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Bond Issues - Historical Notes

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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Bond Issues - Historical Notes

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authorized various bond issues for Fayette County is included below for reference purposes, although these acts are no longer current.

Courthouse

1. Private Acts of 1925, Chapter 280, Page 1026, provided that the Quarterly Court of Fayette County was authorized to issue up to \$100,000 in bonds, at an interest rate not to exceed 6%, and to mature over a period no longer than 25 years, to build and equip a new Court House in Somerville, all of which was subject to the approval of the people voting in a referendum election held for that purpose. The essential details of the issue were incorporated into the Act and the additional tax levy to amortize the bonds was mandated as long as any are outstanding. The Act names the Court House Finance and Executive Committee heretofore appointed by the Quarterly Court and consisting of W. G. Shelton, Chairman of the County Court, W. S. Piper, W. A. Weber, C. W. Stainback, L. D. McAuley, P. R. Beasley, and W. M. Mayo, to superintend and direct the sale of the bonds and the design and construction of the building. The County Trustee would handle the funds and keep appropriate and accurate records.

Debts

1. Private Acts of 1915, Chapter 144, Page 144, was the lawful authority for the County Court of Fayette County to borrow money and to execute notes therefor to pay, liquidate, settle, compromise, and adjust any outstanding and unpaid debt of the county but at no time would the aggregate borrowed for this purpose exceed \$30,000. The loan may be accomplished by Resolution of the court which would contain all the essential details but the interest rate could not exceed 6%. The court could levy a special tax annually not to exceed 15 cents per \$100 property valuation until all borrowed money was repaid.
2. Private Acts of 1921, Chapter 542, Page 1708, allowed Fayette County to settle and pay off all its outstanding debts, evidenced by time warrants heretofore issued, and for this purpose to issue coupon interest bearing bonds up to \$50,000 at an interest rate of 6%, or less, and maturing no longer than 20 years from issue, and the same were exempt from taxation. All the essential details for valid bond legislation and the mandatory tax levy were included in the legislation.
3. Private Acts of 1927, Chapter 110, Page 236, amended Private Acts of 1915, Chapter 144, Section One, so that the Quarterly Court of Fayette County has the authority at any regular, or special term, to borrow money and to order the execution of proper notes therefor for the purpose of paying and settling any outstanding and unpaid debts of the County but the entire amount outstanding for this reason at any one time should not exceed \$60,000.
4. Private Acts of 1931, Chapter 33, Page 83, broadened the authority of the Fayette County Quarterly Court to settle and pay off outstanding debts, school warrants, and road and ridge warrants, heretofore issued, and to issue and sell up to \$150,000 in general obligation bonds of the County at interest rates no higher than 6% and to mature over period no longer than 30 years. All the details and the tax levy were present.
5. Private Acts of 1931, Chapter 330, Page 844, ratified and validated all the prior proceedings of the Fayette County Quarterly Court held on May 21, 1931, in connection with the issuance of \$50,000 in notes to secure funds for the payment of current operating expenses pending the collection of taxes due on March 1, 1932. The interest rate was 6%, and all aspects of the transaction were approved notwithstanding the lack of any statutory authority at the time.
6. Private Acts of 1935, Chapter 133, Page 293, ratified, confirmed, and legalized all prior actions of the Quarterly Court in the issuance of \$20,000 in the notes of the county, dated January 1, 1935, bearing interest at 6%, and due not later than July, 1945, and the indebtedness which these notes would pay was also validated but a like amount of debts must be paid and discharged. The Court was required to levy a special tax within the limits of Private Acts of 1915, Chapter 144, until the notes were paid in full, and interest.

Roads

1. Private Acts of 1907, Chapter 526, Page 1771, was the enabling law for the Quarterly Court of Fayette County to issue up to \$200,000 in bonds, at an interest rate not over 5% and to mature no longer than 30 years from issuance but all could be called and paid after 15 years, to construct good roads in the County. The details and the tax levy requirement were provided adequately. All of this Act depended upon the approval of the people voting in a referendum election on the proposition. The County Court at its first term after the passage of this Act would elect a committee

- of five who would have charge and control of the construction of the roads. The first four roads built under this Act would begin at Somerville and proceed in the four general directions from that point.
2. Private Acts of 1927, Chapter 773, Page 2521, allowed the Quarterly Court to issue bonds in such sums as the Court may elect to build hard surfaced roads of concrete, gravel, asphalt, or other substances, and permanent bridges as needed but the amount was not to exceed \$1,000,000, and the proposed issue would be approved in an election before being issued. Interest was pegged at 6% and the maturity period fixed at a maximum 30 years. When all the details were decided, the election would be held on that proposal. All the details were provided, plus the mandatory tax levy, if the people approved of the issue.
 3. Private Acts of 1947, Chapter 192, Page 539, was the legislative authority for the Quarterly Court of Fayette County to issue its bonds up to \$150,000, to buy highway machinery and equipment and to construct, improve, and maintain the roads and bridges. The legal interest rate was fixed at 5%, or less, and the Court could arrange the maturity schedule as it deemed proper. All the essential details and tax levy were contained in the legislation.

Schools

1. Private Acts of 1917, Chapter 592, Page 1812, was the legal authority for Fayette County to issue and sell its bonds in an amount not to exceed \$40,000 to build and equip a high school for the county. The interest rate was 6%, or less, and the maturity schedule could not exceed 20 years. The necessary details of the issue were set out, the Quarterly Court was obligated to levy a tax until the bonds and interest were paid off, and the Trustee would handle the funds and keep the proper records.
2. Private Acts of 1917, Chapter 825, Page 2580, was the enabling legislation for the Quarterly Court to issue and sell up to \$50,000 in 6%, or less, bonds, to mature no later than 30 years from date of issuance, to erect, furnish, and equip school buildings for the County which fund was to be used by the County Board of Education to discharge indebtedness therefor. All the details of the bonds, their issue and handling, and their payment were included within the Sections of this law.
3. Private Acts of 1929, Chapter 409, Page 1067, allowed the Quarterly Court of Fayette County, subject to the approval of the people in a referendum election, to issue \$25,000 in bonds to build and equip a high school in Moscow, Tennessee. The details and tax levy were present in the law. A committee, to be called the High School Building Committee, was provided who would supervise the bond issue and the construction of the school. The Committee would be made up of the Chairman of the County Court, two other members of the Court, and two members of the Board of Education. The Trustee would disburse all the proceeds from a separate account and keep the necessary records.
4. Private Acts of 1929, Chapter 444, Page 1173, permitted the Quarterly Court of Fayette County, after the same had been approved by the people in a referendum election, to issue up to \$75,000 in bonds, at an interest rate of 6%, or less, and to mature over a schedule no longer than 30 years, to build and equip a high school in Somerville, Tennessee. The details of the form of the bond and the manner of its issue, and the mandate of the Quarterly Court to levy a tax to amortize the bonds over the specified maturity period are all stated in the act. A committee, whose composition was the same as in the prior act above would supervise the sale and payment of the bonds and the construction of the school. The ballot in the referendum would be marked simply "For" or "Against" the issue.

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