

SENATE BILL No. 345

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-11-15; IC 22-4.

Synopsis: Unemployment insurance bonds. Provides for the issuance of bonds to return advances received from the federal unemployment trust fund before July 1, 2011. Grants the Indiana finance authority the power to issue the bonds and to administer the obligation trust fund. Provides that an assessment to retire the bonds requires a separate act by the general assembly after a determination is made that the bonds may be issued.

Effective: Upon passage; July 1, 2011.

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January 11, 2011, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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SENATE BILL No. 345



A BILL FOR AN ACT to amend the Indiana Code concerning labor and safety.

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

1 SECTION 1. IC 4-4-11-15, AS AMENDED BY P.L.98-2008,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 15. (a) The authority is granted all powers
4 necessary or appropriate to carry out and effectuate its public and
5 corporate purposes under the affected statutes, including but not
6 limited to the following:

7 (1) Have perpetual succession as a body politic and corporate and
8 an independent instrumentality exercising essential public
9 functions.

10 (2) Without complying with IC 4-22-2, adopt, amend, and repeal
11 bylaws, rules, guidelines, and policies not inconsistent with the
12 affected statutes, and necessary or convenient to regulate its
13 affairs and to carry into effect the powers, duties, and purposes of
14 the authority and conduct its business under the affected statutes.
15 These bylaws, rules, guidelines, and policies must be made by a
16 resolution of the authority introduced at one (1) meeting and
17 approved at a subsequent meeting of the authority.



- 1 (3) Sue and be sued in its own name.
- 2 (4) Have an official seal and alter it at will.
- 3 (5) Maintain an office or offices at a place or places within the
- 4 state as it may designate.
- 5 (6) Make, execute, and enforce contracts and all other instruments
- 6 necessary, convenient, or desirable for the purposes of the
- 7 authority or pertaining to:
 - 8 (A) a purchase, acquisition, or sale of securities or other
 - 9 investments; or
 - 10 (B) the performance of the authority's duties and execution of
 - 11 any of the authority's powers under the affected statutes.
- 12 (7) Employ architects, engineers, attorneys, inspectors,
- 13 accountants, agriculture experts, silviculture experts, aquaculture
- 14 experts, and financial experts, and such other advisors,
- 15 consultants, and agents as may be necessary in its judgment and
- 16 to fix their compensation.
- 17 (8) Procure insurance against any loss in connection with its
- 18 property and other assets, including loans and loan notes in
- 19 amounts and from insurers as it may consider advisable.
- 20 (9) Borrow money, make guaranties, issue bonds, and otherwise
- 21 incur indebtedness for any of the authority's purposes, and issue
- 22 debentures, notes, or other evidences of indebtedness, whether
- 23 secured or unsecured, to any person, as provided by the affected
- 24 statutes. Notwithstanding any other law, the:
 - 25 (A) issuance by the authority of any indebtedness that
 - 26 establishes a procedure for the authority or a person acting on
 - 27 behalf of the authority to certify to the general assembly the
 - 28 amount needed to restore a debt service reserve fund or
 - 29 another fund to required levels; or
 - 30 (B) execution by the authority of any other agreement that
 - 31 creates a moral obligation of the state to pay all or part of any
 - 32 indebtedness issued by the authority;
- 33 is subject to review by the budget committee and approval by the
- 34 budget director.
- 35 (10) Procure insurance or guaranties from any public or private
- 36 entities, including any department, agency, or instrumentality of
- 37 the United States, for payment of any bonds issued by the
- 38 authority, including the power to pay premiums on any insurance
- 39 or reinsurance.
- 40 (11) Purchase, receive, take by grant, gift, devise, bequest, or
- 41 otherwise, and accept, from any source, aid or contributions of
- 42 money, property, labor, or other things of value to be held, used,

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1 and applied to carry out the purposes of the affected statutes,
 2 subject to the conditions upon which the grants or contributions
 3 are made, including but not limited to gifts or grants from any
 4 department, agency, or instrumentality of the United States, and
 5 lease or otherwise acquire, own, hold, improve, employ, use, and
 6 otherwise deal in and with real or personal property or any
 7 interest in real or personal property, wherever situated, for any
 8 purpose consistent with the affected statutes.

