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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	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which authorized various bond issues for Obion County is included below for reference purposes, although these acts are no longer current.

Courthouse

1. Private Acts of 1935, Chapter 671, was the authority for the Obion County Quarterly Court to issue up to \$200,000 in bonds to build or repair the county court house and to build other public buildings on the county's farm to be used in the care of charities. The Act established a seven member Planning Commission, three of whom were to come from the county court, two from the Bar, and two from the citizens of the County, who would formulate all the plans for the buildings. The execution of this Act depended upon the approval of a majority of the populace voting in a referendum on the bond issuance. In the event the first election failed, the issue could be revived after six months has passed.

Debts

1. Private Acts of 1919, Chapter 116, allowed a coupon bond issue by the Quarterly Court of Obion County of up to \$50,000, at an interest rate of 5%, or less, which would mature over a period not to exceed 10 years, the proceeds of which were to be used to pay the outstanding debts of the county which were evidenced by warrants due and unpaid at the time these bonds were issued. The County Trustee would keep these funds in a separate account and pay the lawful debts as demand was made. The County Judge was obligated to keep full records of all pertinent transactions. Provision was made for a tax levy to amortize the bond issue.
2. Private Acts of 1923, Chapter 103, provided that the Quarterly County Court of Obion County could borrow money evidenced by the time warrants of the County, with the legal interest, signed by the County Judge, or the Chairman, and the County Court Clerk, to pay any current indebtedness, or expenses when the County funds in the treasury were not sufficient to meet and pay the same. The warrants would be made due and payable out of tax funds.
3. Private Acts of 1927, Chapter 762, permitted the Obion County Quarterly Court to issue \$300,000 in bonds, at an interest rate of no more than 5%, and upon a maturity schedule limited to 30 years, or less, to pay the floating and outstanding indebtedness of the county, and to construct, gravel, or hand surface public roads as the court might designate the same. The bonds could be issued in whole or in part as the Quarterly Court saw fit. The essential details, including the form of the bond were incorporated into the Act, which also mandated the Quarterly Court to levy a tax rate sufficient to amortize the bonds according to the details stipulated. The Trustee was charged to handle the funds, \$100,000 going to pay debts, and the remainder for roads as the court directed. all the above was dependent upon the successful outcome of a referendum, whose results were to be certified to the Quarterly Court. After six months, a petition signed by 50 voters could renew the question if it failed initially.
4. Private Acts of 1927, Chapter 816, was the enabling legislation for the Obion Quarterly Court to issue no more than \$100,000 in interest bearing coupon notes to pay off and liquidate outstanding debts. The interest rate could not exceed 6%, nor the date of maturity be longer than 20 years. All the essential details of a valid issue were contained in the Act, and a tax rate for the sinking fund was mandated to amortize these notes which were also declared to be exempt from taxation.
5. Private Acts of 1931 (2nd Ex. Sess.), Chapter 92, allowed the Obion County Court to issue up to \$100,000 in 6%, or less, bonds, maturity over a period of time not to exceed 20 years, which funds were to be used to pay the lawful debts of the county then due and unpaid to be evidenced by proper warrant which the Trustee would cancel in the presence of the County Judge, when the same were paid. All the routine requirements and language of a lawful bond issue were in the Act.
6. Private Acts of 1937, Chapter 115, validated and legalized the prior action of the Obion Quarterly Court taken in connection with the issuance of \$20,000 in bonds to fund and pay off the floating indebtedness of the County. The bonds had in interest rate of 2¼% and were payable semi-annually over a period of ten years. The Act ratified prior proceedings and further required a tax levy for the sinking fund to repay these bonds as they became due.

Railroads

1. Acts of 1869-70, Chapter 55, authorized the Obion County Quarterly Court to issue up to

\$400,000 in bonds for railroad purposes at a maturity schedule not to exceed 20 years, and whose interest rate must be the legal rate or less. These funds could be used to purchase stock in the Railroad according to the pro rata share of the railroad tract miles located in Obion County. The Quarterly Court could fix the details and set up conditions by Resolution but, once issued, the tax rate for amortizing the bonds must be levied. A referendum on the bond issue was required.

