

U.S. House of Representatives House Judiciary Committee

Detroit Bankruptcy Forum

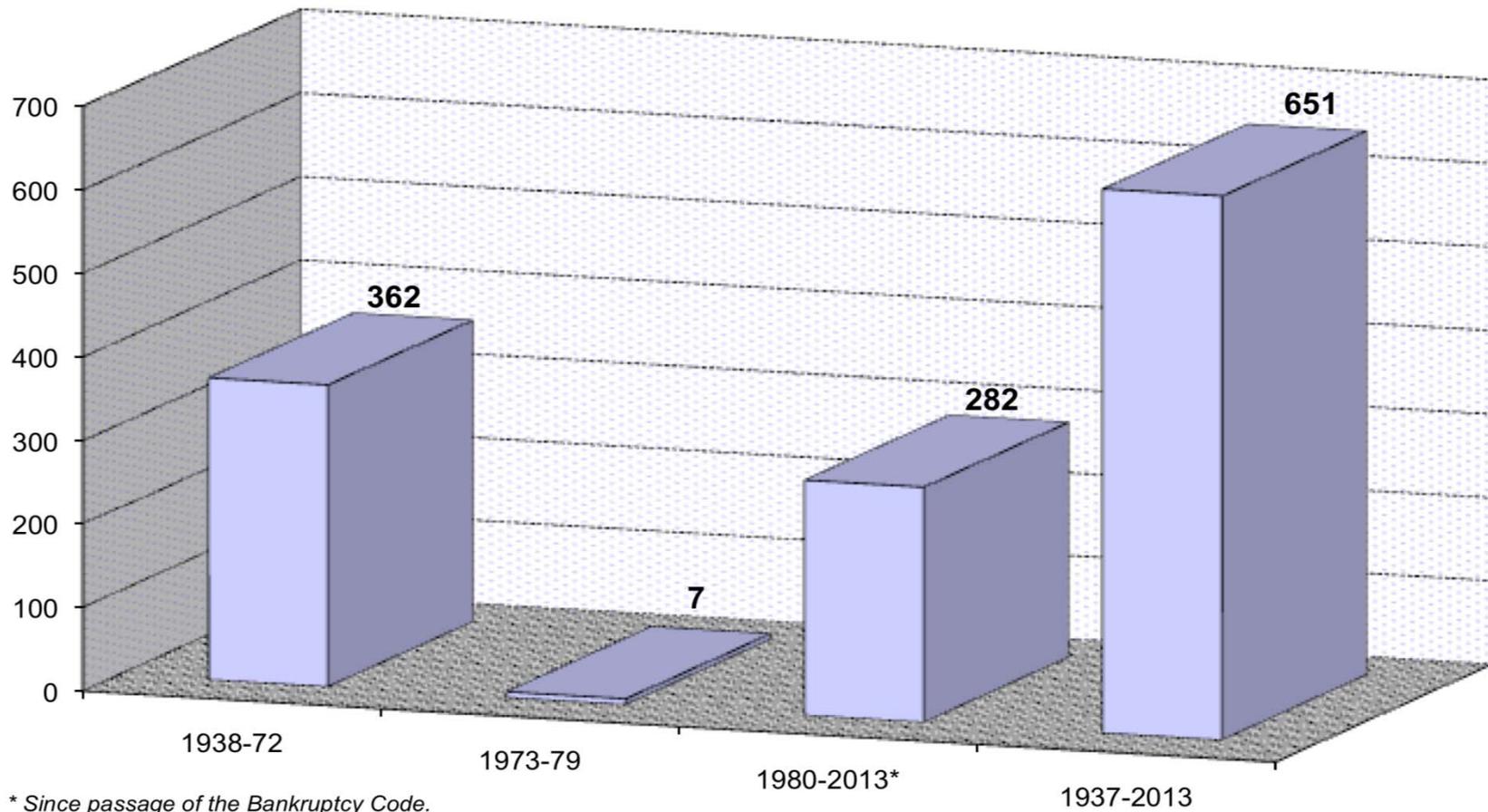
Appendix to Testimony of

James E. Spiotto
Chapman and Cutler LLP

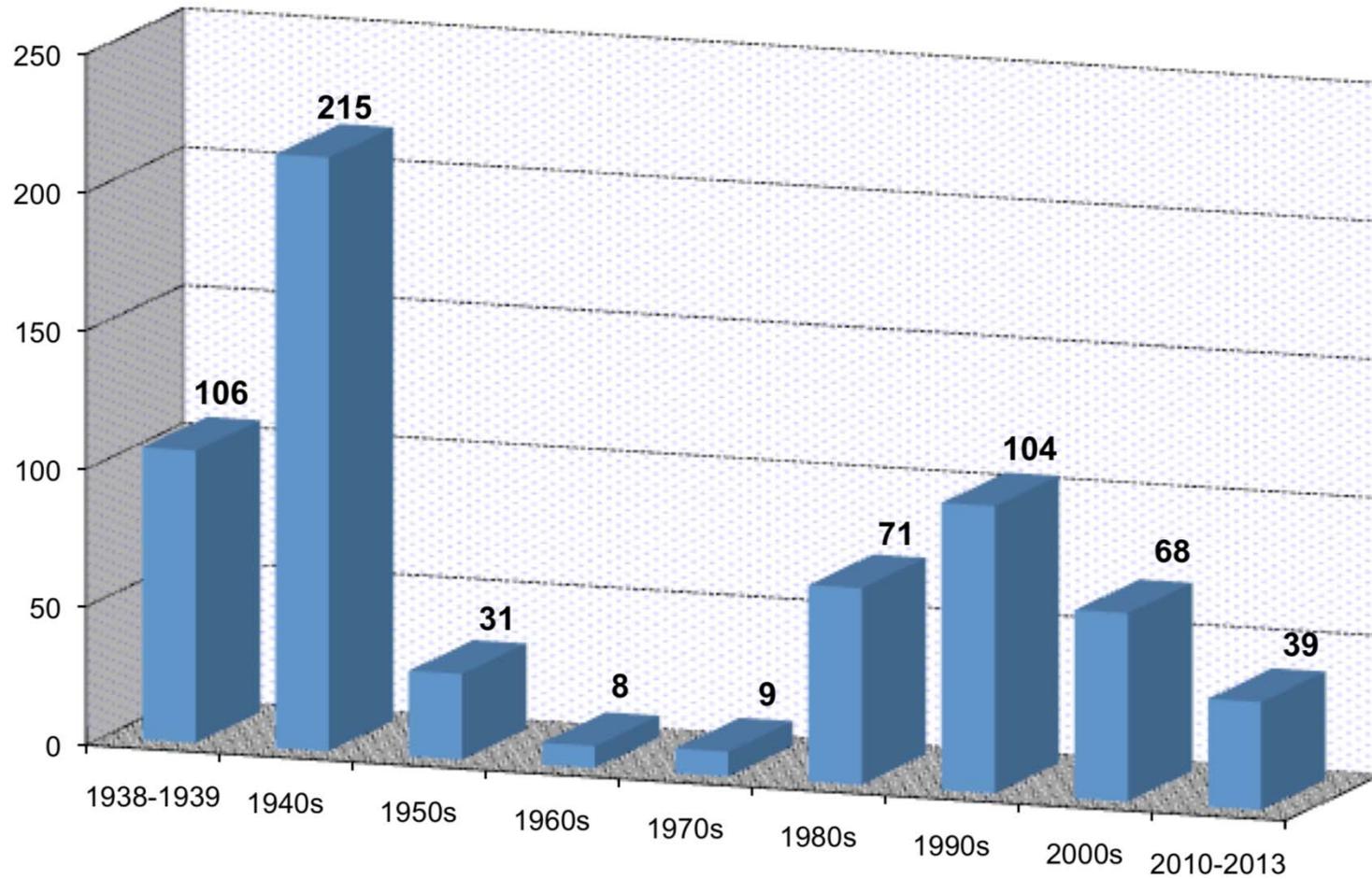
September 7, 2013

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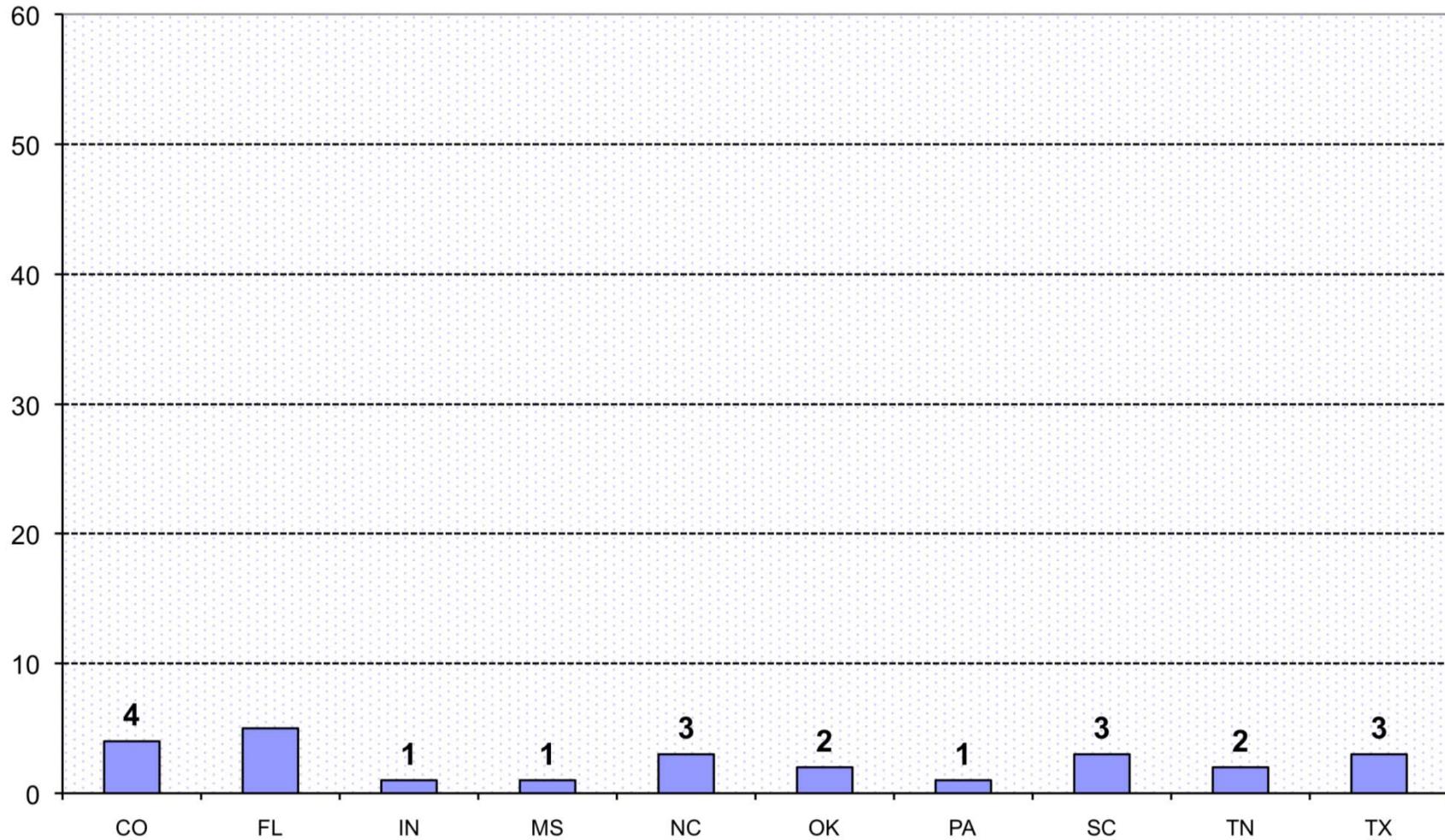
FREQUENCY OF MUNICIPAL BANKRUPTCIES • 1937-2013 (as of 9/1/2013)



FREQUENCY OF MUNICIPAL BANKRUPTCIES BY DECADE (as of 9/1/2013)