9 (12) Enter into agreements with any department, agency, or
 10 instrumentality of the United States or this state and with lenders
 11 and enter into loan agreements, sales contracts, and leases with
 12 contracting parties, including participants (as defined in
 13 IC 13-11-2-151.1) for any purpose permitted under IC 13-18-13
 14 or IC 13-18-21, borrowers, lenders, developers, or users, for the
 15 purpose of planning, regulating, and providing for the financing
 16 and refinancing of any agricultural enterprise (as defined in
 17 IC 5-28-31-1), rural development project (as defined in
 18 IC 5-28-31-20), industrial development project, purpose permitted
 19 under IC 13-18-13 and IC 13-18-21, or international exports, and
 20 distribute data and information concerning the encouragement
 21 and improvement of agricultural enterprises and agricultural
 22 employment, rural development projects, industrial development
 23 projects, international exports, and other types of employment in
 24 the state undertaken with the assistance of the authority under this
 25 chapter.

26 (13) Enter into contracts or agreements with lenders and lessors
 27 for the servicing and processing of loans and leases pursuant to
 28 the affected statutes.

29 (14) Provide technical assistance to local public bodies and to
 30 profit and nonprofit entities in the development or operation of
 31 agricultural enterprises, rural development projects, and industrial
 32 development projects.

33 (15) To the extent permitted under its contract with the holders of
 34 the bonds of the authority, consent to any modification with
 35 respect to the rate of interest, time, and payment of any
 36 installment of principal or interest, or any other term of any
 37 contract, loan, loan note, loan note commitment, contract, lease,
 38 or agreement of any kind to which the authority is a party.

39 (16) To the extent permitted under its contract with the holders of
 40 bonds of the authority, enter into contracts with any lender
 41 containing provisions enabling it to reduce the rental or carrying
 42 charges to persons unable to pay the regular schedule of charges

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1 when, by reason of other income or payment by any department,
 2 agency, or instrumentality of the United States of America or of
 3 this state, the reduction can be made without jeopardizing the
 4 economic stability of the agricultural enterprise, rural
 5 development project, or industrial development project being
 6 financed.

7 (17) Notwithstanding IC 5-13, but subject to the requirements of
 8 any trust agreement entered into by the authority, invest:

9 (A) the authority's money, funds, and accounts;
 10 (B) any money, funds, and accounts in the authority's custody;
 11 and
 12 (C) proceeds of bonds or notes;

13 in the manner provided by an investment policy established by
 14 resolution of the authority.

15 (18) Fix and revise periodically, and charge and collect, fees and
 16 charges as the authority determines to be reasonable in connection
 17 with:

18 (A) the authority's loans, guarantees, advances, insurance,
 19 commitments, and servicing; and
 20 (B) the use of the authority's services or facilities.

21 (19) Cooperate and exchange services, personnel, and information
 22 with any federal, state, or local government agency, or
 23 instrumentality of the United States or this state.

24 (20) Sell, at public or private sale, with or without public bidding,
 25 any loan or other obligation held by the authority.

26 (21) Enter into agreements concerning, and acquire, hold, and
 27 dispose by any lawful means, land or interests in land, building
 28 improvements, structures, personal property, franchises, patents,
 29 accounts receivable, loans, assignments, guarantees, and
 30 insurance needed for the purposes of the affected statutes.

31 (22) Take assignments of accounts receivable, loans, guarantees,
 32 insurance, notes, mortgages, security agreements securing notes,
 33 and other forms of security, attach, seize, or take title by
 34 foreclosure or conveyance to any industrial development project
 35 when a guaranteed loan thereon is clearly in default and when in
 36 the opinion of the authority such acquisition is necessary to
 37 safeguard the industrial development project guaranty fund, and
 38 sell, or on a temporary basis, lease or rent such industrial
 39 development project for any use.

40 (23) Expend money provided to the authority by the Indiana
 41 economic development corporation from the industrial
 42 development project guaranty fund created by IC 5-28-30, subject

