



County Technical Assistance Service
INSTITUTE *for* PUBLIC SERVICE

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Chapter III - Bond Issues

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Table of Contents

Chapter III - Bond Issues	3
Bond Issues - Historical Notes	3

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Bond Issues - Historical Notes

A listing of the acts which authorized various bond issues for Lewis County is included below for reference purposes, although these acts are no longer current. Also referenced below are acts which repeal prior law without providing new substantive provisions.

Bridges

1. Private Acts of 1931, Chapter 773, was the enabling legislation for the Quarterly Court of Lewis County to issue bonds up to \$25,000, at an interest rate which could not exceed 6%, and which would mature over a schedule covering from 5 to 25 years, as the Court might determine, to locate and build bridges in Lewis County and for no other purpose. Interest coupons must be attached to the bonds. All the essential details of valid bond legislation were present including the mandatory tax levy for the sinking fund account. The Trustee was directed to keep these funds in a separate account.

Buildings

1. Private Acts of 1935, Chapter 53, was the legal authority for the County Court of Lewis County at any regular, or called session, a majority of the Justices being present, to issue the interest bearing coupon bonds of the county in an amount not to exceed \$15,000, at an interest rate of 6%, or less, and to mature not longer than 30 years from the date of issue to purchase real estate and to erect a building in conjunction with the city of Hohenwald to be used as a Public Storage Building. All details were to be fixed into a Resolution for the Court. These bonds were declared to be the general obligations of the county for which a tax levy was mandatory to amortize them during the maturity period. The bonds were also exempt from taxation. The county could contract with Hohenwald for the completion and use of the project. All prior proceedings were legitimated and ratified with the final approval coming from the people in a referendum election to be held on August 9, 1934.
2. Private Acts of 1935, Chapter 532, conferred the same authority as contained in Private Acts of 1935, Chapter 531, Item 1, above, on the Mayor and Board of Aldermen of Hohenwald to issue up to \$15,000 of the City's bonds for the same purpose and for the same terms and conditions.
3. Private Acts of 1953, Chapter 8, allowed the Quarterly Court of Lewis County to issue and sell up to \$120,000 in 6%, 30 year, bonds, to acquire land and to erect, construct, and maintain a building for public purposes. The building could be built in conjunction with the City of Hohenwald, if desired and practical. All the details would be incorporated in a Resolution for the action of the Quarterly Court. A special property tax levy must be made to produce the funds to amortize the bonds over the stated maturity period. A public purpose for which the building could be built was defined in the Act. All of the above was contingent upon the approval by the people in a referendum.

Debts

1. Private Acts of 1929, Chapter 138, ratified, confirmed, and validated all the prior actions of the Lewis County Quarterly Court held and done in connection with the issuance of \$40,000 in Funding Bonds, dated January 1, 1929, at a called meeting of the Court on February 2, 1929. The bonds bore a rate of 52% interest, and matured in increments of \$4,000 annually beginning on July 1, 1949. The bonds were made the general and uncontestable obligations of the county to be paid off and discharged by a special tax levy imposed as long as any bonds were outstanding and unpaid.
2. Private Acts of 1931, Chapter 792, permitted the Quarterly Court of Lewis County to issue and sell up to \$10,000 in interest bearing notes to pay off a deficit in the general fund of the county. Before the said notes could be issued, the court must, by adopting the appropriate Resolution, a majority of the Justices being present, specifically provide for the issuance of the same, the Resolution to be spread upon the minutes of the Court. The bonds' interest rate could not exceed 6%, nor the maturity period extend beyond five years from issue. The Court must levy the required tax for the sinking fund.
3. Private Acts of 1935, Chapter 533, was the enabling Act which allowed the Lewis County Quarterly Court to issue up to \$40,000 in bonds, at 52% interest, or less, maturing over a schedule from two years to fifteen years from date of issue to be used to pay off outstanding and floating debts of the county which were outstanding at the time. All valid details were present and the

mandatory tax levy was established.

