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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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County Building

1. Private Acts of 1951, Chapter 569, was the authority for the Quarterly County Court of White County to issue up to \$350,000 in bonds, at an interest rate not to exceed 5%, and for a maturity period no longer than 30 years, to construct a county building to shelter all the county trucks, busses, machinery, and equipment, and for other county purposes. The details to be observed in the issuance of these bonds were contained in the Act. The proceeds would be delivered to the County Trustee who would keep accurate and sufficient records thereof. The bonds would be the general obligation bonds of the County for which the Quarterly Court must levy a special tax on property to amortize over the maturity period. A five member Committee would be appointed who would employ the architect, procure plans and specifications, and blueprints from the architect, and last estimates on the amounts needed to build and furnish the building. Authority to contract for the work was conferred upon this Committee.

Courthouse

1. Acts of 1895, Chapter 150, allowed the Quarterly County Court to issue the coupon bonds of the County in an amount up to \$15,000 to build and furnish a Court House for the county at an interest rate not to exceed 6% and payable under 15 years. The essential details of the issue are furnished and the tax levy required for these general obligation bonds.

Debts

1. Acts of 1866-67, Chapter 41, was an Act permitting Hawkins County to issue its interest bearing coupon bonds on a two-thirds vote of its Quarterly County Court to be used to payoff its existing debts except that no debt shall be included which was incurred in aid of the recent rebellion. In Section 6 of this Act the same right was extended to Greene, Monroe, White, Franklin, Dyer, and Smith Counties.
2. Private Acts of 1915, Chapter 438, was passed as authorization for White County's Quarterly Court to issue coupon bonds, a majority being present and voting therefore, in an amount not to exceed \$30,000 to refund the maturing indebtedness of the county. Interest rates could not exceed 6%, nor the maturity period extend beyond 30 years. The bonds would be in such form as the State law provided. All essential details were present and the tax levy to repay was made mandatory.
3. Private Acts of 1921, Chapter 965, allowed the Quarterly Court of White County to issue "school bonds" at an interest rate of 6%, or less, and for a maturity period no longer than 25 years, which would be used exclusively for the payment of the debts contracted for the building of schools and the operation of them in the county. The amount to be outstanding at anyone time was not to exceed \$25,000. All the details of a valid bond issue were contained in the Act.
4. Private Acts of 1935, Chapter 412, validated, confirmed, and ratified all the prior proceedings of the White County Quarterly Court taken in connection with the issuance of up to \$40,000 in Funding Bonds, dated April 1, 1935, with 4% interest and maturing according to the schedule specified in the Act. The ratification was to take place notwithstanding the lack of any statutory authority to do so at the time, and despite any errors or omissions in the procedures. The mandatory tax levy was present.
5. Private Acts of 1941, Chapter 315, ratified and confirmed all the prior proceedings of the Mayor and Aldermen of Sparta in authorizing the issue of \$60,000 in Funding Bonds, dated January 1, 1941, at 3 1/2% interest, and maturing through the year 1963, as specified. These bonds were approved first in a popular referendum vote before being issued.

Hospital

1. Private Acts of 1937, Chapter 360, was the authority for an election to be held in Sparta to ascertain whether or not the Mayor and Aldermen should issue bonds to provide funds to purchase, as a part of their contribution to the project, the property known as the Clark property which is now being used as a hospital. The project is in conjunction with White County. The amount involved is stated as \$2,000 (but this seems to be an error). If approved, the Mayor and Aldermen will proceed to issue the bonds as provided in this Act.
2. Private Acts of 1937, Chapter 388, called for an election to be held on the last Tuesday in February, 1937, to find out whether or not the Mayor and Aldermen of Sparta should issue the general obligation bonds of the city so as to provide funds for the city's contribution towards the purchase of the old Clark property which is now being used as a hospital, which would be owned,

maintained, and operated by the County. The ballot would be "For \$10,000", "For \$5,000" or "Against". If the vote is favorable the Mayor and Aldermen will issue the bonds required.