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- 1 to the terms of any agreement with the Indiana economic
- 2 development corporation governing the expenditure of that
- 3 money.
- 4 (24) Purchase, lease as lessee, construct, remodel, rebuild,
- 5 enlarge, or substantially improve industrial development projects,
- 6 including land, machinery, equipment, or any combination
- 7 thereof.
- 8 (25) Lease industrial development projects to users or developers,
- 9 with or without an option to purchase.
- 10 (26) Sell industrial development projects to users or developers,
- 11 for consideration to be paid in installments or otherwise.
- 12 (27) Make direct loans from the proceeds of the bonds to users or
- 13 developers for:
 - 14 (A) the cost of acquisition, construction, or installation of
 - 15 industrial development projects, including land, machinery,
 - 16 equipment, or any combination thereof; or
 - 17 (B) eligible expenditures for an educational facility project
 - 18 described in IC 4-4-10.9-6.2(a)(2);
- 19 with the loans to be secured by the pledge of one (1) or more
- 20 bonds, notes, warrants, or other secured or unsecured debt
- 21 obligations of the users or developers.
- 22 (28) Lend or deposit the proceeds of bonds to or with a lender for
- 23 the purpose of furnishing funds to such lender to be used for
- 24 making a loan to a developer or user for the financing of industrial
- 25 development projects under this chapter.
- 26 (29) Enter into agreements with users or developers to allow the
- 27 users or developers, directly or as agents for the authority, to
- 28 wholly or partially construct industrial development projects to be
- 29 leased from or to be acquired by the authority.
- 30 (30) Establish reserves from the proceeds of the sale of bonds,
- 31 other funds, or both, in the amount determined to be necessary by
- 32 the authority to secure the payment of the principal and interest on
- 33 the bonds.
- 34 (31) Adopt rules and guidelines governing its activities authorized
- 35 under the affected statutes.
- 36 (32) Use the proceeds of bonds to make guaranteed participating
- 37 loans.
- 38 (33) Purchase, discount, sell, and negotiate, with or without
- 39 guaranty, notes and other evidences of indebtedness.
- 40 (34) Sell and guarantee securities.
- 41 (35) Make guaranteed participating loans under IC 4-4-21-26.
- 42 (36) Procure insurance to guarantee, insure, coinsure, and

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- 1 reinsure against political and commercial risk of loss, and any
- 2 other insurance the authority considers necessary, including
- 3 insurance to secure the payment of principal and interest on notes
- 4 or other obligations of the authority.
- 5 (37) Provide performance bond guarantees to support eligible
- 6 export loan transactions, subject to the terms of the affected
- 7 statutes.
- 8 (38) Provide financial counseling services to Indiana exporters.
- 9 (39) Accept gifts, grants, or loans from, and enter into contracts
- 10 or other transactions with, any federal or state agency,
- 11 municipality, private organization, or other source.
- 12 (40) Sell, convey, lease, exchange, transfer, or otherwise dispose
- 13 of property or any interest in property, wherever the property is
- 14 located.
- 15 (41) Cooperate with other public and private organizations to
- 16 promote export trade activities in Indiana.
- 17 (42) Cooperate with the Indiana economic development
- 18 corporation in taking any actions necessary for the administration
- 19 of the agricultural loan and rural development project guarantee
- 20 fund established by IC 5-28-31.
- 21 (43) In cooperation with the Indiana economic development
- 22 corporation, take assignments of notes and mortgages and security
- 23 agreements securing notes and other forms of security, and attach,
- 24 seize, or take title by foreclosure or conveyance to any
- 25 agricultural enterprise or rural development project when a
- 26 guaranteed loan to the enterprise or rural development project is
- 27 clearly in default and when in the opinion of the Indiana
- 28 economic development corporation the acquisition is necessary to
- 29 safeguard the agricultural loan and rural development project
- 30 guarantee fund, and sell, or on a temporary basis, lease or rent the
- 31 agricultural enterprise or rural development project for any use.
- 32 (44) Expend money provided to the authority by the Indiana
- 33 economic development corporation from the agricultural loan and
- 34 rural development project guarantee fund created by IC 5-28-31,
- 35 subject to the terms of any agreement with the Indiana economic
- 36 development corporation governing the expenditure of that
- 37 money.
- 38 (45) Reimburse from bond proceeds expenditures for industrial
- 39 development projects under this chapter.
- 40 (46) Acquire, hold, use, and dispose of the authority's income,
- 41 revenues, funds, and money.
- 42 (47) Purchase, acquire, or hold debt securities or other

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1 investments for the authority's own account at prices and in a
 2 manner the authority considers advisable, and sell or otherwise
 3 dispose of those securities or investments at prices without
 4 relation to cost and in a manner the authority considers advisable.

5 (48) Fix and establish terms and provisions with respect to:

6 (A) a purchase of securities by the authority, including dates
 7 and maturities of the securities;

8 (B) redemption or payment before maturity; and

9 (C) any other matters that in connection with the purchase are
 10 necessary, desirable, or advisable in the judgment of the
 11 authority.