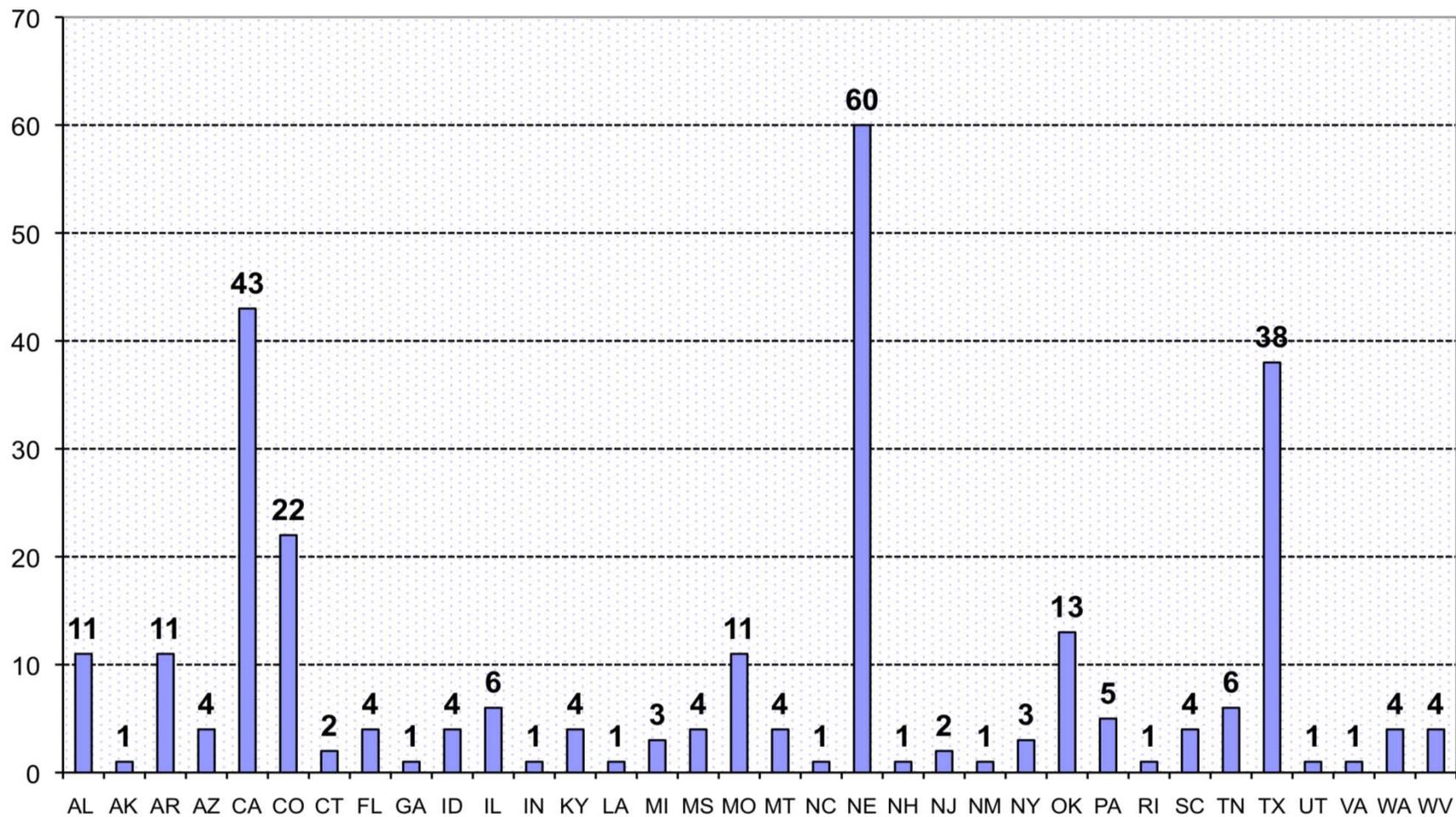


MUNICIPAL BANKRUPTCY FILINGS BY STATE 1954-1979

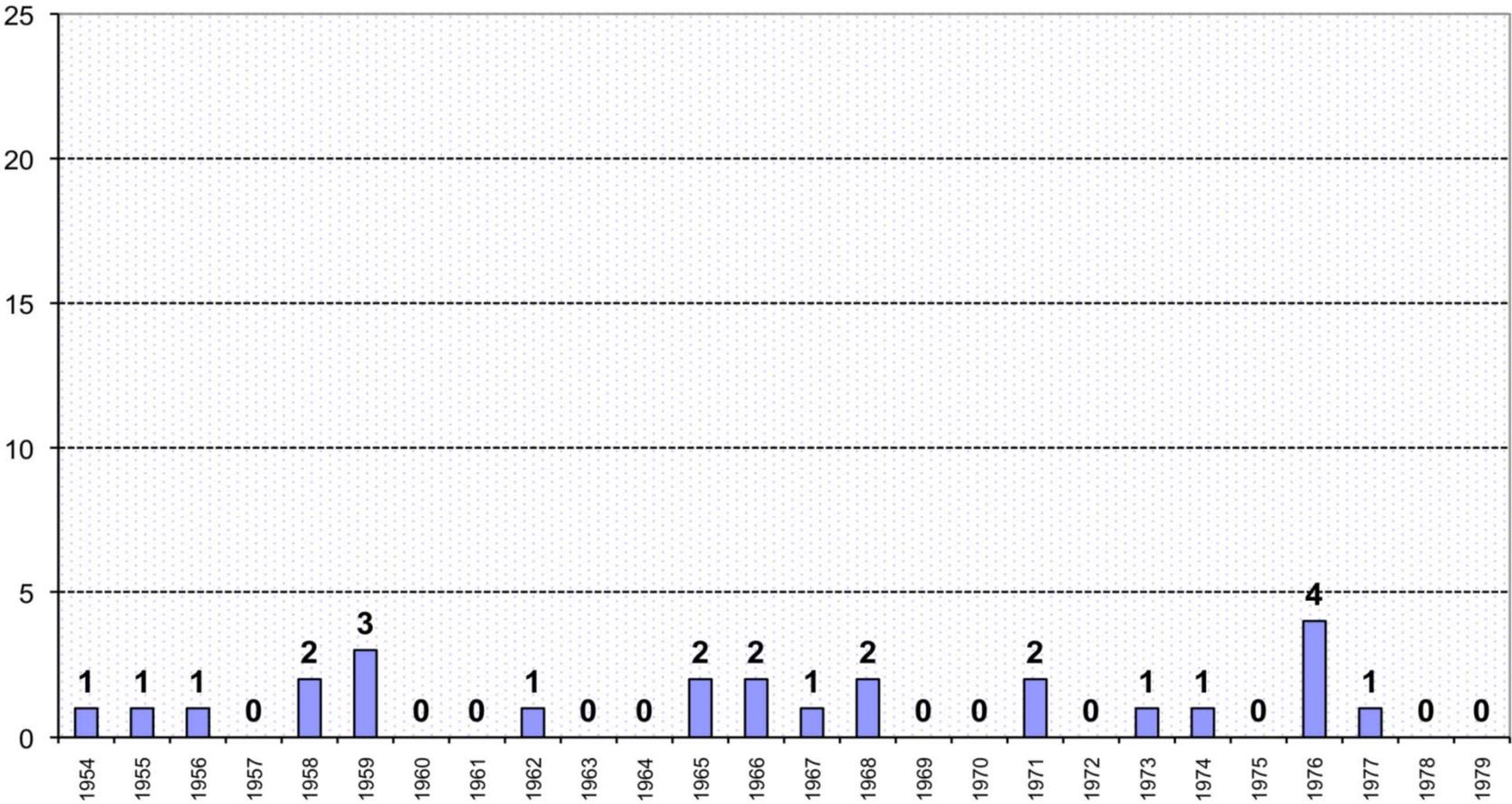


CHAPTER 9 FILINGS BY STATE • 1980-2013

