

HOUSE No. 4617

The Commonwealth of Massachusetts

By Mr. Murphy of Burlington, for the committee on Ways and Means, on House, No. 4444, reported, in part, a Bill relative to debt restructuring (House, No. 4617). April 14, 2010.

An Act Relative to Debt Restructuring.

FOR THE COMMITTEE

NAME:	DISTRICT/ADDRESS:
Charles Murphy	21st Middlesex

The Commonwealth of Massachusetts

In the Year Two Thousand and Ten

An Act Relative to Debt Restructuring.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is to provide forthwith for the restructuring of certain capital obligations of the commonwealth, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same as follows:

1 SECTION 1. (a) Notwithstanding any provision of section 53A of chapter 29 of the General Laws to the
2 contrary, the state treasurer, upon the request of the governor, may issue and sell refunding bonds of the
3 commonwealth under said section 53A of said chapter 29 in an amount sufficient to refund not more than
4 \$300,000,000 of outstanding general obligation bonds of the commonwealth, without a finding by the
5 state treasurer that such refunding will result in present value savings to the commonwealth. This sale
6 shall be accomplished in a manner that is cost efficient to the commonwealth to the extent reasonably
7 possible. The issuance of refunding bonds under this section shall otherwise be subject to said section
8 53A of said chapter 29, but these bonds shall be issued for a maximum term of years, not exceeding 8
9 years, that the governor may recommend to the general court pursuant to Section 3 of Article 62 of the
10 Amendments to the Constitution.

11 (b) Within 15 days after this refunding sale, the state treasurer and the secretary of administration and
12 finance shall file with the finance advisory board and the house and senate committees on ways and
13 means a report containing statements of: (1) net present cost or savings of this refunding; (2) the costs of
14 issuance incurred by the commonwealth pursuant to this refunding, including but not limited to, costs for
15 legal counsel, payments, discounts and other incentives provided to investment bankers, underwriters and
16 others, and costs related to credit or liquidity enhancements, if any; and (3) projected principal and
17 interest debt service costs.

18 (c) The costs of issuance may, if appropriate, be paid out of the proceeds of the refunding. The governor
19 shall identify the portion of the debt service attributable to the costs of issuance of the refunding as part of
20 any request for an appropriation for debt service payments resulting from this refunding issue. Any
21 refunding bonds issued under this section shall not be counted as part of "issued indebtedness" for the
22 purposes of the debt ceiling calculation.

23 SECTION 2. Notwithstanding any general or special law to the contrary, to finance expenditures made
24 under clauses (i) and (ii) of subsection (b) of section 2 of chapter 33 of the acts of 1991, chapter 300 of
25 the acts of 1992, as amended, and section 1A of chapter 152 of the acts of 1997, as amended, the state

26 treasurer shall, upon request of the governor, issue and sell bonds of the commonwealth in amounts to be
27 specified by the governor from time to time but not exceeding, in the aggregate, the sum of \$23,700,000.
28 Bonds issued to finance expenditures under said chapter 33 shall be issued for terms not to exceed 30
29 years; provided, however, that all such bonds shall be payable by June 30, 2026, as recommended by the
30 governor in a message to the general court dated May 22, 1991, in pursuance of Section 3 of Article LXII
31 of the Amendments to the Constitution, and as provided in section 1 of chapter 136 of the acts of 1991,
32 and the bond authorization contained in section 8 of said chapter 33, as amended, shall be reduced by the
33 amount of any bonds so issued. Bonds issued to finance expenditures under said chapter 300 shall be
34 issued for terms not to exceed 30 years, provided, however, that all such bonds shall be payable by
35 December 31, 2030, as recommended by the governor in a message to the general court dated June 7,
36 1996, in pursuance of Section 3 of Article LXII of the Amendments to the Constitution, and as provided
37 in section 1 of chapter 378 of the acts of 1996, and the bond authorization contained in section 8A of said
38 chapter 300, as inserted by section 14 of chapter 4 of the acts of 1995, shall be reduced by the amount of
39 any bonds so issued. Bonds issued to finance expenditures under said chapter 152 shall be issued for
40 terms not to exceed 30 years; provided, however, that all such bonds shall be payable by June 30, 2038, as
41 recommended by the governor in a message to the general court dated October 27, 2003, in pursuance of
42 Section 3 of Article LXII of the Amendments to the Constitution, and as provided in section 1 of chapter
43 2 of the acts of 1998, as amended, and the bond authorization contained in section 11 of said chapter 152,
44 as amended, shall be reduced by the amount of any bonds so issued. Bonds and interest thereon issued
45 under authority of this section shall be general obligations of the commonwealth.

46 SECTION 3. The state treasurer may borrow from time to time on the credit of the commonwealth such
47 sums as may be necessary for the purpose of meeting payments authorized by sections 2 and 2A of
48 chapter 233 of the acts of 2008 and may issue and renew from time to time notes of the commonwealth
49 therefor bearing interest payable at such time and at such rates as shall be fixed by the state treasurer;
50 provided, however, that the amount of notes outstanding at any time shall not exceed \$250,000,000. Such
51 notes shall be issued and may be renewed one or more times for such terms, not exceeding 1 year, as the
52 governor may recommend to the general court in accordance with Section 3 of Article LXII of the
53 Amendments to the Constitution, but the final maturities of the notes, whether original or renewal, shall
54 not be later than June 30, 2011. Notwithstanding any general or special law to the contrary, notes and
55 interest thereon issued under the authority of this section shall be general obligations of the
56 commonwealth. This authorization shall be in addition to any other authorization to issue bonds or notes
57 of the commonwealth for the purposes of meeting payments authorized by said sections 2 and 2A.

58 SECTION 4. Section 1 shall expire on June 30, 2011.