

Senate Engrossed
FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
Senate
Forty-ninth Legislature
First Regular Session
2009

CHAPTER 94

SENATE BILL 1182

AN ACT

AMENDING SECTION 35-185.01, ARIZONA REVISED STATUTES; RELATING TO THE STATE
TREASURER'S WARRANT NOTES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 35-185.01, Arizona Revised Statutes, is amended to
3 read:

4 35-185.01. Treasurer's warrant notes; form; redemption;
5 exception

6 A. If no monies are available for payment of warrants or electronic
7 funds transfer vouchers of the department of administration presented to the
8 state treasurer pursuant to section 35-185, the treasurer in lieu of payment
9 shall issue and shall exchange or sell a treasurer's warrant note or notes in
10 the amount or amounts equal to the sum of the face value of the warrants or
11 electronic funds transfer vouchers presented for payment. Treasurer's
12 warrant notes shall be issued in lieu of payment of general fund warrants or
13 electronic funds transfer vouchers only or in exchange for previously issued
14 treasurer's warrant notes. BEFORE ISSUING WARRANT NOTES, THE STATE TREASURER
15 IS NOT REQUIRED TO DIVEST FROM BOARD FUNDING OBLIGATIONS ISSUED PURSUANT TO
16 SECTION 28-7678, MONIES IN THE BUDGET STABILIZATION FUND OR OPERATING MONIES
17 INVESTED IN SECURITIES THAT ARE EARNING A RATE OF INTEREST GREATER THAN THE
18 COST OF ISSUING WARRANT NOTES. FOR THE PURPOSES OF THIS SUBSECTION, "NO
19 MONIES ARE AVAILABLE" MEANS NO OPERATING CASH BALANCE IS AVAILABLE TO PAY
20 WARRANTS EXCEPT FOR THOSE OPERATING MONIES INVESTED IN BOARD FUNDING
21 OBLIGATIONS ISSUED PURSUANT TO SECTION 28-7678, MONIES IN THE BUDGET
22 STABILIZATION FUND OR OPERATING MONIES INVESTED IN SECURITIES THAT ARE
23 EARNING A RATE OF INTEREST GREATER THAN THE TOTAL COST OF ISSUING ANY WARRANT
24 NOTES.

25 B. The face value of a treasurer's warrant note may be equal to the
26 sum of any combination of warrants presented for payment. The treasurer may
27 sell warrant notes at public or private sale and shall use the proceeds of
28 ~~such~~ THE sale for payment of warrants previously presented pursuant to
29 section 35-185. Treasurer's warrant notes shall not be sold at a price below
30 their face value.

31 C. Each treasurer's warrant note sold or exchanged shall be dated the
32 date the respective warrants are presented for payment. If the date of
33 delivery of a treasurer's warrant note that is sold is later than the date of
34 presentment of the respective warrant or warrants, the purchaser of the
35 treasurer's warrant note shall pay ~~such~~ THE accrued interest as an additional
36 purchase price. ~~Such~~ THE accrued interest shall be paid to the holder of the
37 respective unpaid warrant or warrants which shall be deemed to bear interest
38 at the same rate as the respective treasurer's warrant note from presentment
39 to payment from the proceeds of warrant notes sold.

40 D. The treasurer shall establish a maturity date for each treasurer's
41 warrant note of not longer than ninety days from the date of initial
42 issue. The treasurer may specify that treasurer's warrant notes may be
43 called for redemption at any time before the specified maturity date.

44 E. The treasurer shall pay interest from the treasurer's warrant note
45 redemption fund on the face value of each warrant note at the rate

1 maturity according to its terms, and pay the bearer the amount available and
2 issue to the bearer a new warrant note bearing a number that will preserve,
3 for the new warrant note, the priority of the partially paid warrant note and
4 bearing a value equal to the amount of principal and interest remaining
5 unpaid. The new warrant note and the partial payment of principal and
6 interest on the partially paid warrant note shall be exchanged for the
7 partially paid warrant note. The new warrant note shall pay interest at the
8 same rate as the partially paid warrant note. The treasurer may make ~~such~~
9 THE changes in the form and date of the new warrant note as necessary to
10 reflect the amount of unpaid interest on the partially paid warrant note.