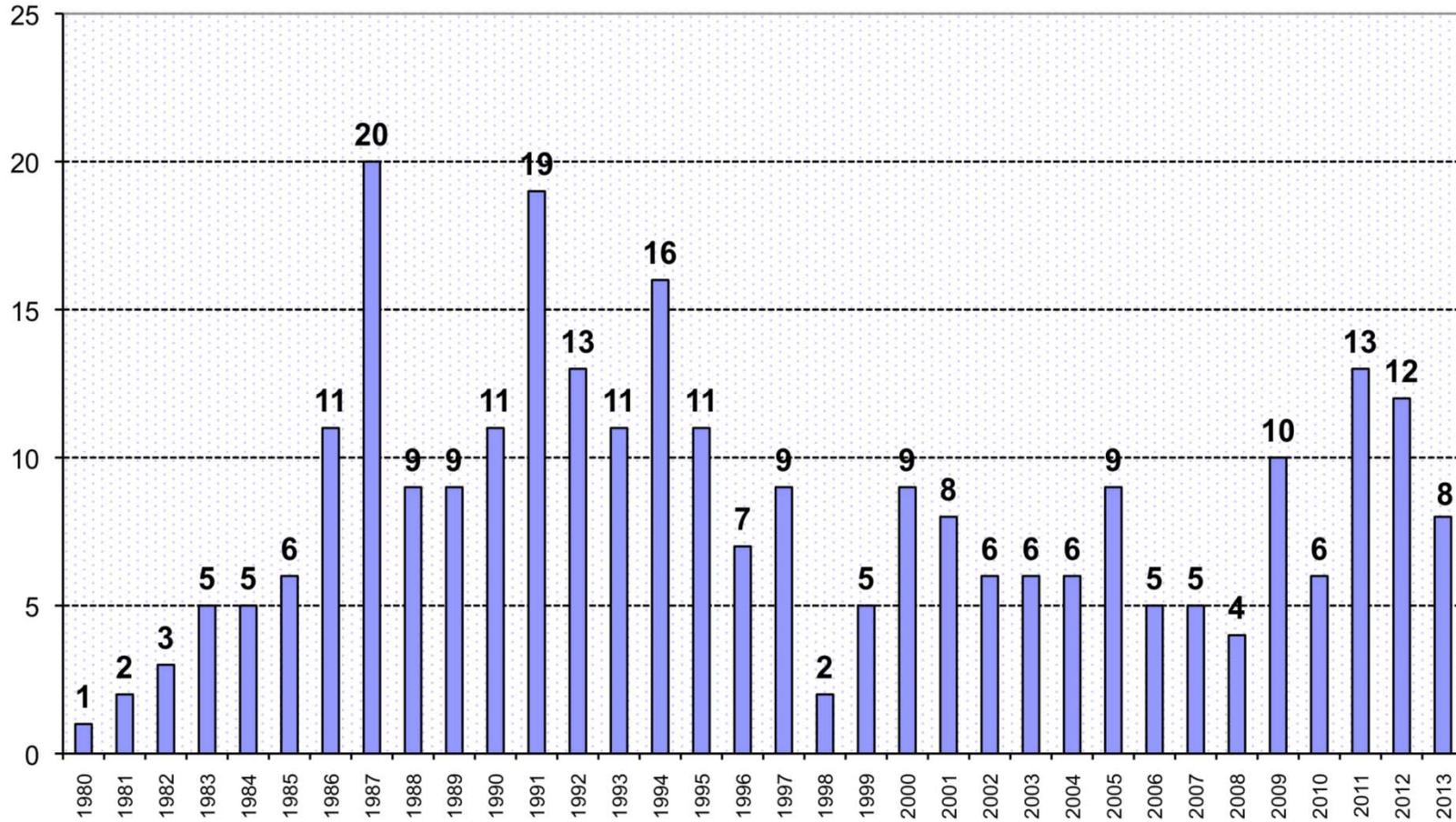
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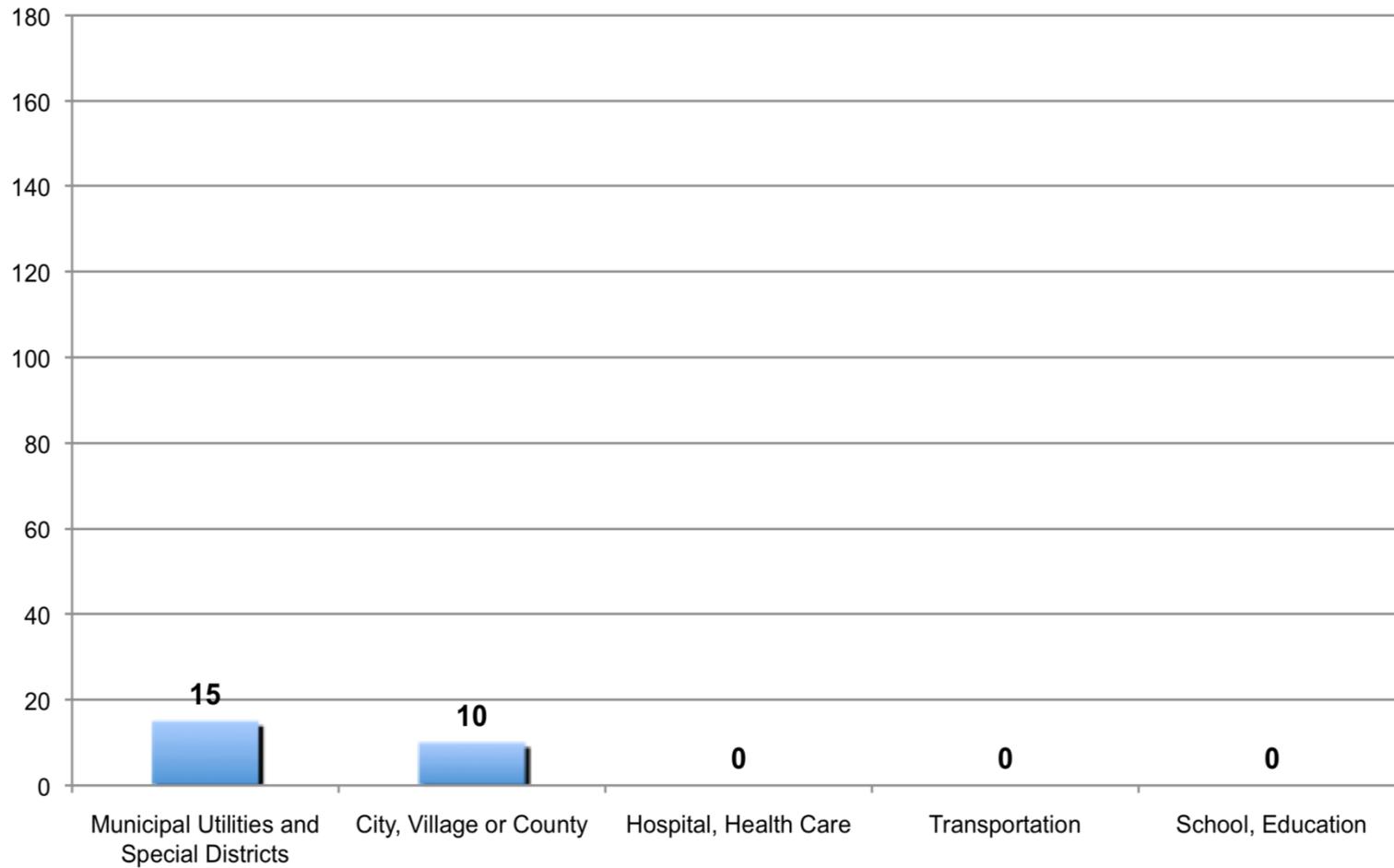
MUNICIPAL BANKRUPTCY FILINGS BY YEAR 1954-1979



