

Public Law 97-105
97th Congress

An Act

To amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations.

Dec. 23, 1981

[H.R. 4910]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 103(8) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 1-122(8)) is amended to read as follows:

"(8) The term 'capital project' means any physical public betterment or improvement, the acquisition of property of a permanent nature, or the purchase of equipment or furnishings, and includes (A) costs of any preliminary plans, studies, and surveys in connection with such betterment, improvement, acquisition, or purchase, (B) costs incidental to such betterment, improvement, acquisition, or purchase, and the financing thereof, including the cost of any election, professional fees, printing or engraving, production and reproduction of documents, publication of notices, taking of title, bond insurance, and interest during construction, and (C) the reimbursement of any fund or account for amounts expended for the payment of any such costs".

District of
Columbia Self-
Government and
Governmental
Reorganization
Act,
amendment.
"Capital
project."

SEC. 2. Section 446 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-224) is amended in the fourth sentence by striking out "No" and inserting in lieu thereof "Except as provided in section 467(d), section 471(c), section 472(d)(2), section 483(d), and subsections (f) and (g)(3) of section 490, no".

Post, pp. 1496,
1497.

Post, pp. 1497,
1498.

Post, p. 1499.
D.C. Code
47-254.

SEC. 3. Section 448 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-226) is amended—

(1) by inserting "(a)" after "Sec. 448."; and

(2) by adding at the end the following new subsection:

"(b) Notwithstanding subsection (a), the Mayor may make any payments required by subsection (b) or subsection (c) of section 483 and take any actions authorized by an act of the Council under section 467(b) or under subsection (a)(4)(A), or subsection (e), of section 490."

SEC. 4. Section 461(a) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-241(a)) is amended in the second sentence by striking out "payable annually or semi-annually, at such rate" and inserting in lieu thereof "payable on such dates, at such rate or rates".

SEC. 5. Section 462 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-242) is amended—

(1) by striking out the title of such section and inserting in lieu thereof the following new title:

**"CONTENTS OF BORROWING LEGISLATION AND ELECTIONS ON ISSUING
GENERAL OBLIGATION BONDS";**

(2) by inserting "(a)" after "Sec. 462.";

(3) in paragraph (6)—

(A) by striking out the comma which appears after "discretion"; and

(B) by inserting "the date of such election," after "holding such election,"; and

(4) by adding after paragraph (6) the following new subsections:

"(b) Any election held on the question of issuing general obligation bonds must be held before the act authorizing the issuance of such bonds is transmitted to the Speaker of the House of Representatives and the President of the Senate pursuant to section 602(c).

D.C. Code 1-147.

"(c) Notwithstanding section 602(c)(1), the provisions required by paragraph (6) of subsection (a) to be included in any act authorizing the issuance of general obligation bonds shall take effect on the date of the enactment of such act."

SEC. 6. Section 463 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-243) is amended to read as follows:

"PUBLICATION OF BORROWING LEGISLATION

D.C. Code
47-242.

"SEC. 463. (a) After each act of the Council of the District under section 462(a) authorizing the issuance of general obligation bonds has taken effect, the Mayor shall publish such act at least once in at least one newspaper of general circulation within the District together with a notice that such act has taken effect. Each such notice shall be in substantially the following form:

"NOTICE

"The following act of the Council of the District of Columbia (published with this notice) authorizing the issuance of general obligation bonds has taken effect. As provided in the District of Columbia Self-Government and Governmental Reorganization Act, the time within which a suit, action, or proceeding questioning the validity of such bonds may be commenced expires at the end of the twenty-day period beginning on the date of the first publication of this notice.

"_____,

"Mayor."

"(b) Neither the failure to publish the notice provided for in subsection (a) nor any error in any publication of such notice shall impair the effectiveness of the act of the Council authorizing the issuance of such bonds or the validity of any bond issued pursuant to such act."

SEC. 7. Section 464 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-244) is amended to read as follows:

"SHORT PERIOD OF LIMITATION

"SEC. 464. (a) At the end of the twenty-day period beginning on the date of the first publication pursuant to section 463(a) of the notice that an act authorizing the issuance of general obligation bonds has taken effect—

Supra.

"(1) any recital or statement of fact contained in such act or in the preamble or title of such act shall be deemed to be true for the purpose of determining the validity of the bonds authorized by such act, and the District and all others interested shall be estopped from denying any such recital or statement of fact; and

"(2) such act, and all proceedings in connection with the authorization of the issuance of such bonds including any election held on the question of issuing such bonds, shall be deemed to have been duly and regularly taken, passed, and done by the District, in compliance with this Act and all other applicable laws, for the purpose of determining the validity of such act and proceedings; and no court shall have jurisdiction in any suit, action, or proceeding questioning the validity of such act or proceedings except in a suit, action, or proceeding commenced before the end of such twenty-day period.

