§ 29.20 Deficiency notes. a. Any municipality, school district or district corporation may issue deficiency notes during any fiscal year to finance a deficiency in any fund or funds arising from revenues being less than the amount estimated in the budget for such current fiscal year. Such notes may be issued in such amount as the finance board shall determine to be necessary, but not to exceed five per centum of the amount of the annual budget of such municipality, school district or district corporation.

b. Deficiency notes may be renewed from time to time, but such notes, including the renewals thereof, shall mature not later than the close of the fiscal year succeeding the fiscal year in which such notes are issued. However, such notes, including the renewals thereof, may mature not later than the close of the second fiscal year succeeding the fiscal year in which such notes are issued, when authorized and issued during a fiscal year at a time subsequent to the date of the adoption of the annual budget for the next succeeding fiscal year, by a municipality, school district or district corporation in which the total amount of taxes or assessments levied for a fiscal year is determined pursuant to an annual budget adopted during the fiscal year preceding such fiscal year.

c. Deficiency notes shall be redeemed out of the taxes or assessments levied or to be levied for the fiscal year in which they mature or out of other revenues of that fiscal year legally available for that purpose.

d. Notwithstanding the provisions of any general, special or local law, any municipality, school district or district corporation, which has the power to issue deficiency notes under this section, shall to the same extent have the power to appropriate and expend money received from the proceeds of the sale of deficiency notes for the purposes of the fund or funds for which such notes are issued.

e. The proceeds of such notes shall be used only to finance a deficiency in any fund or funds arising from revenues being less than the amount estimated in the budget for the current fiscal year or, in

the event all or a portion of the proceeds are not expended for that purpose, the amount not so expended shall be used only for the payment of principal of and interest on such notes. In determining whether all or any portion of the proceeds of deficiency notes remained unexpended at the close of a fiscal year, the moneys in such fund or funds other than the proceeds of such notes shall be deemed to be expended prior to the proceeds of such notes.

f. Any municipality, school district or district corporation which shall renew deficiency notes pursuant to the provisions of paragraph b of this section, or which shall issue deficiency notes in two or more successive fiscal years, shall be subject to the requirements of paragraphs c, d, e and f of section 10.10 of this article for three years commencing with the fiscal year in which such notes were renewed or each second successive fiscal year in which such notes were issued.