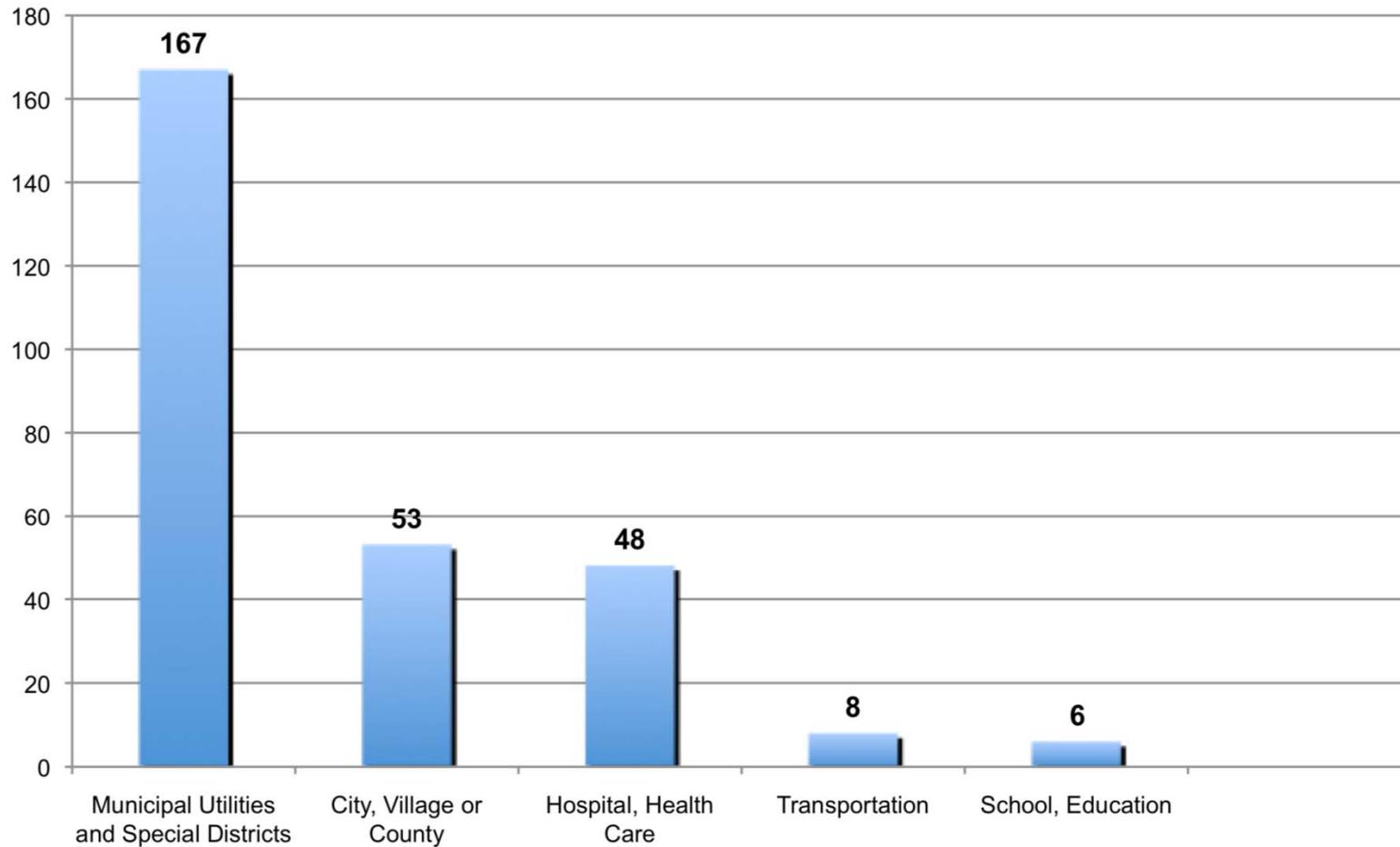
CHAPTER 9 FILINGS BY YEAR • 1980-2013 (as of 9/1/2013)



MUNICIPAL BANKRUPTCIES BY TYPE • 1954-1979

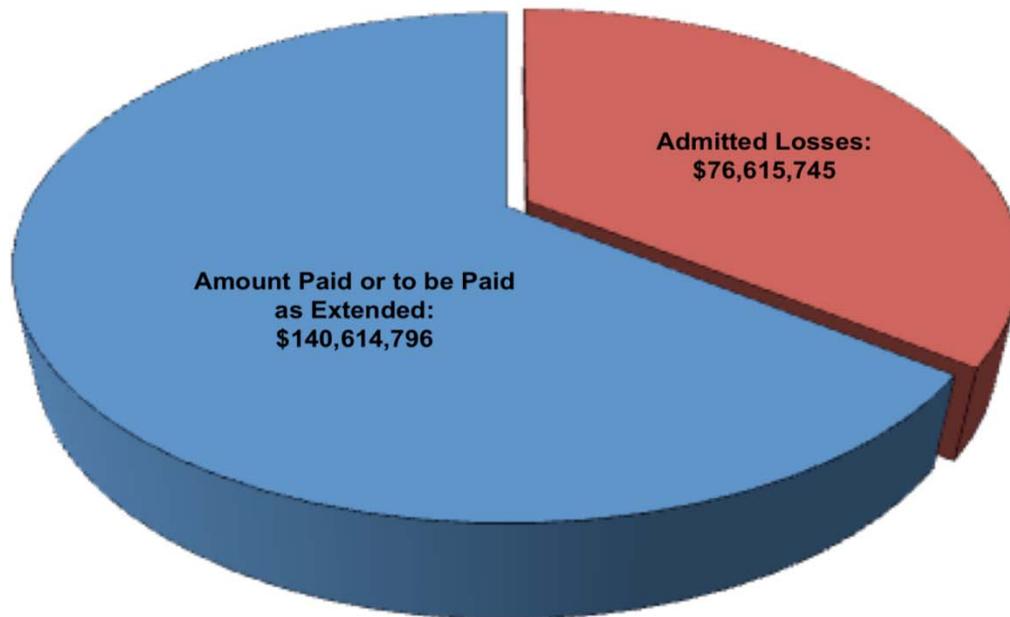


CHAPTER 9 FILINGS BY TYPE • 1980-2013 (as of 9/1/2013)



MUNICIPAL BANKRUPTCY RECOVERY 1938-1972*

Total Filings: **362**
Aggregate Admitted Debts: **\$217,230,541**
Average Debt Per Filing: **\$600,084**
Average Percentage Recovery: **64.7%**



* See Table 5-1, *City Financial Emergencies: The Intergovernmental Dimension*, Advisory Commission on Intergovernmental Relations, July 1973.

