

HOUSE BILL NO. 654

INTRODUCED BY HENAHAN

IN THE HOUSE

February 5, 1981	Introduced and referred to Committee on Business and Industry.
February 14, 1981	Fiscal note requested.
February 18, 1981	Committee recommend bill do pass as amended. Report adopted.
February 19, 1981	Fiscal note returned.
	Bill printed and placed on members' desks.
February 21, 1981	Second reading, do pass.
February 24, 1981	Correctly engrossed.
February 25, 1981	Third reading, passed. Ayes, 96; Noes, 1. Transmitted to Senate.

IN THE SENATE

March 3, 1981	Introduced and referred to Committee on Taxation.
April 4, 1981	Committee recommend bill be concurred in as amended. Report adopted.
April 6, 1981	Second reading, concurred in.
April 8, 1981	Third reading, concurred in as amended. Ayes, 48; Noes, 1.

IN THE HOUSE

April 9, 1981

Returned from Senate with
amendments.

April 10, 1981

Second reading, amendments
concurred in.

On motion rules suspended
and bill placed on third
reading this day.

Third reading, amendments
concurred in. Ayes, 91;
Noes, 0. Sent to enrolling.

Reported correctly enrolled.

House BILL NO. 654

Messabes

1 House BILL NO. 694
2 INTRODUCED BY Meekan
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE LAW
5 PERTAINING TO RAILROAD BONDS; TO PROVIDE THE NECESSARY
6 BACKING FOR RAILROAD REHABILITATION REVENUE BONDS AND
7 RAILROAD ROLLING STOCK REVENUE BONDS; INCREASING INTEREST
8 RATES ON THE BONDS; INCLUDING CARRIERS USED TO TRANSPORT
9 PRODUCTS OTHER THAN GRAIN IN THE DEFINITION OF ROLLING
10 STOCK; AND AMENDING SECTIONS 60-11-1102, 60-11-1104 THROUGH
11 60-11-1107, 60-11-1112, 60-11-1202, 60-11-1204 THROUGH
12 60-11-1207, 60-11-1211, AND 60-11-1212, MCA."

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 Section 1. Section 60-11-1102, MCA, is amended to
16 read:

17 ***60-11-1102. Definitions.** As used in this part, unless
18 the context indicates otherwise, the following definitions
19 apply:

20 (1) "Bonds" means railroad rehabilitation revenue
21 bonds authorized by 60-11-1193.

22 (2) "Department" means the department of highways.

23 (3) "Person" means an individual or a partnership,
24 association, corporation, or other business entity.

25 (4) "Project" or "rehabilitation project" means a

1 business undertaking to repair, improve, or replace rail
2 facilities to improve the safety and efficiency of the
3 facilities and to derive revenue.

4 (5) "Rail facilities" means the line of track of a
5 railroad, including spurs and extensions, and associated
6 facilities, including but not limited to freight and
7 commodities, storage and loading facilities, feeding
8 platforms, signal and switching systems, roadbeds, and
9 machinery and equipment designed for rail maintenance, but
10 the term does not include engines or rolling stock used for
11 the transport of goods or passengers.

12 (6) "Refunding bonds" means railroad rehabilitation
13 refunding revenue bonds authorized by 60-11-1109."

14 Section 2. Section 60-11-1104, MCA, is amended to
15 read:

16 "60-11104. Bond details. (1) The bonds may be issued
17 as serial bonds payable in annual installments, as term
18 bonds, or as a combination of serial and term bonds. A bond
19 may not mature more than 50 years from its date of issue.
20 The amount to be issued and sold at any one time shall be
21 determined by the department. The bonds may be sold at
22 either public or private sale and at prices above or below
23 par as determined by the department.
24 (2) At the time of issuance of the bonds, the
25 department shall specify the bond details, including but not

1 limited to:

- 2 (a) whether serial, term, or combination thereof;
- 3 (b) the interest rate;
- 4 (c) the denominations;
- 5 (d) whether coupon or registered bonds;
- 6 (e) the manner, medium, and place of payment;
- 7 (f) whether redeemable or not and if redeemable, the
- 8 manner of redemption;
- 9 (g) bond covenants."