4. Private Acts of 1949, Chapter 375, ratified, confirmed legalized, and validated, notwithstanding the lack of statutory authority at the time, all the prior procedures and actions of the Quarterly Court of Lewis County held in connection with the issue and sale of \$15,000 in bonds dated January 1, 1949, at 32% interest which were to become due and payable beginning on April 1, 1950 and ending April 1, 1957. The bonds were made general obligation bonds for which the full faith and credit of the county were pledged. A tax levy sufficient to pay off the bonds and interest was required to be levied during the maturity period.

Honenwald

1. Private Acts of 1921, Chapter 612, allowed the Board of Commissioners of the City of Hohenwald, to issue up to \$10,000 in bonds, at an interest rate of 6%, or less, and to mature from ten to twenty years after date, to erect, enlarge, and equip a new school building, or, by ordinance of the Commission to acquire land for playgrounds in the city. The bonds could not be issued until approved in a referendum vote of the people. The Commission was required to canvass the vote and to certify the results. If approved, and the bonds were issued and sold, the Commission must then levy a tax each year calculated to produce at least one-twentieth of the amount of bonds issued.
2. Private Acts of 1927, Chapter 281, amended the 1923 City Charter of Hohenwald to authorize the construction of a sewer system for the city but also was the enabling legislation for the city to issue bonds with which to construct the sewer system. The Act included the customary requirements for valid bond legislation.
3. Private Acts of 1935, Chapter 532, was the legal authority for the Mayor and the Board of Aldermen of Hohenwald to issue and sell up to \$15,000 in bonds, at an interest rate not to exceed 6%, and to mature no longer than 30 years from the date of issue, the proceeds to be used to defray one-half of all the expense to purchase real estate and to erect a public building thereon for storage in conjunction with Lewis County. All the essential details could be embodied in a Resolution to be adopted. A condition precedent to the bond issue and sale was approval from the people evidenced by an affirmative referendum vote. If approved, and the bonds were issued, the Mayor and Council must levy a special annual property tax to amortize the bonds.
4. Private Acts of 1937 (Ex. Sess.), Chapter 9, amended the Charter of Hohenwald to allow the Mayor and Aldermen to purchase, or otherwise acquire, land and to build and maintain thereon monuments, buildings, libraries, or any other evidence of the appreciation the people had for the soldiers, sailors, and marines who had fought in any war in which the United States was a participant. The authority to sell bonds for this purpose was likewise granted, which bonds must mature no later than 30 years from date of issue and to bear an interest rate which could not exceed 6%. All the details of the issue, subject to an affirmative vote in a referendum, would be incorporated into a Resolution for the Council's action. The City could cooperate with Lewis County in this program if it so desired. The amount of the bonds could not exceed \$20,000 and were declared to be the general obligations of the city.
5. Private Acts of 1937 (Ex. Sess.), Chapter 18, seems to be an exact duplicate of Private Acts of 1937 (Ex. Sess.), Chapter 9, above, and is not repeated.
6. Private Acts of 1945, Chapter 179, stated that all prior proceedings taken by the Mayor and Aldermen of the City of Hohenwald in connection with the issue and sale of \$16,000 in War Memorial Notes of the City, at 3% interest and maturing as the Council has directed, were hereby confirmed, ratified, and validated in all respects notwithstanding any irregularities or lack of statutory authority to do so at the time the actions were taken. The Mayor and Council must levy a tax for the sinking fund so long as any of these bonds were outstanding and unpaid.
7. Private Acts of 1953, Chapter 7, amended the Hohenwald Charter to allow the Mayor and City Council to purchase, or otherwise acquire, land located in either the City or the County on which to construct a building, or buildings for public purposes. The City could cooperate with Lewis County in this endeavor if it so desired. Bonds to accomplish the same could be issued and sold at 6% or less interest, to mature no longer than 30 years after issue, which would be the general obligation bonds of the City, if all the above were approved in a referendum vote held for that purpose. A citizens committee of three would be appointed to supervise the program. The bonds, if and when issued, could not exceed \$80,000 in amount.

Memorial - Monument

1. Private Acts of 1937 (2nd Ex. Sess.), Chapter 17, allowed the Quarterly Court in regular, or called, session to issue bonds at a maturity schedule not to exceed thirty years and at an interest

rate of no more than 6%, up to \$30,000, the details of which must be incorporated into a Resolution, to acquire land by gift from an individual, city, or corporation, and to build, construct, erect, purchase, and maintain monuments, buildings, or libraries, to be in commemoration of the valor, bravery, and heroic deeds of soldiers, sailors, and marines in any of the wars in which the United States had been engaged. The authority was granted to cooperate with and work in conjunction along these lines with Hohenwald. All of the above was conditioned upon the people approving the proposition in a referendum election.