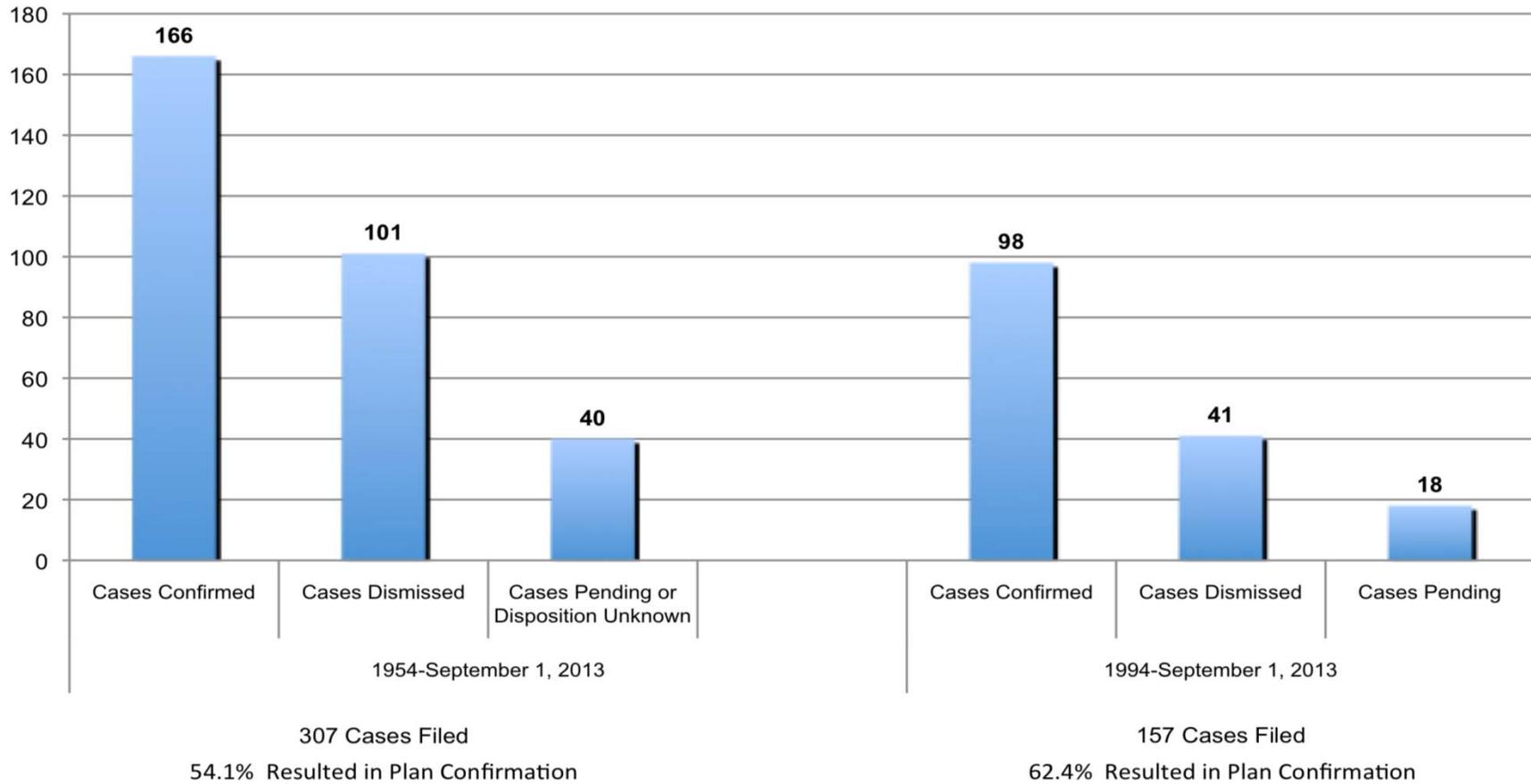
MUNICIPAL BANKRUPTCY RECOVERY 1954-1972*

Total Filings:	18
Aggregate Admitted Debts	\$13,227,624
Average Debt Per Filing:	\$734,868
Average Percentage Recovery:	73.9%



* See Table 5-1, *City Financial Emergencies: The Intergovernmental Dimension*, Advisory Commission on Intergovernmental Relations, July 1973.

DISPOSITION OF CASES



Municipal Bankruptcy Chapter 9 – What Is It and When Should It Be Used (cont'd)

The largest cities, towns, villages and counties to have filed Chapter 9 bankruptcy in the last 60 years:

	Approximate Population	Approximate Debt in Millions
Orange County (filed 1994)	3,000,000	\$1,974
Vallejo, California (filed 2008)	115,942	\$175 (2008)
Jefferson County (filed 2011)	658,931 (2011)	\$4,200
Stockton, California (filed 2012)	291,707 (2010)	\$1,032 (2011)
San Bernardino (filed 2012)	213,012 (2011)	\$492.3 (2011)

State Chapter 9 Authorization Provisions

The following are statutory provisions in which states have authorized Chapter 9 filings for certain governmental entities.

12 States that specifically authorize municipal bankruptcies:

Ala. Code 1975 § 11-81-3
Ariz. Rev. Stat. Ann. § 35-603
Ark. Code Ann. § 14-74-103
Idaho Code Ann. § 67-3903
Minn. Stat. Ann. § 471.831
Mo. Ann. Stat. § 427.100
Mont. Code Ann. § 7-7-132
Neb. Rev. St. § 13-402
Okla. Stat. Ann. tit. 62 § § 281, 283
S.C. Code Ann. § 6-1-10
Tex. Loc. Gov't Code § 140.001
Wash. Rev. Code § 39.64.040

The 21 Remaining States are either unclear or do not have specific authorization. AK, DE, HI, IN, KS, ME, MD, MA, MS, NE, NH, NM, ND, SD, TN, UT, VA, VT, WV, WI, WY.

12 States that *conditionally* authorize municipal bankruptcies:

Cal. Gov't Code § 53760
Conn. Gen. Stat. Ann. § 7-566
Fla. Stat. Ann. § 218.01 and § 218.503
Ky. Rev. Stat Ann. § 66.400
La. Rev. Stat. Ann. § 39-619
Mich. Comp. Laws § 141.1222
N.J. Stat. Ann. § 52:27-40
N.C. Gen. Stat. Ann. § 23-48
N.Y. Local Finance Law § 85.80
Ohio Rev. Code Ann. § 133.36
53 Pa. Cons. Stat. Ann. § 11701.261
R.I. Gen. Laws § 45-9-7

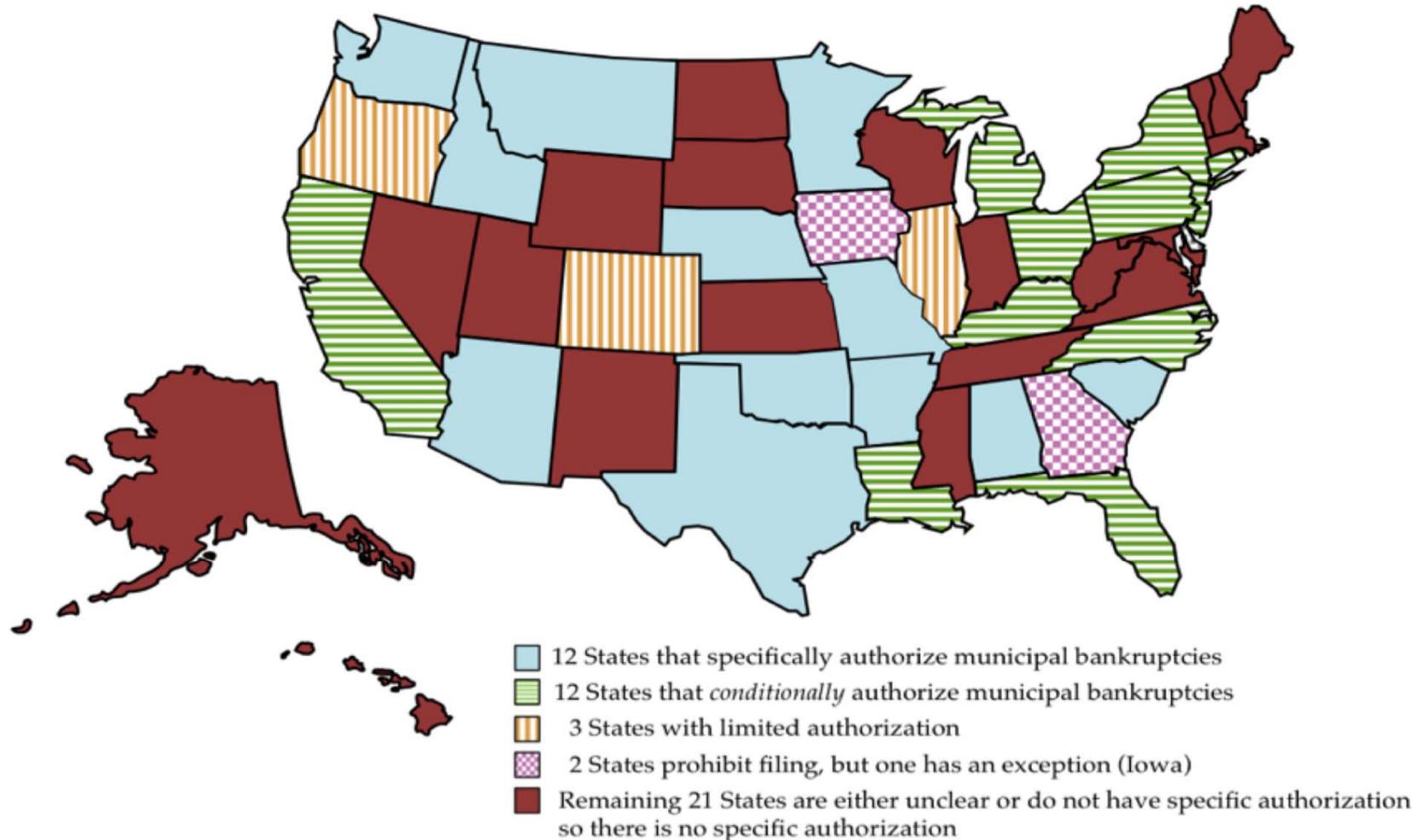
3 States with limited authorization

- Colorado has enacted legislation specifically authorizing its beleaguered special taxing districts to file a petition under Chapter 9. Section 32-1-1403 of the Colorado revised statutes states that “any insolvent taxing district is hereby authorized to file a petition authorized by federal bankruptcy law and to take any and all action necessary or proper to carry out the plan filed with said petition...” (CRS § 37-32-102 (Drainage & Irrigation District))
- Oregon permits Irrigation and Drainage Districts to file (Or. Rev. Stat. § 548.705)
- Illinois – specific authorization solely for the Illinois Power Agency (20 Ill Comp. Stat. Ann. 3855/1-20(b)(15)). The Local Government Financing and Supervision Act permits that commission to recommend that the Legislature authorize a filing but it is not specific authorization (20 Ill. Comp. Stat. Ann. 320/9(b)(4))

2 States prohibit filing but one has an Exception

- Iowa generally prohibits filing Chapter 9 (Ia. Code Ann. § 76.16) but allows filing for insolvency caused by debt involuntarily incurred not covered by insurance proceeds (Ia. Code Ann. § 76.16A)
- Georgia prohibits the filing of Chapter 9 Bankruptcy (Ga. Code Ann. § 36-80-5)

Map of States Authorization of Chapter 9



Chapter 9 – (Municipal Debt Adjustment) Is Unlike Chapter 11 (Corporate Reorganization)

IN A CHAPTER 9

- Only the municipality can initiate a Chapter 9 if authorized by state law.
- Only the municipality can file a Plan of Debt Adjustment.
- The Plan of Debt Adjustment can only adjust debt. It cannot liquidate the municipality.