11 J. The treasurer may include in the form of the treasurer's warrant
12 notes such provisions regarding the redemption and payment of treasurer's
13 warrant notes before maturity as are consistent with subsections I and K of
14 this section and section 35-185.02. If prior redemption is to be a provision
15 of a treasurer's warrant note, the note shall provide a method of
16 notification of the holder of the note by publication or written, telegraphic
17 or electronic means as chosen by the treasurer.

18 K. The treasurer may appoint a paying agent for the purpose of
19 facilitating the redemption and payment of treasurer's warrant notes. Monies
20 deposited with the paying agent shall be allocated to the payment of the
21 principal of, interest on and any prior redemption premiums associated with
22 treasurer's warrant notes in numerical order. A treasurer's warrant note
23 shall be deemed paid for all purposes of this section and section 35-185.02
24 when there is deposited with the paying agent sufficient monies to pay all
25 amounts when due on the treasurer's warrant note and all amounts when due on
26 all outstanding treasurer's warrant notes bearing a lower number. A paying
27 agent appointed pursuant to this subsection shall provide security deposits
28 as required by the treasurer.

29 L. When the treasurer or the paying agent, if payment is made to a
30 paying agent, pursuant to subsection K of this section, pays treasurer's
31 warrant notes or when ~~such~~ THE warrant notes are redeemed he shall mark on
32 the face of ~~such~~ THE treasurer's warrant notes the word "cancelled" OR CANCEL
33 THE WARRANT NOTES BY ELECTRONIC MEANS indicating the date of cancellation and
34 shall promptly present ~~such~~ THE notes to the director of the department of
35 administration who shall give the state treasurer a receipt therefor.

36 M. If the state loan commissioners determine that it will result in a
37 lower net effective interest rate on one, some or all warrant notes to be
38 issued by the treasurer during the current fiscal year, the commissioners may
39 authorize the treasurer to purchase letters of credit and to incur and pay
40 insurance premiums, attorney fees or other related costs incurred with
41 respect to treasurer's warrant notes. All such payments shall be treated in
42 the same manner as interest to be paid on treasurer's warrant notes and shall
43 be paid from the treasurer's warrant note redemption fund.

1 N. If treasurer's warrant notes are to be exchanged for warrants held
2 by banks or savings and loan associations, the treasurer may enter into
3 agreements with such banks or savings and loan associations to provide for
4 the issuance, reissuance and custody of treasurer's warrant notes, the fixing
5 of the interest rates on ~~such~~ THE treasurer's warrant notes and the method of
6 giving notice to the holders of the notes. Such agreements may provide for a
7 book entry system for the treasurer's warrant notes or may provide for the
8 issuance of one note with an appropriate grid on the reverse, which shall
9 show the advancements made by the banks or savings and loan associations and
10 also the payments of interest and reductions of principal. Such agreements
11 may be continuing in nature, may be executed at any time and may apply to any
12 treasurer's warrant notes exchanged for either warrants or treasurer's
13 warrant notes at any time during the remainder of the fiscal year in which
14 the agreement is made. The agreements shall provide a method to preserve the
15 priority of, interest rate on and other terms of each treasurer's warrant
16 note exchanged pursuant to the agreement. No such agreement shall become
17 effective until approved by the state loan commissioners.

APPROVED BY THE GOVERNOR JULY 10, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 10, 2009.

Passed the House June 29, 20 09,

by the following vote: 54 Ayes,

0 Nays, 6 Not Voting

[Signature]
Speaker of the House
[Signature]
Chief Clerk of the House

Passed the Senate June 18, 20 09,

by the following vote: 27 Ayes,

0 Nays, 3 Not Voting

[Signature]
President of the Senate
[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
15th day of July, 2009.

at 8:53 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 10th day of

July, 20 09,

at 1:00 o'clock P. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 10 day of July, 2009,

at 4:20 o'clock P. M.

[Signature]
Secretary of State

S.B. 1182