Roads

1. Acts of 1903, Chapter 357, allowed the Quarterly Court to issue bonds in blocks of \$25,000, but not to exceed \$100,000 in the aggregate, as the court deemed necessary to do the work contemplated in this Act. This Act was subject to a referendum approval by a "For" or "Against" vote before becoming effective. The proceeds were to be used in locating, grading, bedding, draining and macadamizing public roads as the same might be designated by the County Court, and to build and repair bridges. The bonds could run for thirty years at a maximum allowable interest rate of 5%. They were general obligation bonds but the tax rate levy was not to be higher than 15 cents per \$100 property evaluation. A Highway Commission of three citizens would exercise general supervision over the entire project for which they could hire an engineer, contract the work out on bids, and who were obligated to inspect the work periodically. The Trustee would handle all the funds.
2. Private Acts of 1915, Chapter 332, provided that at the filing of a petition signed by 50 taxpayers an election would be held in Obion County on November 6, 1915, to ascertain the will of the people in the proposed issuance of \$800,000 in bonds for improving the lengthy list of roads designated in the Act. The bonds would bear interest at 5 per cent, or less, and mature in 30 years from the date of issuance. A 40 cent per \$100 of taxable property tax levy was mandated.
3. Private Acts of 1919, Chapter 621, was the authority for the County Court of Obion County to issue bonds up to \$100,000 to help build the "Reelfoot Lake Road." The interest rate could not exceed 5% nor the maturity schedule be longer than 20 years. These were to be general obligation bonds, tax free, and be used only for this purpose. All details and a tax levy for the sinking fund were specified in the Act.
4. Private Acts of 1925, Chapter 258, enabled the Quarterly Court to issue \$1,000,000 in 6%, 30 year bonds, in whole or in part, as they might be needed, to build, construct, improve, maintain or repair hard surfaced roads. The details and form of the bonds were set out in the Act along with the tax levy mandate and a requirement that accurate records be kept. A Board of Pike Commissioners was authorized whose qualification and duties were stipulated in the Act. A list of roads to be paved was provided. The Commissioners were to be paid such compensation as the Quarterly Court deemed reasonable. All of the provisions of this Act were conditioned upon the approval of the bond issuance by the voters in a referendum.

Schools

1. Private Acts of 1925, Chapter 283, permitted the Obion County Quarterly Court to issue \$180,000 in bonds at an interest rate of no more than 5%, and to mature no longer than 25 years from the date of issue. All the details of the issue and the form of the bonds were incorporated in the Act. These general obligation bonds were to be kept in a "Special School Fund" by the Trustee and expended only under the conditions stipulated. The efficacy of the entire bond issue depended upon the approval of a majority of the voters in a referendum held for that purpose.
2. Private Acts of 1925, Chapter 559, validated, legalized, and made binding all the prior actions of the Quarterly Courts of Obion County and Campbell County concerning all interest bearing county warrants now issued, or heretofore authorized to be issued by the said County Courts for the purpose of building and repairing Elementary and High School Buildings, and furnishing the same.
3. Private Acts of 1929, Chapter 158, was the enabling law for the Obion County Quarterly Court to issue not over \$60,000 in bonds with 5% interest, or less, and to mature no later than 25 years from the date of issue, the proceeds of which were to be used to pay off and discharge the outstanding debts and obligations of the county public school system. The debts were those which were evidenced by county warrants issued before this Act and which were then due and payable. The bonds were to be the general obligation bonds of the County, the details of which were prescribed in the Act and a tax levy for the sinking fund was directed to be levied by the Court in an amount sufficient to amortize the bonds.
4. Private Acts of 1937, Chapter 445, recited that the Quarterly Court of Obion County on April 20, 1937, had sold \$30,000 in school bonds, which were payable at the rate of \$3,000 per annum for the next ten years at an interest rate of 3%. Now, the validity of which actions some questions had been raised. This Act validated and legalized the above mentioned bonds and all the details thereof, making them a part of the general obligations of the County for which full faith and credit

were pledged, and all the prior proceedings of the Court in connection with the above transactions were fully ratified and confirmed as if issued pursuant to the authority granted herein.

5. Private Acts of 1939, Chapter 11, ratified, validated, confirmed, and legalized all the prior actions taken by the Quarterly Court of Obion County in connection with the issue and sale of \$40,000 in School Building Bonds on January 2, 1939. The bonds were issued at an interest rate of 2½% and were scheduled to come due over a ten year period beginning in 1941 and ending 1950. They were classified as general obligation debts of the county which were tax exempt. Provision for a tax levy was included.

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