"(b) At the end of the twenty-day period beginning on the date of the first publication pursuant to section 463(a) of the notice that an act authorizing the issuance of general obligation bonds has taken effect, no court shall have jurisdiction in any suit, action, or proceeding questioning the validity of any general obligation bond issued pursuant to such act if—

Ante, p. 1494.

"(1) such general obligation bond was purchased in good faith and for fair value; and

"(2) such general obligation bond contains substantially the following statement which shall bind the District of Columbia: 'It is hereby certified and recited that all conditions, acts, and things required by the District of Columbia Self-Government and Governmental Reorganization Act and other applicable laws to exist, to have happened, and to have been performed precedent to and in the issuance of this bond exist, have happened, and have been performed and that the issue of bonds, of which this is one, together with all other indebtedness of the District of Columbia, is within every debt and other limit prescribed by law.'"

D.C. Code 1-121
note.

SEC. 8. Section 465 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-245) is amended to read as follows:

"ISSUANCE OF GENERAL OBLIGATION BONDS

"SEC. 465. (a) After an act of the Council authorizing the issuance of general obligation bonds under section 461(a) takes effect, the Mayor may issue such general obligation bonds as authorized by such act of the Council. An issue of general obligation bonds may be all or any part of the aggregate principal amount of bonds authorized by such act.

D.C. Code
47-241.

"(b) The principal amount of the general obligation bonds of each issue shall be payable in annual installments beginning not more than three years after the date of such bonds and ending not more than thirty years after such date.

"(c) The general obligation bonds of each issue shall be executed by the manual or facsimile signature of such officials as may be designated to sign such bonds by the act of the Council authorizing the issuance of the bonds, except that at least one such signature shall be manual. Coupons attached to the bonds shall be authenticated by the facsimile signature of the Mayor unless the Council provides otherwise."

SEC. 9. Section 466 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-246) is amended—

(1) by striking out the title of the section and inserting in lieu thereof "PUBLIC OR PRIVATE SALE";

(2) by striking out "SEC. 466. All" in the first sentence and inserting in lieu thereof "SEC. 466. (a) Except as provided in subsection (b),"; and

(3) by adding at the end the following new subsection:

Infra.

"(b) Any issue of general obligation bonds which is sold before October 1, 1984, and which is additionally secured by a security interest created in District revenues under section 467(a) may be sold at either a public sale under subsection (a) or at a private sale on a negotiated basis in such manner as the Mayor may determine to be in the public interest."

SEC. 10. Subpart 1 of part E of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-241 et seq.) is amended by inserting after section 466 the following new section:

"AUTHORITY TO CREATE SECURITY INTERESTS IN DISTRICT REVENUES

D.C. Code
47-241.

"SEC. 467. (a) An act of the Council authorizing the issuance of general obligation bonds under section 461(a) may create a security interest in any District revenues as additional security for the payment of the bonds authorized by such act.

"(b) Any such act creating a security interest in District revenues may contain provisions (which may be part of the contract with the holders of such bonds)—

"(1) describing the particular District revenues which are subject to such security interest;

"(2) creating a reasonably required debt service reserve fund or any other special fund;

"(3) authorizing the Mayor of the District to execute a trust indenture securing the bonds;

"(4) vesting in the trustee under such a trust indenture such properties, rights, powers, and duties in trust as may be necessary, convenient, or desirable;

"(5) authorizing the Mayor of the District to enter into and amend agreements concerning (A) the custody, collection, use, disposition, security, investment, and payment of the proceeds of the bonds and the District revenues which are subject to such security interest, and (B) the doing of any act (or the refraining from doing any act) that the District would have the right to do in the absence of such an agreement;

"(6) prescribing the remedies of the holders of the bonds in the event of a default; and

"(7) authorizing the Mayor of the District to take any other actions in connection with the issuance, sale, delivery, security, and payment of the bonds.

"(c) Notwithstanding article 9 of title 28 of the District of Columbia Code, any security interest in District revenues created under subsection (a) shall be valid, binding, and perfected from the time such security interest is created, with or without the physical delivery of any funds or any other property and with or without any further action. Such security interest shall be valid, binding, and perfected whether or not any statement, document, or instrument relating to such security interest is recorded or filed. The lien created by such

security interest is valid, binding, and perfected with respect to any individual or legal entity having claims against the District, whether or not such individual or legal entity has notice of such lien.