10 Section 3. Section 60-11-1105, MCA, is amended to
11 read:

12 "60-11-1105. Bond Limitations. (1) The interest rate
13 or rates on the bonds may not exceed 9% shall be determined
14 by the department. The bonds may not be sold for less than
15 par. The total amount of bonds outstanding at any one time
16 may not exceed \$25 million.

17 (2) Each bond must have printed on its face a
18 statement that the state is not liable on the bond, the bond
19 is not a debt of the state, and neither the faith and credit
20 nor the taxing power of the state is pledged to the payment
21 of the principal or the interest on the bond."

22 Section 4. Section 60-11-1106, MCA, is amended to
23 read:

24 "60-11-1106. Bond covenants. The department may enter
25 into covenants with the bondholders by resolution, trust

1 indenture, or other appropriate security instrument to
2 enhance the marketability of the bonds. These covenants may
3 relate to:

- 4 (1) the purpose to which the bond proceeds are to be
5 applied;
- 6 (2) the use and disposition of the revenue of a
7 project to which the bond proceeds are to be applied;
- 8 (3) the issuance of additional bonds to be paid from
9 revenue of a project to which the bond proceeds are to be
10 applied;
- 11 (4) the insurance to be carried on a project to which
12 bond proceeds are to be applied;
- 13 (5) the accounting procedures and auditing powers
14 related to a project;
- 15 (6) the terms and conditions upon which the
16 bondholders are entitled to have a receiver appointed to
17 operate a project to which bond proceeds are to be applied;
- 18 (7) the maintenance of a required capital reserve;
- 19 (8) the granting of a mortgage and security interest
20 in the project and other properties of the borrower to
21 secure the bonds;
- 22 (9) such other matters as the department considers
23 customary and appropriate to secure the bonds."

24 Section 5. Section 60-11-1107, MCA, is amended to
25 read:

1 "60-11-1107. Bond accounts -- appropriation. (1) There
 2 is a railroad rehabilitation account in the bond proceeds
 3 and insurance clearance fund provided for in 17-2-1101. All
 4 bond proceeds shall be placed in the railroad rehabilitation
 5 account, and all money deposited in the account is
 6 continuously appropriated to the department and may be
 7 expended by the department for the purposes authorized in
 8 this part.

9 (2) There is a railroad rehabilitation reserve account
 10 in the sinking fund provided for in 17-2-102. Loan
 11 repayments and required capital reserves shall be deposited
 12 in the railroad rehabilitation reserve account, and all
 13 money deposited in the account is continuously appropriated
 14 to the department and may be expended for the payment of
 15 principal and interest on the bonds as they become due.

16 (3) If the department enters into a trust indenture
 17 pursuant to 60-11-1106, it may provide for the establishment
 18 of funds and accounts to be held by the trustee and may
 19 pledge and appropriate the bond proceeds, capital reserves,
 20 and loan payments to such funds and accounts notwithstanding
 21 the provisions of subsections (1) and (2)."

22 Section 6. Section 60-11-1112, MCA, is amended to
 23 read:

24 "60-11-1112. Loan details. The terms of any loan made
 25 pursuant to 60-11-1111 shall be specified by the department

1 and shall be such as to assure sufficient payments to meet
 2 the obligations on the bonds. Any terms required under an
 3 agreement with the bondholder must be included in the loan
 4 agreement. The department may require the borrower to secure
 5 the loan with property the project or other property of the
 6 borrower."

7 Section 7. Section 60-11-1202, MCA, is amended to
 8 read:

9 "60-11-1202. Definitions. As used in this part, unless
 10 the context indicates otherwise, the following definitions
 11 apply:

12 (1) "Bonds" means railroad rolling stock revenue bonds
 13 authorized by 60-11-1203.

14 (2) "Department" means the department of highways.

15 (3) "Person" means an individual or a partnership,
 16 association, corporation, or other business entity.

17 (4) "Project" or "rolling stock project" means a
 18 business undertaking to manufacture, repair, purchase, or
 19 lease rolling stock and to subsequently use, sell, or lease
 20 the rolling stock to derive revenue.