3. Private Acts of 1937 (Ex. Sess.), Chapter 35, permitted the Quarterly Court of White County to issue up to \$25,000 in interest bearing coupon bonds, the proceeds of which would be used to purchase the hospital now being operated in Sparta and to payoff any outstanding debts. The bonds would bear interest at 5%, or less, and be matured in 20 years, or less. All details are present and the tax levy required. All the above was subject to a referendum by the people to approve the action. White County would be in control of the facility, where purchased and may make all necessary appropriations thereof.
4. Private Acts of 1937 (Ex. Sess.), Chapter 40, was the same as Private Acts of 1937 (Ex. Sess.), Chapter 35, but made the Act dependent upon the outcome of a public referendum to be held on December 13, 1937. The two Acts are similar in all other respects.

Roads

1. Acts of 1905, Chapter 530, provided that an election would be held in White County within one year from the passage of this Act to ascertain the will of the people concerning the issuance of up to \$60,000 in bonds with which to build turnpikes, or improve existing roads. If the proposition were approved by the people, the Quarterly Court would then issue \$30,000 in bonds, due in 10 years, or less, at 5% interest, or less, and \$30,000 which would be due in 20 years, or less, at no more than 5% interest. All details were present, a tax levy to amortize was required, and the Trustee was directed to handle the money and keep the records. A Committee of three members would be appointed to supervise the work, take bids if required, whereupon the bid procedures established in the Act would be observed. A list of main roads which would be considered for improvement was set out in the law.
2. Acts of 1907, Chapter 220, amended Acts of 1905, Chapter 530, by authorizing the Committee to employ a Superintendent who must have practical knowledge of road construction, and who would supervise the grading, paving, and construction of the turnpikes. The salary would be agreed upon between him and the Committee. The Committee could also purchase rollers, graders, crushers, and other road machinery out of the bond fund which would be the property of White County. The Committee could contract the work out but must meet all the guidelines established in the Act. The Court must levy a sinking fund tax if the bonds are issued.
3. Acts of 1909, Chapter 61, stated that an election would be held in all the precincts of White County to determine whether the people were "For" or "Against" the issuance of up to \$50,000 in bonds to build turnpikes, or to improve the existing road system. The issue would be for \$25,000, due in 15 years, and \$25,000, due in 25 years, both interest rates not to exceed 5%. The Turnpike Commission now in office would supervise this work and complete the work planned for the roads listed in the 1905 Act, and to grade and macadamize the Sparta and Cookeville Road, and to grade the Taylor's Creek Road. All the other provisions were those normally found in bond legislation.
4. Private Acts of 1911, Chapter 139, amended Acts of 1905, Chapter 530, and Acts of 1909, Chapter 61, so as to authorize and direct the Trustee to deposit all funds coming into his hands by bond or by sinIqnu: nerewith would be cause for the Trustee to forfeit his compensation and be liable also to pay the legal interest which would have been earned if these directions had been followed. The Quarterly Court may contract with a bank to pay stipulated rates of interest when the same is manifestly in the best interests of the county.
5. Private Acts of 1911, Chapter 141, permitted the Quarterly Court of White County to issue bonds to payoff the remaining costs incurred for building bridges in the county from 1905 to 1912, the amount not to exceed \$25,000, at interest rates of 5%, or less. Details and a tax levy are furnished and both the Trustee and the County Judge shall keep records, as required.
6. Private Acts of 1911, Chapter 472, directed that an election be held in White County within one year from the passage of this Act to find out whether the people were "For" or "Against" a bond issue up to \$90,000 to build turnpikes, as to improve roads. The bonds would be at 4 1/2%, or less, interest, and mature in 20 years, or in a shorter time. All the ingredients of valid bond legislation were observed including the requirement that the Trustee keep records of all the transactions. A list of roads, twenty in number, with the amount to be expended on each was catalogued into the Act and the Turnpike Commissioners were required to attend to it accordingly. \$4,000 was earmarked to be spent on tools and equipment.

Schools

1. Private Acts of 1949, Chapter 618, allowed the Quarterly Court of White County to issue up to

\$40,000 in 5%, 5 year bonds, to finance the construction and repair of such school buildings as may be deemed needful by the County Court. These bonds may be issued without a referendum but must be in accordance with the details of this Act.

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