"(d) The fourth sentence of section 446 shall not apply to any obligation or expenditure of any District revenues to secure any general obligation bond under subsection (a)."

D.C. Code
47-224.

SEC. 11. Section 471 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-247) is amended to read as follows:

"BORROWING TO MEET APPROPRIATIONS

"SEC. 471. (a) In the absence of unappropriated revenues available to meet appropriations made pursuant to section 446, the Council may by act authorize the issuance of general obligation notes. The total amount of all such general obligation notes originally issued during a fiscal year shall not exceed 2 per centum of the total appropriations for the District for such fiscal year.

"(b) Any general obligation note issued under subsection (a), as authorized by an act of the Council, may be renewed. Any such note, including any renewal of such note, shall be due and payable not later than the last day of the fiscal year occurring immediately after the fiscal year during which the act authorizing the original issuance of such note takes effect.

"(c) The fourth sentence of section 446 shall not apply to any amount obligated or expended by the District for the payment of the principal of, interest on, or redemption premium for any general obligation note issued under subsection (a)."

SEC. 12. Section 472 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-248) is amended to read as follows:

"BORROWING IN ANTICIPATION OF REVENUES

"SEC. 472. (a) In anticipation of the collection or receipt of revenues for a fiscal year, the Council may by act authorize the issuance of general obligation notes for such fiscal year, to be known as revenue anticipation notes.

"(b) The total amount of all revenue anticipation notes issued under subsection (a) outstanding at any time during a fiscal year shall not exceed 20 per centum of the total anticipated revenue of the District for such fiscal year, as certified by the Mayor under this subsection. The Mayor shall certify, as of a date which occurs not more than fifteen days before each original issuance of such revenue anticipation notes, the total anticipated revenue of the District for such fiscal year.

"(c) Any revenue anticipation note issued under subsection (a) may be renewed. Any such note, including any renewal of such note, shall be due and payable not later than the last day of the fiscal year during which the note was originally issued.

"(d)(1) Notwithstanding section 602(c)(1), any act of the Council authorizing the issuance of revenue anticipation notes under subsection (a) may take effect on the date of the enactment of such act.

D.C. Code 1-147.

"(2) The fourth sentence of section 446 shall not apply to any amount obligated or expended by the District for the payment of the principal of, interest on, or redemption premium for any revenue anticipation note issued under subsection (a)."

SEC. 13. Section 481 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-251) is amended to read as follows:

"SPECIAL TAX

D.C. Code 47-241.

"SEC. 481. (a) Any act of the Council authorizing the issuance of general obligation bonds under section 461(a) shall provide for the annual levy of a special tax or charge, if the Council determines that such tax or charge is necessary. Such tax or charge shall be levied, without limitation as to rate or amount, in amounts which together with other District revenues available and applicable will be sufficient to pay the principal of and interest on such general obligation bonds as they become due and payable. Such tax or charge shall be levied and collected at the same time and in the same manner as other District taxes are levied and collected, and when collected shall be set aside in a separate debt service fund and irrevocably dedicated to the payment of such principal and interest.

"(b) The Comptroller General of the United States shall make annual audits of the amounts set aside and deposited in each debt service fund pursuant to subsection (a)."

SEC. 14. Subpart 3 of part E of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-251) is amended by adding after section 481 the following new sections:

"FULL FAITH AND CREDIT OF THE DISTRICT

D.C. Code 47-241.
Ante, p. 1497.
Ante, p. 1497.

"SEC. 482. The full faith and credit of the District is pledged for the payment of the principal of and interest on any general obligation bond or note issued under section 461(a), section 471(a), or section 472(a), whether or not such pledge is stated in such bond or note or in the act authorizing the issuance of such bond or note.

"PAYMENT OF THE GENERAL OBLIGATION BONDS AND NOTES

D.C. Code 47-224.

"SEC. 483. (a) The Council shall provide in each annual budget for the District of Columbia government for a fiscal year adopted by the Council pursuant to section 446 sufficient funds to pay the principal of and interest on all general obligation bonds or notes issued under section 461(a), section 471(a), or section 472(a) becoming due and payable during such fiscal year.

"(b) The Mayor shall insure that the principal of and interest on all general obligation bonds and notes issued under section 461(a), section 471(a), or section 472(a) are paid when due, including by paying such principal and interest from funds not otherwise legally committed.

D.C. Code
47-2501d.

