HB 150 -- MUNICIPAL BONDS

SPONSOR: O'Donnell

This bill provides that bonds, notes, or other forms of indebtedness may be issued in book-entry rather than bearer form and bear interest at the current rate of 10% or at a rate up to 250 basis points above the longest maturity United States Treasury bond, whichever is greater. The bonds may be sold at a competitive market yield not less than 50% rather than the current 95% of the par value. The bonds may bear interest at 14% or at a rate up to 250 basis points above the longest maturity United States Treasury bond, whichever is greater, if sold at the lowest true interest cost bid received, at a price not less than 50% of the par value and as specified in the bill.

The bill prescribes similar requirements for industrial development revenue bonds, bonds issued by any housing authority, and revenue bonds issued for airport purposes. This bill repeals the current language which provides for a political subdivision to have an unenhanced bond rating of AA+ or higher or comparable rating, and replaces it with a bond rating that is one of the two highest longterm ratings or the highest short-term rating issued by a nationally recognized rating agency on its outstanding general obligation. The principal amount of general obligation bonds, currently $12.5 million, is increased to $20 million.

For all tax years beginning on or after January 1, 2026, 100% of any interest derived from municipal bonds or any other debt derived from sources mentioned in the bill will be subtracted from the taxpayer's federal adjusted gross income as specified in the bill.

This bill is similar to HB 1726 (2024).