IN A CHAPTER 11

- The corporation (voluntary) or its creditors (involuntary) can initiate a Chapter 11 case if the corporation is a moneyed entity (not a non-for-profit) and insolvent.
- The corporate debtor (during the exclusive period) or any creditor (after the exclusive period) may file a Plan of Reorganization or Liquidation.
- A corporate plan can be for reorganization or liquidation.

Chapter 9 – (Municipal Debt Adjustment) Is Unlike Chapter 11 (Corporate Reorganization) (cont'd)

IN A CHAPTER 9

- A Labor Agreement can be rejected in a Chapter 9 if the Labor Agreement burdens the municipality and the equities balance in favor of rejection. This is a lower standard than a Chapter 11.
- There is no limitation on damages on real estate leases held by a Trustee or Municipal Building Authority for a lease financing and the lease financing will be treated as a secured debt financing.

IN A CHAPTER 11

- Section 1113 of the Bankruptcy Code sets forth the requirements for sharing information with employee representatives and workers and the process of information sharing, and the proposal by the debtor prior to the rejection of the Labor Agreement. It is a higher standard than Chapter 9.
- There is a limitation of the greater of one year's rent or 15% of the remaining terms of the lease not to exceed three years for lease damages in a corporate Chapter 11. It is not treated as secured debt of the corporate debtor if it is a true lease.

Chapter 9 – (Municipal Debt Adjustment) Is Unlike Chapter 11 (Corporate Reorganization) (cont'd)

IN A CHAPTER 9

- Payments to defease or pay current interest or principal on bonds or notes within the 90 day preference period before a Chapter 9 filing are not capable of being voided or deemed a preference.
- There are no priorities ahead of unsecured claims for prepetition claims due to employee wages, pensions, accrued vacations, healthcare and other employment benefits.

IN A CHAPTER 11

- Payment of principal or interest not secured by collateral could be voided or deemed a preference during the 90 day period prior to filing a Chapter 11 if the holder would receive more than what it would be entitled to in a Chapter 7 liquidation.
- There is a priority ahead of unsecured claims of up to \$12,475 per employee for pre-petition wages, benefits, accrued vacation and healthcare benefits.

Chapter 9 – (Municipal Debt Adjustment) Is Unlike Chapter 11 (Corporate Reorganization) (cont'd)

IN A CHAPTER 9

- “Special Revenues” and “Statutory Liens” are not limited or terminated by a Chapter 9 filing and are intended to continue to be paid to secured creditor and are unimpaired by the Chapter 9 filing (there is no Chapter 11 provisions comparable).
- A Bankruptcy Court cannot interfere with any restrictions or requirements of state law regarding a municipality’s exercise of its governmental powers (including payment of statutory liens). The Bankruptcy Court cannot interfere with the property, revenue and affairs of the municipality.

IN A CHAPTER 11

- Accounts receivable and inventory created post petition are not covered by the pre-petition lien of a secured lender and the pre-petition lien is terminated except for “proceeds” of the pre-petition lien.
- The corporate debtor cannot take any action outside the ordinary course of business without Bankruptcy Court approval.

Chapter 9 – (Municipal Debt Adjustment) Is Unlike Chapter 11 (Corporate Reorganization) (cont'd)

IN A CHAPTER 9

- The municipality can sell its assets, incur debt, borrow money and engage in governmental affairs without the necessity of having to obtain the approval of the Bankruptcy Court.

IN A CHAPTER 11

- The corporate debtor cannot borrow money, sell assets or expand or contract its business without Bankruptcy Court approval.

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments

- A. At least twenty-five States have implemented some form of municipal debt supervision or restructuring mechanism to aid municipalities:
- These range from Debt Advisory Commission (e.g. California) and Technical Assistance Programs (Florida) which provide guidance for and keep records of issuance of municipal debt to the layered approach of Rhode Island and Michigan of oversight, commission and fiscal manager or receiver.
 - Examples of State Oversight, Supervision and Assistance for Fiscal Emergencies of Local Government.

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

	STATE	INTERVENTION PROVISION
1.	Arizona	School District Receivership
2.	California	Debt and Investment Advisory Commission
3.	Connecticut	Ad Hoc State Intervention
4.	District of Columbia	Financial Responsibility and Management Assistance Authority
5.	Florida	Bond Financial Emergencies Act; Division of Bond Finance and Local Government Financial Technical Assistance Program
6.	Georgia	Government Monitoring
7.	Idaho	Debt Readjustment Plans
8.	Illinois	Financially Distressed City Law; Financial Planning and Supervision
9.	Indiana	Distressed Political Subdivision Protections and Township Assistance

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

	STATE	INTERVENTION PROVISION
10.	Kentucky	County Restructuring Provisions
11.	Maine	Board of Emergency Municipal Finance
12.	Massachusetts	<i>Ad hoc</i> State Intervention
13.	Michigan	Local Financial Stability and Choice Act
14.	Minnesota	Back-up Payment Procedures for Municipalities and School Districts
15.	Nevada	Local Government Financial Assistance and Audit Enforcement Act
16.	New Hampshire	Emergency Financial Assistance
17.	New Jersey	Local Government Supervision Act; Municipal Rehabilitation and Economic Recovery Act of 2002; Special Municipal Aid Act
18.	New York	Emergency Financial Control Board; Municipal Assistance Corporation; New York Financial Control Board

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

	STATE	INTERVENTION PROVISION
19.	North Carolina	Local Government Finance Act
20.	Ohio	Fiscal Watch; Fiscal Emergency; Fiscal Emergencies and Financial Planning and Supervision Commission
21.	Oregon	County Public Safety Emergency and Fiscal Control Board; Municipal Debt Advisory Commission
22.	Pennsylvania	Financially Distressed Municipalities Act; Intergovernmental Cooperation Act
23.	Rhode Island	Fiscal Overseer; Municipal Receiver; Budget Commission
24.	Tennessee	Emergency Financial Aid to Local Governments; Financially Distressed Municipality Procedures
25.	Texas	Municipal Receivership
26.	Virginia	Bond Payment Guarantee Provisions
27.	Wisconsin	Deficiency Protection for Public Improvement Bonds

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

B. States recognize the use of a Municipal Receiver:

- The Rhode Island Experience and The City of Central Falls:
 - Overseers.
 - Budget Commission.
 - Receiver.
 - Chapter 9.
- Texas' use of judicially appointed Receiver vs. Financial Control Board, emergency financial managers, coordination overseers and Refinance.

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

C. Financial Control Boards and Active Supervision Examples:

- The New York Experience.
- The Pennsylvania Experience.
- The Michigan Experience.
- The Massachusetts *Ad Hoc* Experience.
- The California Experience – Neutral Evaluator.

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

D. Growing Interest in Emergency Manager:

- Michigan New Local Financial Stability and Choice Act Allows for the Choice of an Emergency Manager with Power to Renegotiate Contract and Reduce Salaries or Employee, etc.
- Indiana Recent Enactment Allows Emergency Manager but Still Does Not Permit Chapter 9.

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

E. The Structure for Oversight Protection Financing:

- Grants from Federal, State and Regional Governmental Bodies.
- Loans from Federal, State and Regional Governmental Bodies.
- State Intercepts of Tax Revenue.
- Involvement in Local Government Budget Process.
- Required Financial Performance and Targeted Levels of Essential Governmental Services.

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

- State Legislative Assistance in Tax Revenue and Powers.
- Backup by Moral Obligations of the State.
- Considerations Regarding the Appointment of Authority Members.
- Acceleration of Loans and Obligations if Performance Triggers Are Violated.
- Dealing with the Press.
- What Powers Are Essential for State Oversight and Assistance.
- Exploration of Transfer of Certain Governmental Services (and related costs) to other Governmental Bodies.
- Consolidation of Regional Essential Governmental Services.

