

HOUSE BILL NO. HB0339

State investments in industrial development bonds.

Sponsored by: Representative(s) Harvey, Childers, Hammons,
Jones, Luthi, Quarberg and Simpson and
Senator(s) Coe, Geis and Northrup

A BILL

for

1 AN ACT relating to public funds; providing for loans to
2 political subdivisions as specified; providing for
3 repayment of loans; providing an appropriation; and
4 providing for an effective date.

5

6 *Be It Enacted by the Legislature of the State of Wyoming:*

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8 **Section 1.** W.S. 9-4-703 by creating a new subsection
9 (f) and 16-1-110 are amended to read:

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11 **9-4-703. State loan and investment board; rules and**
12 **regulations; reports on delinquent loans; procedures if**
13 **default results in loss to a state permanent fund.**

14

15 (f) If the state loan and investment board determines
16 that an investment of state permanent funds pursuant to

1 W.S. 9-4-701(q) may result in a nonrecoverable loss either
2 to the corpus of, or interest due to, any permanent fund of
3 the state, the state loan and investment board may use any
4 funds available in the loss reserve account created by W.S.
5 16-1-110 to loan monies to the joint powers board,
6 municipality or county issuing the bonds in order to allow
7 the entity to redeem the state investment in the bonds in
8 full prior to maturity. A loan under this subsection shall
9 be made only after determination by the state loan and
10 investment board that the conditions of this subsection
11 including the following conditions are met:

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13 (i) Without the loan the issuing entity is
14 likely to default on the bonds;

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16 (ii) Without the loan the facility financed by
17 the bonds is likely to not be completed or to cease
18 operations, resulting in a significant loss of employment;

19

20 (iii) The issuing entity shall agree to repay
21 the loan within the time period provided by the bonds. The
22 state loan and investment board may establish a lower
23 interest rate for the loan than provided for the bonds and
24 may establish that the loan be repaid with or without

1 interest. In establishing terms for the loan repayment the
2 state loan and investment board may structure the loan to
3 provide as much security as possible for the loan repayment
4 recognizing the constitutional restrictions upon the
5 issuing entity's incurment of debt and the need to continue
6 operations of the facility;

7
8 (iv) To the extent the issuing entity sells any
9 of the issued bonds or forecloses upon the facility
10 financed by the industrial development bonds or upon any
11 other real, personal, tangible or intangible property
12 providing security for the bonds, all proceeds shall be
13 immediately payable to the state in repayment of the loan
14 under this subsection.

15
16 **16-1-110. Loss reserve account created; deposits;**
17 **disposition of funds.**

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19 Revenues received by the state loan and investment board
20 for deposit in the loss reserve account pursuant to W.S.
21 16-1-109(a) shall be transmitted to the state treasurer for
22 deposit to the credit of the loss reserve account within
23 the earmarked revenue fund. Funds in the account shall be
24 used for the purposes specified in W.S. 9-4-703(e) and (f)

1 and to pay the administrative and legal expenses of the
2 board in making collections and foreclosing on loans made
3 pursuant to W.S. 16-1-109. If at the end of any fiscal
4 year, the amount in the loss reserve account exceeds five
5 percent (5%) of the total amount of permanent funds
6 invested by the state in loans pursuant to W.S. 16-1-109,
7 the amount in excess of the five percent (5%) shall be
8 transferred and credited to the general fund.

9
10 **Section 2.** There is appropriated from the general
11 fund three million five hundred thousand dollars
12 (\$3,500,000.00) to the loss reserve account created by W.S.
13 16-1-110(e).

14
15 **Section 3.** This act is effective immediately upon
16 completion of all acts necessary for a bill to become law
17 as provided by Article 4, Section 8 of the Wyoming
18 Constitution.

19
20 (END)