"(c) If the Mayor determines that no other funds are available to pay the principal and interest due and payable during any fiscal year on any general obligation bond or note issued under section 461(a), section 471(a), or section 472(a), the annual Federal payment appropriated for such fiscal year under the authorization contained in section 502 shall first be used to pay such principal or interest.

"(d) The fourth sentence of section 446 shall not apply to—

Supra.

"(1) any amount set aside in a debt service fund under section 481(a);

"(2) any amount obligated or expended for the payment of the principal of, interest on, or redemption premium for any general

obligation bond or note issued under section 461(a), section 471(a), or section 472(a);

D.C. Code 47-241.

Ante, p. 1497.

Ante, p. 1497.

“(3) any amount obligated or expended as provided by the Council in any annual budget for the District of Columbia government pursuant to subsection (a) or as provided by any amendment or supplement to such budget; or

“(4) any amount obligated or expended by the Mayor pursuant to subsection (b) or (c).”

SEC. 15. Part E of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-241 et seq.) is amended—

(1) by redesignating subpart 4 as subpart 5; and

(2) by inserting after section 481 the following new subpart:

“Subpart 4—Full Faith and Credit of the United States

“FULL FAITH AND CREDIT OF THE UNITED STATES NOT PLEDGED

“SEC. 484. The full faith and credit of the United States is not pledged for the payment of any principal of or interest on any bond, note, or other obligation issued by the District under this part. The United States is not responsible or liable for the payment of any principal of or interest on any bond, note, or other obligation issued by the District under this part.”

SEC. 16. Section 490 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-254) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

Revenue bonds and notes.

“(a)(1) The Council may by act authorize the issuance of revenue bonds, notes, or other obligations (including refunding bonds, notes, or other obligations) to borrow money to finance, to refinance, or to assist in the financing or refinancing of, undertakings in the areas of housing, health facilities, transit and utility facilities, recreational facilities, college and university facilities, pollution control facilities, and industrial and commercial development. Any such financing or refinancing may be effected by loans made directly or indirectly to any individual or legal entity, by the purchase of any mortgage, note, or other security, or by the purchase, lease, or sale of any property.

“(2) Any revenue bond, note, or other obligation issued under paragraph (1) shall be a special obligation of the District and shall be a negotiable instrument, whether or not such bond, note, or other obligation is a security as defined in section 28:8-102(1)(a) of title 28 of the District of Columbia Code.

“(3) Any revenue bond, note, or other obligation issued under paragraph (1) shall be paid and secured (as to principal, interest, and any premium) as provided by the act of the Council authorizing the issuance of such bond, note, or other obligation. Subject to subsection (c), any act of the Council authorizing the issuance of such bond, note, or other obligation may provide for (A) the payment of such bond, note, or other obligation from any available revenues, assets, or property, and (B) the securing of such bond, note, or other obligation by the mortgage of real property or the creation of any security interest in available revenues, assets, or other property.

“(4)(A) In authorizing the issuance of any revenue bond, note, or other obligation under paragraph (1), the Council may enter into, or authorize the Mayor to enter into, any agreement concerning the acquisition, use, or disposition of any funds or property. Any such

Security interests.

agreement may create any security interest in any funds or property, may provide for the custody, collection, security, investment, and payment of any funds (including any funds held in trust) for the payment of such bond, note, or other obligation, may mortgage any property, may provide for the acquisition, construction, maintenance, and disposition of the undertaking financed or refinanced using the proceeds of such bond, note, or other obligation, and may provide for the doing of any act (or the refraining from doing of any act) which the District has the right to do in the absence of such agreement. Any such agreement may be assigned for the benefit of, or made a part of any contract with, any holder of such revenue bond, note, or other obligation issued under paragraph (1).

“(B) Notwithstanding article 9 of title 28 of the District of Columbia Code, any security interest created under subparagraph (A) shall be valid, binding, and perfected from the time such security interest is created, with or without the physical delivery of any funds or any other property and with or without any further action. Such security interest shall be valid, binding, and perfected whether or not any statement, document, or instrument relating to such security interest is recorded or filed. The lien created by such security interest is valid, binding, and perfected with respect to any individual or legal entity having claims against the District, whether or not such individual or legal entity has notice of such lien.

“(C) Any funds of the District held for the payment or security of any revenue bond, note, or other obligation issued under paragraph (1), whether or not such funds are held in trust, may be secured in the manner agreed to by the District and any depository of such funds. Any depository of such funds may give security for the deposit of such funds.”;

U.S. property.