2. Private Acts of 1937 (3rd Ex. Sess.), Chapter 10, empowered the Quarterly Court of Lewis County to acquire land by gift, or otherwise for which the Court could issue bonds at an interest rate not to exceed 6%, and to mature no longer than 30 years from the date of issue, and up to \$30,000 in amount, to be used further to construct, erect, and build, or purchase, and maintain monuments, buildings, libraries, or other evidence of the appreciation for the bravery, valor, or heroic deeds of soldiers, sailors, and marines. The remainder of the Act was in language strongly similar to that of the preceding Act.
3. Private Acts of 1945, Chapter 119, ratified, validated, confirmed, and legalized all the prior actions of the Quarterly Court of Lewis County taken in connection with the issuance of \$24,000 in War Memorial Bonds, dated February 1, 1945, at 3% interest, and which would mature serially between the years 1946 and 1965. When said bonds were issued and sold as provided herein they would become uncontestable obligations of the county to be amortized by a general tax levy until all were paid.

Roads

1. Private Acts of 1947, Chapter 829, was the legal authority for the Quarterly Court of Lewis County to issue and sell not over \$20,000 in bonds, at a maximum interest rate of 4%, which bonds would mature no later than 20 years from issue, which money would be used to purchase and acquire rights of way for Federal, State, and County highways. All the details essential to valid bond legislation were present.
2. Private Acts of 1953, Chapter 348, was a duplicate of the 1947 act above, authorizing the issuance of bonds in the amount of \$20,000, or less, at an interest rate not to exceed 4%, and to mature no later than 20 years from date of issue. They were to be general obligation bonds for which a special tax would be levied until their principal and interest were liquidated.
3. Private Acts of 1955, Chapter 281, permitted the Lewis County Quarterly Court to issue and sell up to \$25,000 in 4%, 20 year bonds, to acquire rights of way for Federal, State, and County Highways. The bonds would be general obligation bonds to be amortized by a special general tax levy. The Trustee would handle all the funds and keep all the records.

Schools

1. Private Acts of 1927, Chapter 652, authorized a referendum to be held in Lewis County on July 1, 1927, to determine the will of the people on the question of the issue and sale of \$50,000 in bonds to provide for the erection of a central four year High School and for elementary school buildings. Ballots would be marked simply "For" or "Against." If approved, the interest rate on the bonds would be no less than 5%, nor more than 5.75%, and the maturity schedule could range from 12 to 20 years. The Trustee would handle the funds to be used to build schools as specified. The bonds must be amortized by a special general tax levy.
2. Private Acts of 1935 (Ex. Sess.), Chapter 25, stated that all the prior proceedings of the Lewis County Quarterly Court held in connection with the issue and sale of \$16,500 in school bonds, dated July 8, 1935, at an interest rate of 5%, payable semi-annually were hereby ratified, confirmed, and validated notwithstanding any other law to the contrary and the lack of any statutory authority at the time of issue, or the approval by the people in a referendum. The full faith and credit of the county were pledged to the payment of the maturity schedule.
3. Private Acts of 1935 (1st Ex. Sess.), Chapter 162, amended Private Acts of 1935 (Ex. Sess.), Chapter 25, above by correcting an obvious error in the due date of the bonds which were ratified and confirmed in the amended Act by changing the due date from July 8, 1935 to July 8, 1955, thus setting up a maturity schedule of 20 years.
4. Private Acts of 1947, Chapter 253, was the legal authority for the Quarterly Court of Lewis County to issue and sell up to \$100,000 in bonds, at an interest rate of no more than 4%, and to be amortized over a period not to exceed 20 years from the date of issue, which would be used to erect, remodel, and repair school houses in the county, including the purchasing of sites for the same. The Quarterly Court had the authority to select the projects but the members of the Board of Education and the Superintendent of Schools were eligible to serve as the Committee. All the

essential details of valid bond legislation were present in the Act.

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