

WILLIAM DONALD SCHAEFER, Governor

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "CODE" MEANS THE INTERNAL REVENUE CODE OF--1986 AND INCLUDES REGULATIONS AND RULINGS ISSUED UNDER THAT CODE.

(3) "PROCEEDS" MEANS MONEYS RECEIVED FROM THE SALE OF STATE BONDS, AND INCLUDES ANY MONEYS DEEMED TO BE PROCEEDS OF STATE BONDS UNDER THE CODE.

(B) THE TREASURER AND THE COMPTROLLER SHALL ESTABLISH AND MAINTAIN FUNDS AND ACCOUNTS FOR THE ADMINISTRATION, MANAGEMENT, INVESTMENT AND ACCOUNTING OF PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, THAT MAY BE NECESSARY OR APPROPRIATE FROM TIME TO TIME TO COMPLY WITH THE CODE AND TO ESTABLISH OR MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS.

(C) THE TREASURER SHALL MANAGE AND INVEST PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, IN A MANNER SO AS TO MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS. THE TREASURER SHALL RESTRICT THE YIELDS ON INVESTMENTS OF PROCEEDS IF AND TO THE EXTENT NECESSARY TO MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS.

(D) THE TREASURER AND THE COMPTROLLER SHALL PREPARE AND MAINTAIN RECORDS OF THE RECEIPT, DEPOSIT, INVESTMENT, MANAGEMENT, DISBURSEMENT AND APPLICATION OF PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, THAT MAY BE NECESSARY OR APPROPRIATE FROM TIME TO TIME TO COMPLY WITH THE CODE AND TO MAINTAIN OR VERIFY THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS.

(E) THE TREASURER SHALL ESTABLISH A SEPARATE REBATE FUND TO BE USED TO MAKE ANY PAYMENTS TO THE UNITED STATES WITH RESPECT TO INVESTMENT EARNINGS ON PROCEEDS THAT MAY BE REQUIRED FROM TIME TO TIME BY THE CODE. THERE MAY BE SEPARATE ACCOUNTS WITHIN THE REBATE FUND. AMOUNTS DEPOSITED TO THE REBATE FUND SHALL BE USED ONLY FOR THE PURPOSE OF MAKING REBATE PAYMENTS TO THE UNITED STATES. THE TREASURER SHALL MAKE PAYMENTS FROM THE REBATE FUND AS MAY BE REQUIRED FROM TIME TO TIME IN ORDER TO COMPLY WITH THE CODE AND TO MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON STATE BONDS. ANY EXCESS MONEYS HELD IN THE REBATE FUND WITH RESPECT TO AN ISSUE OF STATE BONDS AFTER ALL REQUIRED REBATE PAYMENTS FOR THAT ISSUE HAVE BEEN MADE, AS CERTIFIED BY THE TREASURER, SHALL BE DEPOSITED IN THE GENERAL FUND.

(F) THE TREASURER AND THE COMPTROLLER SHALL PREPARE AND FILE FROM TIME TO TIME WITH THE APPROPRIATE AGENCY OF THE UNITED STATES ANY FORMS, INFORMATION, AND REPORTS WITH RESPECT TO STATE