(2) by striking out subsection (b) and inserting in lieu thereof the following new subsection:

“(b) No property owned by the United States may be mortgaged or made subject to any security interest to secure any revenue bond, note, or other obligation issued under subsection (a)(1).”;

(3) by striking out subsection (e) and inserting in lieu thereof the following new subsection:

“(e) Any act of the Council authorizing the issuance of revenue bonds, notes, or other obligations under subsection (a)(1) may—

“(1) briefly describe the purpose for which such bonds, notes, or other obligations are to be issued;

“(2) identify the Act authorizing such purpose;

“(3) prescribe the form, terms, provisions, manner, and method of issuing and selling (including sale by negotiation or by competitive bid) such bonds, notes, or other obligations;

“(4) provide for the rights and remedies of the holders of such bonds, notes, or other obligations upon default;

“(5) prescribe any other details with respect to the issuance, sale, or securing of such bonds, notes, or other obligations; and

“(6) authorize the Mayor to take any actions in connection with the issuance, sale, delivery, security, and payment of such bonds, notes, or other obligations, including the prescribing of any terms or conditions not contained in such act of the Council.”;

(4) by striking out subsection (f) and inserting in lieu thereof the following new subsection:

“(f) The fourth sentence of section 446 shall not apply to—

“(1) any amount (including the amount of any accrued interest or premium) obligated or expended from the proceeds of the sale

District of
Columbia
government
expenditures.
D.C. Code
47-224.

of any revenue bond, note, or other obligation issued under subsection (a)(1);

"(2) any amount obligated or expended for the payment of the principal of, interest on, or any premium for any revenue bond, note, or other obligation issued under subsection (a)(1); and

"(3) any amount obligated or expended to secure any revenue bond, note, or other obligation issued under subsection (a)(1)."; and

(5) by striking out paragraph (3) of subsection (g) and inserting in lieu thereof the following new paragraph:

"(3) The fourth sentence of section 446 shall not apply to—

"(A) any amount (including the amount of any accrued interest or premium) obligated or expended from the proceeds of the sale of any revenue bond, note, or other obligation issued under subsection (g)(1);

"(B) any amount obligated or expended for the payment of the principal of, interest on, or any premium for any revenue bond, note, or other obligation issued under subsection (g)(1); and

"(C) any amount obligated or expended to secure any revenue bond, note, or other obligation issued under subsection (g)(1)."

SEC. 17. Section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 1-147(c)(1)) is amended in the first sentence by inserting "and except as provided in section 462(c) and section 472(d)(1)" after "title IV of this Act".

Ante, p. 1494,
1497.

SEC. 18. The table of contents of the District of Columbia Self-Government and Governmental Reorganization Act is amended—

D.C. Code 1-121.

(1) by striking out the item relating to section 462 and inserting in lieu thereof the following new item:

"Sec. 462. Contents of borrowing legislation and elections on issuing general obligation bonds.";

(2) by striking out the item relating to section 465 and inserting in lieu thereof the following new item:

"Sec. 465. Issuance of general obligation bonds.";

(3) by striking out the item relating to section 466 and inserting in lieu thereof the following new item:

"Sec. 466. Public or private sale.";

(4) by inserting after the item relating to section 466 the following new item:

"Sec. 467. Authority to create security interests in District revenues.";

(5) by inserting after the item relating to section 481 the following new items:

"Sec. 482. Full faith and credit of the District.

"Sec. 483. Payment of general obligation bonds and notes.";

(6) by redesignating subpart 4 of part E as subpart 5; and

(7) by inserting after the item relating to section 483 the following new item:

"Subpart 4—Full Faith and Credit of the United States

"Sec. 484. Full faith and credit of the United States not pledged."

SEC. 19. (a) Except as provided in subsection (b), this Act shall take effect on the date of the enactment of this Act.

Effective date.

Ante, p. 1499.

(b) Any revenue bonds, notes, or other obligations authorized by an act of the Council of the District of Columbia enacted subsequent to August 1, 1981, pursuant to section 490(a) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-254(a)) may be secured by a mortgage of real property or a security interest in any revenues, assets, or other property, notwithstanding that such mortgage or other security interest may not have been authorized by such section 490(a) as of the effective date of such act.

Approved December 23, 1981.

LEGISLATIVE HISTORY—H.R. 4910:

HOUSE REPORT No. 97-361 (Comm. on the District of Columbia).

CONGRESSIONAL RECORD, Vol. 127 (1981):

Dec. 14, considered and passed House.

Dec. 15, considered and passed Senate.