12 (49) To the extent permitted under the authority's contracts with
 13 the holders of bonds or notes, amend, modify, and supplement any
 14 provision or term of:

15 (A) a bond, a note, or any other obligation of the authority; or

16 (B) any agreement or contract of any kind to which the
 17 authority is a party.

18 (50) Subject to the authority's investment policy, do any act and
 19 enter into any agreement pertaining to a swap agreement (as
 20 defined in IC 8-9.5-9-4) related to the purposes of the affected
 21 statutes in accordance with IC 8-9.5-9-5 and IC 8-9.5-9-7,
 22 whether the action is incidental to the issuance, carrying, or
 23 securing of bonds or otherwise.

24 (51) Do any act necessary or convenient to the exercise of the
 25 powers granted by the affected statutes, or reasonably implied
 26 from those statutes, including but not limited to compliance with
 27 requirements of federal law imposed from time to time for the
 28 issuance of bonds.

29 **(52) Sell bonds and enter into agreements with the**
 30 **department of workforce development and an instrumentality**
 31 **of the United States to carry out the purposes of IC 22-4-44.**

32 (b) The authority's powers under this chapter shall be interpreted
 33 broadly to effectuate the purposes of this chapter and may not be
 34 construed as a limitation of powers. The omission of a power from the
 35 list in subsection (a) does not imply that the authority lacks that power.
 36 The authority may exercise any power that is not listed in subsection
 37 (a) but is consistent with the powers listed in subsection (a) to the
 38 extent that the power is not expressly denied by the Constitution of the
 39 State of Indiana or by another statute.

40 (c) This chapter does not authorize the financing of industrial
 41 development projects for a developer unless any written agreement that
 42 may exist between the developer and the user at the time of the bond

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1 resolution is fully disclosed to and approved by the authority.

2 (d) The authority shall work with and assist the Indiana housing and
3 community development authority established by IC 5-20-1-3, the ports
4 of Indiana established under IC 8-10-1-3, and the state fair commission
5 established by IC 15-13-2-1 in the issuance of bonds, notes, or other
6 indebtedness. The Indiana housing and community development
7 authority, the ports of Indiana, and the state fair commission shall work
8 with and cooperate with the authority in connection with the issuance
9 of bonds, notes, or other indebtedness.

10 SECTION 2. IC 22-4-2-9, AS AMENDED BY P.L.1-2007,
11 SECTION 160, IS AMENDED TO READ AS FOLLOWS
12 [EFFECTIVE UPON PASSAGE]: Sec. 9. "Fund" means the
13 unemployment insurance benefit fund established by IC 22-4-26-1, in
14 which all contributions required, all payments in lieu of contributions,
15 ~~and~~ all money received from the federal government as reimbursements
16 pursuant to section 204 of the Federal-State Extended Compensation
17 Act of 1970, 26 U.S.C. 3304n, **and all advances under Section 1201**
18 **of the federal Social Security Act (42 U.S.C. 1321)** shall be deposited
19 and from which all benefits provided under this article shall be paid.

20 SECTION 3. IC 22-4-44 IS ADDED TO THE INDIANA CODE AS
21 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
22 1, 2011]:

23 **Chapter 44. Advances From Federal Trust Fund and Financing**

24 **Sec. 1. (a) The general assembly makes the following findings of**
25 **fact:**

- 26 **(1) It is an essential governmental function to maintain funds**
- 27 **in an amount sufficient to pay unemployment benefits when**
- 28 **due.**
- 29 **(2) At the time of the enactment of this chapter, obtaining**
- 30 **advances from the federal government was the only option**
- 31 **available to obtain sufficient funds to pay benefits when the**
- 32 **balance in the fund is depleted.**
- 33 **(3) Alternative methods of replenishing the fund may reduce**
- 34 **the costs of providing unemployment benefits and employers'**
- 35 **cost of doing business in Indiana.**
- 36 **(4) Funds representing revenues received from any**
- 37 **unemployment obligation assessment that may be authorized**
- 38 **and any income from the investment of those funds are not**
- 39 **state property.**

40 **(b) The purpose of this chapter is to provide appropriate**
41 **methods through which the state may continue the unemployment**
42 **compensation program at the lowest possible cost to the state and**

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employers in the state.

Sec. 2. As used in this chapter, "authority" means the Indiana finance authority established by IC 4-4-11-4.

