

[Act No. 2894, February 24, 1920]

AN ACT GRANTING AUTHORITY TO PROVINCES, MUNICIPALITIES AND CHARTERED CITIES TO INCUR INDEBTEDNESS AND ISSUE BONDS COVERING THE SAME, UNDER CERTAIN CONDITIONS.

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Provincial and municipal governments and chartered cities are hereby authorized, subject to the recommendation of the Secretary of Finance and the approval of the Council of State, to incur indebtedness and issue their bonds covering the same, in such sums that the total of outstanding obligations of the province, municipality or city shall not be in excess of seven per centum of the aggregate tax valuation of its property at any one time, for the purpose of acquiring or constructing such permanent improvements as may be necessary or advisable in the public interest. The bonds thus issued shall be subject to the following conditions:

(a) The Governor-General, in the name and on behalf of the province, municipality or city concerned, shall issue the bonds authorized on the date designated by the Council of State and shall sell the same at public auction, through the Bureau of Insular Affairs or the Insular Treasurer, on such terms as are most favorable to the Government, upon not less than ten days' notice, and none of said bonds shall be sold at less than par.

(b) The bonds so authorized shall be redeemable at the pleasure of the province, municipality or city after ten years from date of issue and payable thirty years after date of issue; shall bear interest at an annual rate which shall be determined by the Council of State, payable quarterly. Both principal and interest shall be payable in gold coins of the United States or its equivalent, in the discretion of the Insular Treasurer at Manila, if the bonds are sold in the Philippine Islands, or in gold coin of the United States.

(c) The bonds thus authorized shall be in registered form, in denominations of one hundred pesos or any multiple thereof, as the Governor-General may determine, in proportions to suit the purchasers thereof, and shall be registered and transferable at the office of the Insular Affairs in Washington, as the case may be.

(d) The proceeds of the sale of said bonds shall be placed by the Insular Treasurer to the credit of the public improvements for which they were issued and shall only be withdrawn therefrom by appropriation by the province, municipality or city concerned, with the approval of the Secretary of the Interior.

(e) Commencing with the fiscal year of the issue of the bonds and each succeeding year thereafter until said bonds shall be fully paid, an annual appropriation shall be made, which is hereby authorized to be paid out of any funds in the Insular Treasury not otherwise appropriated, of such sums as may be necessary to defray the annual interest payments on the bonds issued, and to constitute the sinking fund herein provided for.