

No. 155, S.]

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CHAPTER 139

AN ACT to create 66.066 (2) (m) of the statutes, relating to authorization for the issuance of bond anticipation notes.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

66.066 (2) (m) of the statutes is created to read:

66.066 (2) (m) 1. Whenever the board or council of any town, village, city or power district has authorized the issuance or sale of mortgage bonds under this section, such board or council may, prior to the issuance of such bonds and in anticipation of their sale, authorize the issuance of bond anticipation notes by the adoption of a resolution or ordinance by two-thirds of its members present. Such notes shall be named "bond anticipation notes." Such resolution or ordinance shall recite that all conditions precedent to the issuance of such mortgage bonds provided by law or by the ordinance pursuant to which such mortgage bonds were authorized to be issued have been complied with, and that said notes are issued for the purposes for which mortgage bonds were authorized to be issued.

2. Such bond anticipation notes and any renewals thereof may be issued for periods of up to 5 years in the aggregate; they shall mature within 5 years of the date of the notes originally issued and shall be executed as are mortgage bonds; they shall recite on the face thereof that they are payable from proceeds of mortgage bonds issued under this section. The rate of interest borne by said bond anticipation notes shall not exceed the maximum rate of interest authorized to be borne by said mortgage bonds. Such bond anticipation notes shall not be deemed a general obligation of the town, village, city or power district issuing them, and no lien shall be created or attached with respect to any property of the utility as a consequence of the issuance of such notes.

3. Any funds derived from the issuance and sale of mortgage bonds under this section and issued subsequent to the execution and sale of bond anticipation notes shall constitute a trust fund, and such fund shall be expended first for the payment of principal and interest of such bond anticipation notes, and then may be expended for such other purposes as are set forth in the ordinance authorizing the mortgage bonds. No bond anticipation notes may be issued unless the comptroller of such town, city, village or power district, or other financial officer, first certifies to the board or council that contracts with respect to additions, improvements and extensions are to be let and that the proceeds of such notes shall be required for the payment of such contracts.

4. Upon the issuance of such bond anticipation notes, there shall be paid into the fund or accounts respectively provided for the payment of the principal and interest of said mortgage bonds, from the proportion of the revenues of the utility allocated to the payment of such principal and interest, the same amounts at the same times as would have been required to be paid therein for the payment of the principal of and the interest on the mortgage bonds if said mortgage bonds, in an equal principal amount, had been issued instead of such notes. Such moneys or any part thereof may, by the ordinance or resolution authorizing the issuance of bond anticipation notes, be pledged for the payment of the principal of and the interest on such notes. In addition thereto, such ordinance or resolution shall pledge to the payment of the principal of such notes the proceeds of the sale of the mortgage bonds in anticipation of the sale of which said notes were authorized to be issued. Such notes shall constitute negotiable instruments.

5. The aggregate amount of the bond anticipation notes shall not exceed the principal amount of the mortgage bonds in anticipation of the sale of which they are issued.

6. Any town, village, city or power district authorized to issue or sell bond anticipation notes as hereinbefore provided may, in addition to the revenue sources or bond proceeds, appropriate funds out of the tax levy for the payment of such notes. The payment of such notes out of funds from a tax levy, however, shall not be construed as constituting an obligation of such town, village, city or power district to make such appropriation.

7. Such bond anticipation notes shall constitute a legal form of investment for municipal funds under s. 66.04 (2).

Approved June 23, 1959.