Sec. 3. As used in this chapter, "bond" means any type of revenue obligation, including a bond, note, certificate, or other instrument, payable from and secured by a pledge of revenues received from the unemployment obligation assessment and amounts on deposit in the obligation trust fund established by section 18 of this chapter to the extent provided in the proceedings authorizing the obligation.

Sec. 4. As used in this chapter, "bond administrative expenses" means expenses incurred to administer bonds issued under this chapter, including fees for paying agents, trustees, and attorneys, and for other professional services necessary to ensure compliance with applicable state or federal law.

Sec. 5. As used in this chapter, "bond obligations" means the principal of a bond and any premium and interest on a bond issued under this chapter, together with any amount owed under a related credit agreement.

Sec. 6. As used in this chapter, "credit agreement" means a loan agreement, a revolving credit agreement, an agreement establishing a line of credit, a letter of credit, an interest rate swap agreement, an interest rate lock agreement, a currency swap agreement, a forward payment conversion agreement, an agreement to provide payments based on levels of or changes in interest rates or currency exchange rates, an agreement to exchange cash flows or a series of payments, an option, put, or call to hedge payment, currency, interest rate, or other exposure, or another agreement that enhances the marketability, security, or creditworthiness of a bond issued under this chapter.

Sec. 7. An amount owed by the authority under a credit agreement must be payable from and secured by a pledge of revenues received from the unemployment obligation assessment and amounts on deposit in the obligation trust fund to the extent provided in the proceedings authorizing the credit agreement.

Sec. 8. (a) If the general assembly determines that the issuance of bonds is:

- (1) necessary to refinance an advance received before July 1, 2011, by the department under Section 1201 of the federal Social Security Act (42 U.S.C. 1321) or any similar federal law; and
- (2) is the most cost effective method of returning an advance;

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1 the department may request the authority to issue bonds on its
2 behalf. Before making a request of the authority under this
3 subsection, the department must by resolution determine that the
4 issuance of bonds for the purposes established by this section will
5 result in a savings to the state and to employers in Indiana as
6 compared with returning the advance as otherwise required by
7 federal law.

8 (b) The department shall specify in the department's request to
9 the authority the maximum principal amount of the bonds, not to
10 exceed two billion dollars (\$2,000,000,000) for any separate bond
11 issue, and the maximum term of the bonds, not to exceed twenty
12 (20) years.

13 (c) The principal amount determined by the department under
14 subsection (b) may be increased to include an amount sufficient to:

- 15 (1) pay the costs of issuance of the authority;
- 16 (2) provide a bond reserve fund; and
- 17 (3) capitalize interest for the period determined necessary by
18 the department, not to exceed two (2) years.

19 Sec. 9. (a) The authority shall issue bonds on request by the
20 department, in accordance with IC 4-4.

21 (b) The authority shall determine the method of sale, type of
22 bond, bond form, maximum interest rates, and other terms of the
23 bonds that, in the authority's judgment, best achieve the economic
24 goals of the department and effect the borrowing at the lowest
25 practicable cost.

26 (c) The authority may enter into a credit agreement in
27 connection with the bonds.

28 Sec. 10. (a) The proceeds of bonds issued by the authority under
29 this chapter may be deposited with a trustee selected by the
30 authority and the department or held by the authority in a
31 dedicated trust fund outside the state treasury in the custody of the
32 authority.

33 (b) Bond proceeds, including investment income, shall be held
34 in trust for the exclusive use and benefit of the department. The
35 department may use the proceeds to:

- 36 (1) repay the principal and interest of previous advances from
37 the federal trust fund;
- 38 (2) pay the costs of issuing the bonds;
- 39 (3) provide a bond reserve; and
- 40 (4) pay capitalized interest on the bonds for the period
41 determined necessary by the department, not to exceed two
42 (2) years.

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1 (c) Any excess money remaining after the purposes for which
 2 the bonds were issued are satisfied may be used to purchase or
 3 redeem outstanding bonds.

4 (d) If there are no outstanding bonds or bond interest to be paid,
 5 the remaining proceeds shall be transferred to the fund.

6 Sec. 11. (a) The authority shall obtain a legal opinion, including
 7 a court judgment if necessary, setting forth a determination that
 8 bonds may be issued under this chapter. Before bonds may be
 9 issued under this chapter, the general assembly must enact a law
 10 providing for an unemployment obligation assessment. The law
 11 must provide that an assessment continues so long as there are any
 12 bonds issued under this chapter still outstanding.

