

HB 2251 -- GENERAL OBLIGATION BONDS

SPONSOR: Curtman

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Government Efficiency by a vote of 12 to 0. Voted "Do Pass" by the Select Committee on General Laws by a vote of 7 to 0, with 1 present.

This bill prohibits a municipal advisor involved with any sale of bonds from underwriting the issue. Any municipal advisor who provides services to an issuing political corporation or subdivision must be independent of the underwriter. "Municipal advisor" is defined as a person registered as such under the rules of the United States Securities and Exchange Commission and "independent" has the same meaning as defined thereunder.

The Office of Administration may provide assistance regarding the issuance of bonds, notes, or other indebtedness in order to obtain the lowest possible net interest costs to a political corporation or subdivision if it makes a request.

This bill is similar to HB 204 with HCA 1 (2015).

PROPONENTS: Supporters say that this bill will promote greater transparency in the selection of a bond underwriter.

Testifying for the bill was Representative Curtman.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that the issues are complex and often not understood by the board members. A better practice would be to require a financial advisor, or at the least a debt management policy. Also, negotiation in the bond industry means interest rates are not bid.

Testifying on the bill were the Office Of The Auditor and George K Baum & Co.