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Chapter III - Bond Issues

Dear Reader:

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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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Chapter III - Bond Issues

Bond issues have been authorized by private legislation, but general law now has provisions covering bond issues needed by counties. Most of the private legislation authorizing counties to issue bonds, or to borrow money on short term notes, contained similar provisions. Generally, these common provisions concerned limitations on the rate of interest to be paid, the maximum number of years for the maturity period, and an additional tax levy for general obligation bonds, the proceeds of which were placed in a sinking fund and used to amortize the bonds and interest over the specified maturity period.

For many years the authority of counties to issue bonds was contained in many different chapters of Tennessee Code Annotated. Recently, the authority to issue bonds and notes has been consolidated in the Local Government Public Obligations Act of 1986, T.C.A. § 9-21-101 et seq. However, the older authority to issue bonds for school purposes remains in title 49, chapter 3 of Tennessee Code Annotated.

A listing of the acts which authorized various bond issues for Blount County is included below for reference purposes, although these acts are no longer current.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.

Teachers' Salaries

Private Acts of 1929 Chapter 73

SECTION 1. That all counties in the State of Tennessee having a population of not less than 28,795 and not more than 28,805 according to the Federal Census of 1920 or any subsequent Federal Census, through its quarterly county court, shall be authorized to borrow the money for the purpose of paying High School and Grammar Grade Teachers for said counties for the school year 1928-29 or for any subsequent school year or years thereafter.

SEC. 2. That the said Quarterly County Court of said counties shall be and is hereby authorized to issue interest bearing warrants and pay interest on same not to exceed six per cent (6%) for the purpose set forth in Section One of this Act and shall not at any time borrow money or issue warrants for said purpose unless the same is authorized in the budget adopted by the County Court either in regular or call session.

SEC. 3. That said money borrowed by the said county quarterly Court, shall not be for a longer period than six months, and that the money borrowed for any school year shall only be to meet the deficit where the tax levy is insufficient to meet the budget or to pay salaries of teachers until sufficient funds have been paid into the office of the County Trustee to take care of said teachers' salaries as provided in the School Budget regularly adopted by the County Quarterly Court.

SEC. 4. That all laws and parts of laws in conflict with this Act, be and the same are hereby repealed and that this Act take effect from and after its passage, the public welfare requiring it.

Passed: January 29, 1929.

Bond Issues - Historical Notes

Buildings - Memorials

1. Acts of 1907, Chapter 553, authorized a \$50,000 bond issue to provide funds for constructing a new courthouse. These bonds were to bear interest at an annual rate of 6% and were to mature within twenty years after their issuance.
2. Private Acts of 1945, Chapter 256, authorized a \$300,000 bond issue for the purpose of constructing a new jail and/or workhouse. Subject to voter approval, this bond issue would bear interest at 4% per annum and would mature within forty years.

Debts

1. Private Acts of 1931, Chapter 419, allowed Blount County to borrow money in an amount up to \$25,000 and to issue warrants bearing interest at an annual rate of 6% for the repayment of this money, which was to be used for paying general county expenses.
2. Private Acts of 1939, Chapter 247, authorized a \$200,000 bond issue, maturity date within twenty years, 4% interest rate, the proceeds from which were to be used for paying the outstanding indebtedness of the county.
3. Private Acts of 1959, Chapter 256, attempted to authorize a bond issue of \$300,000 for the general re-assessment and re-evaluation of all property in Blount County subject to ad valorem

taxes. This act did not receive local approval and these bonds were never issued.

Refunding

1. Private Acts of 1931, Chapter 420, authorized Blount County to borrow money (up to \$25,000) and issue short term warrants with a 6% interest rate, for the purpose of refunding outstanding highway bonds which were due in 1931.
2. Private Acts of 1931, Extra Session, Chapter 65, allowed Blount County to refund certain outstanding interest-bearing warrants and to pay general county expenses for the depression year of 1931. This act authorized the borrowing of money in an amount not larger than \$50,000 for the repayment of which short term warrants were to be issued.