13 (b) The general assembly shall set the unemployment obligation
 14 assessment rate in an amount sufficient to ensure timely payment
 15 of the bond obligations, including administrative expenses, and to
 16 provide an amount necessary in the general assembly's judgment
 17 to enhance investor acceptance of the bonds.

18 (c) Revenue from the unemployment obligation assessment
 19 under this section shall be deposited to the credit of the obligation
 20 trust fund under section 18 of this chapter.

21 (d) With regard to outstanding bonds issued by the authority
 22 under this chapter, the authority shall notify the department of the
 23 amount of the bond obligations and the estimated amount of bond
 24 administrative expenses each year in sufficient time, as determined
 25 by the department, to permit the department to administer the
 26 unemployment obligation assessment, subject to verification by a
 27 financial adviser of the department or as otherwise specified by the
 28 authority.

29 (e) The department shall transfer to the authority all revenue
 30 collected from the unemployment obligation assessment for deposit
 31 into the obligation trust fund. Money deposited in the obligation
 32 trust fund may be invested as permitted by IC 4-4-11-15. Money in
 33 the obligation trust fund required to be used to pay bond
 34 obligations and bond administrative expenses shall be transferred
 35 to the authority or used in the manner and at the time specified in
 36 the resolution adopted in connection with the bond issue to ensure
 37 timely payment of obligations and expenses, or as otherwise
 38 provided by the bond documents.

39 (f) For bonds issued by the authority under this chapter, the
 40 department shall provide for the payment of the bond obligations
 41 and the bond administrative expenses by irrevocably pledging
 42 revenues received from the unemployment obligation assessment,

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as provided in the proceedings authorizing the bonds and related credit agreements.

Sec. 12. (a) Revenues received from the unemployment obligation assessment may be applied only as provided by this chapter.

(b) The authority may pay bond obligations with other legally available funds.

Sec. 13. Revenue collected from the unemployment obligation assessment in any year that exceeds the amount of the bond obligations and bond administrative expenses payable in that year and interest earned on the obligation trust fund may, in the discretion of the authority, be:

- (1) used to pay bond obligations payable in the subsequent year, offsetting the amount of the assessment that would otherwise have to be levied for the year under this chapter; or**
- (2) used to redeem or purchase outstanding bonds.**

Sec. 14. (a) A bond issued under this chapter, and any related credit agreement, is not a debt of the state or any state agency or political subdivision of the state and is not a pledge of the faith and credit of any of them. A bond or credit agreement is payable solely from revenue as provided by this chapter.

(b) A bond, and any related credit agreement, issued under this chapter must contain on its face a statement to the effect that:

- (1) neither the state nor a state agency, political corporation, or political subdivision of the state is obligated to pay the principal of or interest on the bond except as provided by this chapter; and**
- (2) neither the faith and credit nor the taxing power of the state or any state agency, political corporation, or political subdivision of the state is pledged to the payment of the principal of or interest on the bond.**

Sec. 15. If bonds under this chapter are outstanding, the state may not:

- (1) take action to limit or restrict the rights of the department or authority to fulfill its responsibility to pay bond obligations; or**
- (2) in any way impair the rights and remedies of the bond owners until the bonds are fully discharged.**

Sec. 16. A bond issued under this chapter, any transaction relating to the bond, and profits made from the sale of the bond are exempt from taxation by the state or by a political subdivision of the state.

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1 **Sec. 17. The members of the department, department**
2 **employees, the board of directors of the authority, and the**
3 **employees of the authority are not personally liable as a result of**
4 **exercising the rights and responsibilities granted under this**
5 **chapter.**

6 **Sec. 18. (a) The obligation trust fund is established as a**
7 **dedicated trust fund outside the state treasury in the custody of the**
8 **authority. The obligation trust fund is composed of revenue**
9 **received under section 11 of this chapter.**

10 **(b) The authority and governor may use money in the obligation**
11 **trust fund without appropriation to pay:**

- 12 **(1) bond obligations and bond administrative expenses; and**
- 13 **(2) principal and interest incurred on advances from the**
- 14 **federal trust fund.**

15 **Sec. 19. An amount that is attributable to the part of the**
16 **unemployment obligation assessment authorized by section 11 of**
17 **this chapter may not be transferred to the fund unless all bond**
18 **obligations, including bond administrative expenses, have been**
19 **fully paid and satisfied. After the obligations have been fully**
20 **satisfied, the authority shall transfer the balance of the obligation**
21 **trust fund to the fund.**

22 **SECTION 4. An emergency is declared for this act.**

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