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

F. A State Municipal Refinancing or Restructuring Board (could be pursuant to special legislation) Would Supervise a Distressed Local Government and Be Able to:

- Require balanced budgets, provide economic discipline and reporting;
- Issue debt in state name or separate entity to obtain market credibility and access;
- Have power to negotiate debt restructuring and quasi-judicial jurisdiction;

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

- Review services or costs that can be transferred to other governmental bodies;
- Have right to intercept tax revenue and ensure payment for essential services and necessary operating costs;
- Have power to authorize Chapter 9 if needed;
- Bridge financing or refinancing of troubled debt;
- Transfer certain services to other governmental agencies to reduce expenditures;
- Grant funds to the municipality to bridge the financial crisis;

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

- Loan funds to the municipality on terms that are realistic or payable from out-of-state tax sources that can be offset;
- Use intercept of state tax payable to municipality to ensure essential municipal service;
- Private Public Partnerships - Lease and Sale of Municipal Properties to provide bridge financing and cash flow relief;

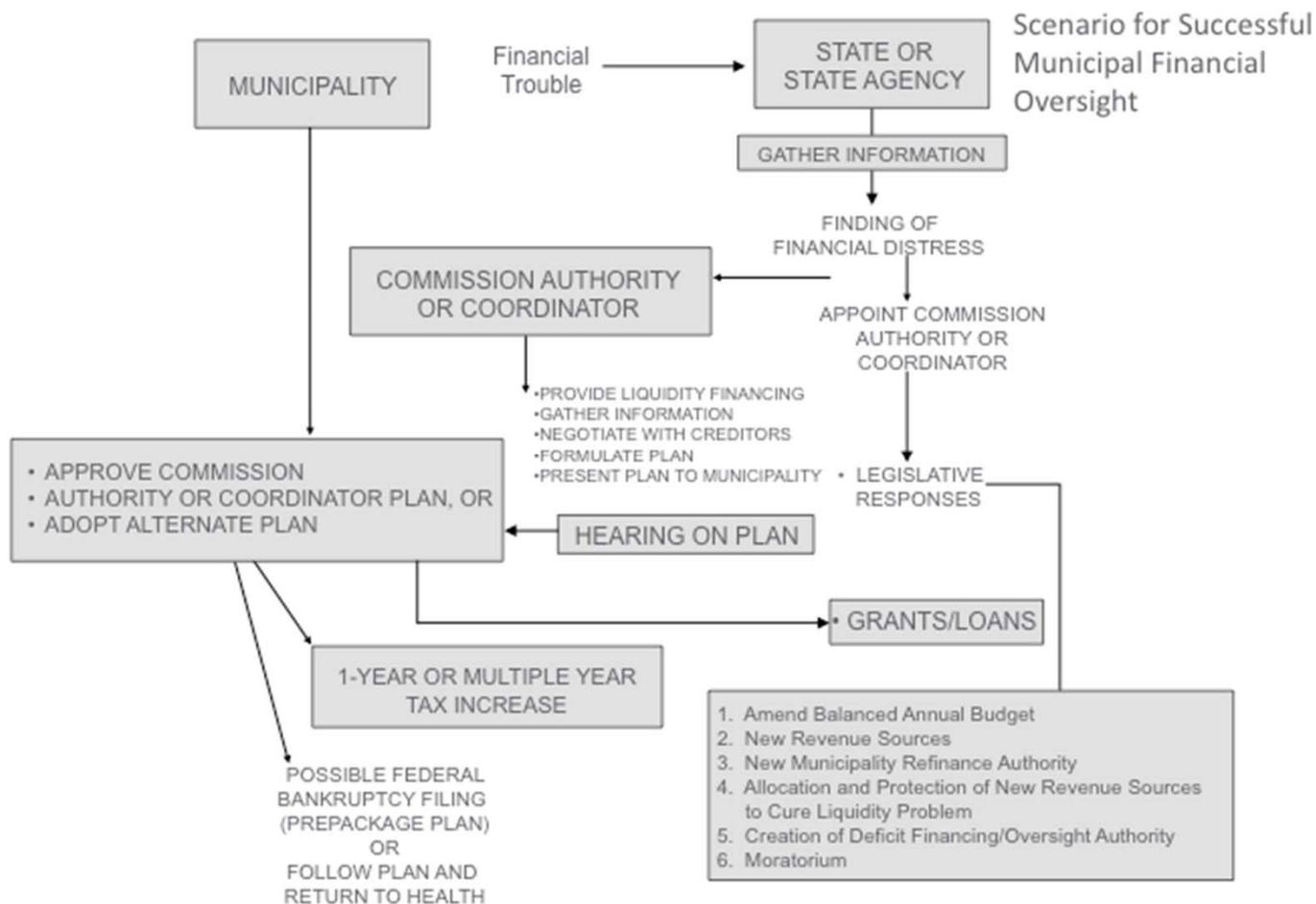
Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

- Vendor Assistance Program – Providing Vendor Payments through securitization financing of payables. Payment from dedicated tax revenues over time. Provide current cash flow relief from current or future Vendor payments;
- Explore Consolidation on a Regional Basis of Certain Governmental Services; and
- Monitor compliance with any restructuring plan to ensure compliance and prevent financial erosion.

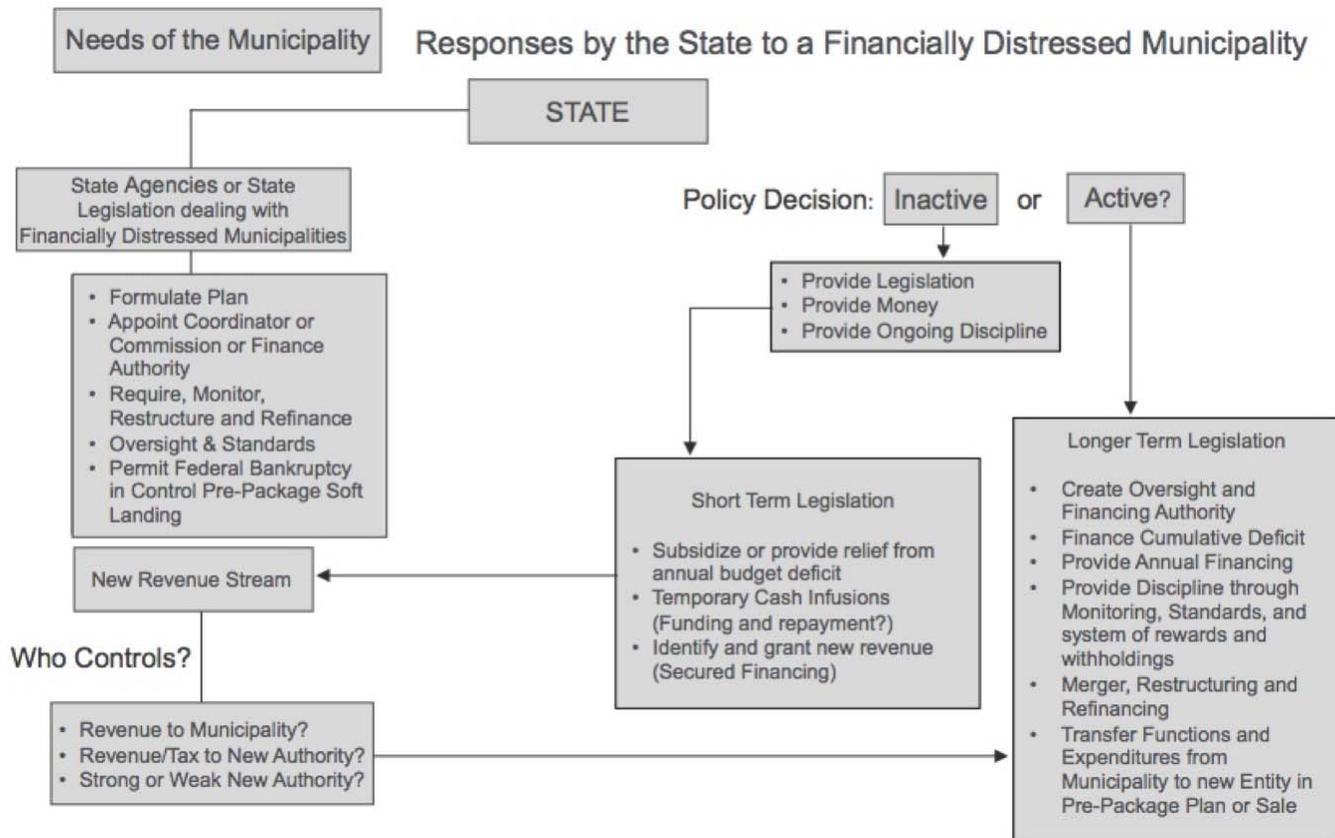
Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)

- G. Examples of Structure for Municipal Financial Oversight and State Supervision of Financially Distressed Municipal.

Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)



Debt Resolution Mechanisms: State Oversight, Supervision and Assistance for Emergencies of Local Governments (cont'd)



Municipalities in Distress?

Chapman and Cutler LLP has published in 2012 a book entitled *Municipalities in Distress?*, which is an analysis of State Laws Dealing with Financial Emergencies of Local Governments (50-State Survey of State Law providing (1) Oversight, Supervision or Assistance to Financially Distressed Municipalities, (2) Rights and Remedies Provided by States to Investors in Financially Distressed Local Government Debt and (3) State Authorization of Municipalities to File Chapter 9 Bankruptcy).

