



1995 SENATE BILL 352

September 26, 1995 - Introduced by Senators CHVALA, JAUCH, DECKER, MOEN, BURKE and CLAUSING, cosponsored by Representatives PLACHE, WILLIAMS, BLACK, GROBSCHMIDT, GRONEMUS, HUBER, WIRCH, NOTESTEIN, R. YOUNG, MEYER, BOYLE and BALDWIN. Referred to Committee on Education and Financial Institutions.

- 1 **AN ACT to amend** 20.866 (2) (yz); and **to create** 18.86 of the statutes; **relating**
2 **to:** the issuance of higher education bonds and granting bonding authority.

Analysis by the Legislative Reference Bureau

Under current law, the building commission may issue state debt or revenue obligations as higher education bonds. The building commission may provide that higher education bonds may be presented for payment before maturity to any eligible educational institution for tuition, fees and other educationally related costs owed that eligible educational institution plus an allowance for other educationally related costs such as room and board, books and supplies. Current law requires that the building commission structure the terms of the bonds to encourage ownership by as many individuals as possible and that the obligations be issued in denominations of not more than \$1,000. Higher education bonds are issued at a discount and current law authorizes the state to contract public debt in an amount not to exceed \$100,000,000 to pay the difference between the amount of higher education bonds and any lesser amount, not including accrued interest, received upon the sale of the bonds.

This bill increases this public debt limitation from \$100,000,000 to \$200,000,000 and imposes additional marketing requirements on higher education bonds issued pursuant to this increased bonding authority. Under these requirements, the building commission is required to issue the bonds in \$1,000 denominations with maturities of at least 5 years and no more than 20 years. During the first 4 days of the bond issue, no person may purchase more than a total of \$5,000 of bonds; if any bonds remain unsold after this initial 4-day period, the building commission may permit a person to purchase up to \$20,000 in bonds. The bill also requires that the building commission market the bonds in a manner designed to sell 25% of the bonds in areas designated by the building commission as rural areas.