21 (5) "Railroad rolling stock" or "rolling stock" means
 22 railroad cargo carriers used to transport grain, coal, ore,
 23 lumber, freight, and commodities.

24 (6) "Refunding bonds" means railroad rolling stock
 25 refunding revenue bonds authorized by 60-11-1209."

1 Section 8. Section 60-11-1204, MCA, is amended to
 2 read:

3 "60-11-1204. Bond details. (1) The bonds may be issued
 4 as serial bonds payable in annual installments, as term
 5 bonds, or as a combination of serial and term bonds. A bond
 6 may not mature more than 50 years from its date of issue.
 7 The amount to be issued and sold at any one time shall be
 8 determined by the department. The bonds may be sold at
 9 either public or private sale and at prices above or below
 10 par as determined by the department.

11 (2) At the time of issuance of the bonds, the
 12 department shall specify the bond details, including but not
 13 limited to:

14 (a) whether serial, term, or combination thereof;
 15 (b) the interest rate;
 16 (c) the denominations;
 17 (d) whether coupon or registered bonds;
 18 (e) the manner, medium, and place of payment;
 19 (f) whether redeemable or not and if redeemable, the
 20 manner of redemption;
 21 (g) bond covenants."

22 Section 9. Section 60-11-1205, MCA, is amended to
 23 read:

24 "60-11-1205. Bond limitations. (1) The interest rate
 25 or rates on the bonds may not exceed 9% shall be determined

1 by the department. The bonds may not be sold for less than
 2 per cent. The total amount of bonds outstanding at any one time
 3 may not exceed \$75 million.

4 (2) Each bond must have printed on its face a
 5 statement that the state is not liable on the bond, the bond
 6 is not a debt of the state, and neither the faith and credit
 7 nor the taxing power of the state is pledged to the payment
 8 of the principal or the interest on the bond."

9 Section 10. Section 60-11-1206, MCA, is amended to
 10 read:

11 "60-11-1206. Bond covenants. The department may enter
 12 into covenants with the bondholders by resolutions, trust
 13 indenture, or other appropriate instrument to enhance the
 14 marketability of the bonds. These covenants may relate to:

15 (1) the purpose to which the bond proceeds are to be
 16 applied;

17 (2) the use and disposition of the revenue of a
 18 project to which the bond proceeds are to be applied;

19 (3) the issuance of additional bonds to be paid from
 20 revenue of a project to which the bond proceeds are to be
 21 applied;

22 (4) the insurance to be carried on a project to which
 23 bond proceeds are to be applied;

24 (5) the accounting procedures and auditing powers
 25 related to a project;

1 (6) the terms and conditions upon which the
 2 bondholders are entitled to have a receiver appointed to
 3 operate a project to which bond proceeds are to be applied;

4 (7) the maintenance of a required capital reserve;

5 (8) the granting of a mortgage and security interest
 6 in the project and other properties of the borrower to
 7 secure the bonds;

8 (9) such other matters as the department considers
 9 customary and appropriate to secure the bonds."

10 Section 11. Section 60-11-1207, MCA, is amended to
 11 read:

12 "60-11-1207. Bond accounts -- appropriation. (1) There
 13 is a railroad rolling stock account in the bond proceeds and
 14 insurance clearance fund provided for in 17-2-102. All bond
 15 proceeds shall be placed in the railroad rolling stock
 16 account, and all money deposited in the account is
 17 continuously appropriated to the department and may be
 18 expended by the department for the purposes authorized in
 19 this part.

20 (2) There is a railroad rolling stock reserve account
 21 in the sinking fund provided for in 17-2-102. Loan
 22 repayments and required capital reserves shall be deposited
 23 in the railroad rolling stock reserve account, and all money
 24 deposited in the account is continuously appropriated to the
 25 department and may be expended for the payment of principal

1 and interest on the bonds as they become due.

2 (3) If the department enters into a trust indenture
 3 pursuant to 60-11-1206, it may provide for the establishment
 4 of funds and accounts to be held by the trustee and may
 5 pledge and appropriate the bond proceeds, capital reserves,
 6 and loan payments to such funds and accounts notwithstanding
 7 the provisions of subsections (1) and (2)."

