and interest.

31 ~~(j)~~ **(i)** The revenue bonds shall be executed in the same manner as
 32 other bonds issued under section 27 of this chapter.

33 ~~(k)~~ **(j)** The revenue bonds shall be sold by the district and the
 34 municipal fiscal officer in the manner that is determined to be in the
 35 best interests of the district, but only at public sale in accordance with
 36 the statutes concerning the sale of municipal bonds.

37 ~~(l)~~ **(k)** Before the preparation of the definite revenue bonds,
 38 temporary revenue bonds may be issued with or without coupons. The
 39 temporary revenue bonds, which shall be issued in the manner
 40 prescribed by this section, may be exchanged for the definite revenue
 41 bonds when they are issued.

42 ~~(m)~~ **(l)** If the proceeds of the revenue bonds are less than the cost of

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1 the sewage works, additional revenue bonds may be issued under this
 2 section to provide the amount of the deficit. Unless otherwise provided
 3 in the resolution authorizing the first issue, the additional revenue
 4 bonds are considered part of the first issue and are entitled to payment
 5 from the same fund, without priority for the first issue.

6 ~~(m)~~ (m) Subject to the provisions and limitations of any resolution
 7 or trust indenture pertaining to any outstanding revenue bonds,
 8 additional bonds payable from the revenues of the sewage works may
 9 be authorized and issued in the manner prescribed by this section for
 10 the purpose of improving any works acquired or constructed under this
 11 chapter without priority of one (1) issue over another.

12 ~~(n)~~ (n) Revenue bonds issued under this section are exempt from
 13 taxation for all purposes.

14 ~~(o)~~ (o) Any action to contest the validity of revenue bonds issued
 15 under this section must be brought at least five (5) days before the
 16 advertised date for the sale of the bonds.

17 ~~(p)~~ (p) The first proceeds of any revenue bonds issued under this
 18 section shall be used to repay all amounts advanced for preliminary
 19 expenses. The remaining proceeds of the bond issue shall be applied to
 20 the cost of acquiring, constructing, or improving the sewage works.

21 ~~(q)~~ (q) After the payments required by subsection ~~(p)~~ (p) have been
 22 made, any proceeds of the bond issue that have not been spent shall be
 23 deposited in the sinking fund established by subsection ~~(s)~~ (s).

24 ~~(r)~~ (r) The holders of the revenue bonds have a lien on the bond
 25 proceeds until they are applied under this section.

26 ~~(s)~~ (s) At or before the time of issuance of revenue bonds under this
 27 section, the board, by resolution, shall:

28 (1) establish a sinking fund for the payment of:

29 (A) the principal of and interest on the revenue bonds; and

30 (B) the charges of banks or trust companies for making
 31 payment of the principal or interest on the revenue bonds; and

32 (2) pledge the net revenues of the sewage works, after the
 33 payment of the reasonable expense of operation, repair, and
 34 maintenance of the works, to the payment of the expenses
 35 described in subdivision (1).

36 The resolution may also provide for the accumulation of reasonable
 37 reserves in the sinking fund as a protection against default, and for the
 38 payment of premiums on bonds retired by call or purchase under this
 39 section.

40 ~~(t)~~ (t) The rights granted by this section are subject to any
 41 restrictions contained in the resolution authorizing the issuance of
 42 revenue bonds or in any trust indenture securing the bonds. The holder



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1 of any revenue bonds or any coupons attached to them, and the trustee,
2 if any, may, either at law or in equity, protect and enforce all rights
3 granted by this section or under the resolution or trust indenture,
4 including the making and collecting of reasonable and sufficient fees
5 for services rendered by the sewage works. If the principal or interest
6 of any of the revenue bonds is not paid on the date named in the bonds
7 for payment, any court having jurisdiction of the action may appoint a
8 receiver to administer the sewage works on behalf of the district,
9 municipality, the bondholders, and the trustee, if any. The receiver
10 may:

- 11 (1) charge and collect fees sufficient to provide for the payment
12 of the expenses of operation, repair, and maintenance of the
13 works;
 - 14 (2) pay any revenue bonds and interest outstanding; and
 - 15 (3) apply the revenues in conformity with this chapter, the
16 resolution authorizing the bond issue, and the trust indenture, if
17 any.
- 18 ~~(v)~~ **(u)** Bonds issued under this section **by a consolidated city** are
19 subject to the requirements of IC 36-3-5-8.

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