Roads

1. Acts of 1903, Chapter 9, authorized the county to issue bonds in an amount not exceeding \$100,000, subject to voter approval, to be used for macadamizing a number of the county roads leading from Maryville.
2. Acts of 1909, Chapter 282, authorized the bond issue upon approval of a three-fifths majority of the quarterly county court of \$300,000, to be used for improving the county roads. These bonds, if issued, were to bear interest at an annual rate of 5% and were to mature in no less than ten years and no more than forty years.
3. Private Acts of 1911, Chapter 563, also provided for a bond issue to be used for improving county roads. This issue was for \$25,000 with maturity dates within twenty to forty years and an annual interest rate of 5%. This act also specified the roads and amount of money to be spent on improving them--with \$15,000 to be spent on the road beginning at the "Abrams Creek present iron bridge" and the remaining \$10,000 to be spent on the road "leading from the depot of the Tennessee-Carolina Southern Railroad in Chilhowee near the Dave Smith farm, up what is known as Happy Valley."
4. Private Acts of 1919, Chapter 256, authorized a \$400,000 bond issue, with an interest rate of 6% per annum and maturity dates within thirty years. One-half of the proceeds from the sale of these bonds was to be spent on improving the paved road from Maryville to the Knox County line, and the remainder of the money was to be used for macadamizing other county roads, under the supervision of the good road commissioners, who were appointed by this act. This was amended by Private Acts of 1919, Chapter 484, to give the commissioners the authority to designate the roads to be improved and by Private Acts of 1921, Chapter 430, to raise the salary of the good road commissioners to \$4.00 per day, with the chairman of the commission to receive a per diem of \$5.00.
5. Private Acts of 1921, Chapter 619, was a bond issue of \$250,000 with an interest rate of 6%, to mature within thirty years, to be used for improving county roads.
6. Private Acts of 1935, Chapter 459, authorized the Blount County Quarterly Court to borrow money for buying and/or renting road machinery, and to issue warrants totaling not more than \$5,000, for repayment of this money.
7. Private Acts of 1947, Chapter 115, was another act authorizing the county to borrow money and issue warrant for its repayment; this time the amount to be borrowed could not exceed \$300,000, the warrants were to mature within ten years at an annual interest rate of 4% and the money was to be used to secure rights of way on state and federal aid roads being built in Blount County.
8. Private Acts of 1947, Chapter 116, authorized a \$500,000 road bond issue, with a maximum interest rate of 4%, to mature within twenty-five years.
9. Private Acts of 1957, Chapter 237, was the last private act authorizing a road bond issue for Blount County; for \$300,000 with a maximum interest rate of 5%.

Schools

1. Acts of 1909, Chapter 523, authorized a bond issue of \$40,000 to be used to construct public school buildings.
2. Private Acts of 1923, Chapter 464, was a joint Maryville-Blount County bond issue of \$75,000 to be used for constructing the "Central High School for Blount County."
3. Private Acts of 1925, Chapter 68, authorized a \$200,000 bond issue (due by 1954 with an annual interest rate of 5%) to be used for the construction and equipment of Central High School.
4. Private Acts of 1933, Chapter 739, authorized Blount County to borrow money in an amount up to \$75,000, and to issue short term warrants bearing interest at a rate of 6% per annum, for the purpose of refunding outstanding notes against the school system.

5. Private Acts of 1933, Chapter 865, authorized Blount County, through its quarterly county court, to borrow money and issue interest-bearing warrants not exceeding \$75,000.00 for the purpose of providing funds for liquidating and paying any outstanding warrants or notes against the high school or elementary school funds of Blount County.
6. Private Acts of 1935, Chapter 686, authorized a bond issue of \$500,000, 4% interest rate, maturity dates within fifty years, without a voter referendum, to be used for matching federal monies for acquiring lands, buildings, and equipment for the county schools. This was amended by Private Acts of 1939, Chapter 306, to reduce the total amount of bonds to be issued to \$125,000.
7. Private Acts of 1941, Chapter 9, validated a \$200,000 bond issue for Blount County schools, dated January 1, 1941.
8. Private Acts of 1947, Chapter 128, authorized a \$750,000 bond issue, for school purposes, with a maximum interest rate of 4% per annum and a maturity date within thirty years.
9. Private Acts of 1951, Chapter 647, authorized a \$2,000,000 bond issue for school purposes, with a maximum interest rate of 3% per annum, subject to voter approval at a referendum.

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