This Survey result may be briefly summarized by the following chart:

Municipalities in Distress? (cont'd)

Analysis of 50 State Survey of Rights and Remedies Provided by States to Investors in Municipal Bond Debt and Authorization to File Chapter 9 Bankruptcy

(This is an analysis of a 50 State Survey by Chapman and Cutler LLP)

General Overview of Municipal Insolvency Provisions

STATE	MUNICIPAL BANKRUPTUCY AUTHORIZATION	DEBT LIMITATION	MUNICIPAL RESTRUCTURING MECHANISM	RECEIVER	REFUNDING BONDS	OTHER DEFAULT RESOLUTION REMEDIES	ACCOUNTING	FORECLOSURE	INJUNCTION	MANDAMUS	OTHER REMEDIES	SPECIAL REVENUE BONDS	STATUTORY LIENS
ALABAMA	Y	X		X	X			X	X	X		X	X
ALASKA	N				X	X (appointment of trustee)		X		X		X	X
ARIZONA	Y	X	X (School District Receivership)	X	X			X		X	X (any action necessary)	X	
ARKANSAS	Y	X		X	X	X (appointment of an assessor)				X		X	X
CALIFORNIA	Conditional (Use of a Neutral Evaluator or declaration of fiscal emergency)	X	X (California Debt and Investment Advisory Commission)	X	X	X (negotiations)	X	X	X	X	X (bondholder action and any other action and special tax bonds)	X	X
COLORADO	Limited	X		X	X		X		X	X	X (bondholder action)	X	X
CONNECTICUT	Conditional	X	X (ad hoc state intervention)	X	X	X (appointment of a trustee; revenue set-aside)			X	X	X (bondholder action/garnishment and contractual remedies)	X	X
DELAWARE	N	X			X					X		X	
DISTRICT OF COLUMBIA	N	X	X (District of Columbia Financial Responsibility and Management Assistance Authority)	X	X		X		X	X	X (declare all bonds due and payable)	X	
FLORIDA	Conditional		X (Bond Financial Emergencies Act; Division of Bond Finance and Local Government Financial Technical Assistance Program; and alteration of labor contracts)	X	X		X		X	X		X	X
GEORGIA	N (specifically prohibited)	X	X (government monitoring)	X	X	X (debt compromise)				X	X (court action to enforce collection)	X	
HAWAII	N	X		X	X		X	X		X	X (bondholder action)	X	
IDAHO	Y	X	X (debt readjustment plans for certain districts)	X	X	X (Bond Guaranty Act)	X	X		X		X	X
ILLINOIS	Limited	X	X (Financially Distressed City Law and Financial Planning and Supervision)	X	X			X	X	X	X (appropriate relief)	X	X
INDIANA	N	X	X (Distressed Political Subdivision and Township Protections)	X	X	X (redemption bonds)	X	X	X	X		X	X
IOWA	N, with exception	X		X	X	X (moratorium)				X		X	X
KANSAS	N	X		X	X		X	X		X		X	X
KENTUCKY	Conditional	X	X (county restructuring)	X	X	X (appointment of trustee)	X		X	X		X	X
LOUISIANA	Conditional	X		X	X	x (state taxing authority)		X		X	X (bondholder action)	X	X
MAINE	N	X	X (Board of Emergency Municipal Finance)	X	X	X (earmarking)	X	X		X	X (attachment; any action necessary; appointment of a trustee)	X	X
MARYLAND	N	X		X	X					X		X	X
MASSACHUSETTS	N	X	X (ad hoc state intervention)	X	X	X (state bond payment intervention)				X		X	X
MICHIGAN	Conditional	X	X (Local Financial Stability and Choice Act)	X	X					X		X	X
MINNESOTA	Y	X	X (Back-Up Payment Procedures for Municipalities and School Districts)		X					X	X (appropriate remedies to enforce bondholder rights)	X	

Municipalities in Distress? (cont'd)

STATE	MUNICIPAL BANKRUPTUCY AUTHORIZATION	DEBT LIMITATION	MUNICIPAL RESTRUCTURING MECHANISM	RECEIVER	REFUNDING BONDS	OTHER DEFAULT RESOLUTION REMEDIES	ACCOUNTING	FORECLOSURE	INJUNCTION	MANDAMUS	OTHER REMEDIES	SPECIAL REVENUE BONDS	STATUTORY LIENS
MISSISSIPPI	N	X		X	X	X (municipal borrowing)	X	X	X	X	X (other appropriate remedies)	X	X
MISSOURI	Y	X		X	X		X	X		X	X (other appropriate remedies)	X	
MONTANA	Y, but no counties	X		X	X					X	X (limited remedy and interest penalty; suits in equity)	X	
NEBRASKA	Y	X		X	X	X (debt compromise)		X		X		X	
NEVADA	N	X	X (Local government Financial Assitance and Audit Enforcement Act)	X	X	X (third-party agreements)	X	X	X	X		X	X
NEW HAMPSHIRE	N	X	Emergency Financial Assistance	X	X	X (emergency financial assistance)				X	X (contractual remedies)	X	
NEW JERSEY	Conditional	X	X (Local Government Supervision Act; Municipal Rehabilitation and Economic Recovery Act of 2002 and Special Municipal Aid Act; School District Fiscal Monitor)	X	X	X (Municipal Finance Commission)	X	X		X		X	X
NEW MEXICO	N	X		X	X	X (emergency loans)				X		X	
NEW YORK	Conditional	X	X (Emergency Financial Control Board, Municipal Assistance Corporation; New York Financial Control Board)	X	X	X (appointment of a trustee)	X	X		X		X	X
NORTH CAROLINA	Conditional	X	X (local government debt monitoring; local government fiscal management)	X	X			X		X		X	X
NORTH DAKOTA	N	X		X	X		X			X		X	X
OHIO	Conditional	X	X (fiscal caution; fiscal watch; fiscal emergencies; and financial planning and supervision commission)	X	X		X	X	X	X	X (general remedies provision, including appointment of trustee and action to declare bonds not paid from property taxes immediately payable)	X	
OKLAHOMA	Y	X		X	X	X (settlement of debt)	X			X		X	
OREGON	Limited	X	X (County Public Safety Emergency and Fiscal Control Board and Municipal Debt Advisory Commission)	X	X	X (Municipal Debt Advisory Commission & refunding bond cram-down)		X		X		X	
PENNSYLVANIA	Conditional	X	X (Financially Distressed Municipalities Act; Intergovernmental Cooperation Act)	X	X	X (appointment of a trustee)	X			X		X	
PUERTO RICO	N	X		X	X	X (first lien provisions)	X			X		X	
RHODE ISLAND	Conditional	X	X (fiscal overseer; municipal receiver; budget commission)	X	X	X (bond issuance requirements; bond payment guarantee)	X	X		X		X	X
SOUTH CAROLINA	Y	X		X	X	X (treasury withholding)	X	X		X	X (any appropriate action)	X	X
SOUTH DAKOTA	N	X		X	X					X		X	X
TENNESSEE	N		X (Emergency Financial Aid to Local Governments; Financially Distressed Municipality Procedures)	X	X		X			X		X	X
TEXAS	Y	X	X (municipal receivership)	X	X			X		X		X	X
UTAH	N	X		X	X					X	X (contractual remedies)	X	
VERMONT	N	X		X	X			X		X		X	X
VIRGINIA	N	X		X	X	X (bond payment guarantee)				X	X (any contractual remedy)	X	X
WASHINGTON	Y	X		X	X	X (designation of trustee)		X	X	X		X	
WEST VIRGINIA	N	X		X	X		X	X	X	X		X	
WISCONSIN	N	X	X (Deficiency Protection for Public Improvement Bonds)		X			X		X		X	
WYOMING	N	X		X	X		X	X	X	X		X	
TOTAL*		49		26	48	52	27	25	28	15	52	19	31

Scorecard for Other Mechanisms for State to Address Financial Distress of Its Local Governments (cont'd)

Virtually all States have some statutes providing for:

- Ability to refund. (All states have some provision for Refunding Bonds.)
- Debt limitations (at least 47 states have some form of debt limitation).
- Appointment of receivers (at least 47 states).

Scorecard for Other Mechanisms for State to Address Financial Distress of Its Local Governments (cont'd)

- Mandamus or remedies upon default to require payment of debt or levying taxes. (All 50 states have mandamus and at least 28 states have some provision for foreclosure, 25 states provide for a statutory right to such an accounting and at least 19 states have other remedies.)
- Statutory liens or special revenues. (All 50 states have some form of special revenue and at least 31 states have statutory liens.)

Scorecard for Other Mechanisms for State to Address Financial Distress of Its Local Governments (cont'd)

Active financial supervision or financial review (over half of the States):

At least 2 - Debt Advisory Commission.

At least 11 - Statutes providing for debt compromise or adjustment process and intercepts for payment.

At least 15 - Active technical assistance, grants, loans, budget review.

Scorecard for Other Mechanisms for State to Address Financial Distress of Its Local Governments (cont'd)

At least 25 - Financial control boards, refinance authorities and active outside supervision and review or other default resolution remedies.

Virtually every state has some form of limitation on taxes or debt or a combination of both.

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