8 Section 12. Section 60-11-1211, MCA, is amended to
 9 read:

10 "60-11-1211. Use of bond proceeds. (1) The proceeds of
 11 the bonds shall be used by the department to make loans to
 12 persons doing business or resident in Montana for financing
 13 rolling stock projects when the rolling stock is to be based
 14 in Montana and used primarily in Montana and primarily for
 15 the transport of grains, coal, ore, lumber, freight, and
 16 commodities produced in Montana.

17 (2) The revenue from the sale or use of the rolling
 18 stock shall be used for repayment of the loans."

19 Section 13. Section 60-11-1212, MCA, is amended to
 20 read:

21 "60-11-1212. Loan details. The terms of any loan made
 22 pursuant to 60-11-1211 shall be specified by the department
 23 and shall be such as to assure sufficient payments to enable
 24 the department to meet its obligations on the bonds. Any
 25 terms required under an agreement with the bondholder must

1 be included in the loan agreement. The department may
2 require the borrower to secure the loan with the ~~settling~~
3 ~~stock project or other property of the borrower.~~"

4 Section 14. Severability. If a part of this act is
5 invalid, all valid parts that are severable from the invalid
6 part remain in effect. If a part of this act is invalid in
7 one or more of its applications, the part remains in effect
8 in all valid applications that are severable from the
9 invalid applications.

-End-

STATE OF MONTANA

REQUEST NO. _____

FISCAL NOTE

Form BD-15

In compliance with a written request received Feb. 15, 1981, there is hereby submitted a Fiscal Note for HB 654 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation

HB 654 is an act to revise the law pertaining to railroad bonds, to provide necessary backing for railroad rehabilitation revenue bonds and railroad rolling stock bonds, increasing interest rates on the bonds, and includes carriers used to transport products other than grain in the definition of rolling stock.

Assumptions:

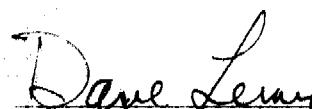
1. That there is a demand for revenue bonds without backing of State of Montana.
2. That approximately \$5,000,000 in bond funds can be continuously invested and that bond income will be greater than bond expense and it is assumed it will be invested to earn 3% more than the interest expense.
3. That loans will be made to yield an amount equal to or greater than the amount to be repaid on bonds.
4. That a staff of approximately 3 F.T.E. will be required to operate this program.
5. That the program will be self supporting.

Revenue and Expenditure Impact

<u>State Impact Revenue</u>	<u>1982</u>	<u>1983</u>
Bond arbitrage Income	\$ 150,000	\$ 150,000
<u>Expenditures</u>		
Operating costs of Bond and Loan Program	\$ 113,681	\$ 125,049
Net effect	\$ 36,319	\$ 24,951

Comments:

Enactment of HB 654 would permit the Department of Highways to sell bonds without committing State's pledge to repay the bonds (no liability to State) not to exceed \$25,000,000 for rail facilities and not to exceed \$75,000,000 for railroad rolling stock. Since rail planning activities may become a function of the Department of Commerce, if such Department is created, the Department referred to in this Act should be changed to the Department of Commerce.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-19-81

Approved by Committee
on Business and Industry

1 HOUSE BILL NO. 654
2 INTRODUCED BY MENAHAN
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE LAW
5 PERTAINING TO RAILROAD BONDS; TO PROVIDE THE NECESSARY
6 BACKING FOR RAILROAD REHABILITATION REVENUE BONDS AND
7 RAILROAD ROLLING STOCK REVENUE BONDS; INCREASING ELIMINATING
8 LIMIT ON INTEREST RATES ON THE BONDS; INCLUDING CARRIERS
9 USED TO TRANSPORT PRODUCTS OTHER THAN GRAIN IN THE
10 DEFINITION OF ROLLING STOCK; AND AMENDING SECTIONS
11 60-11-1102, 60-11-1104 THROUGH 60-11-1107, 60-11-1112,
12 60-11-1202, 60-11-1204 THROUGH 60-11-1207, 60-11-1211, AND
13 60-11-1212, MCA."

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 Section 1. Section 60-11-1102, MCA, is amended to
17 read:

18 "60-11-1102. Definitions. As used in this part, unless
19 the context indicates otherwise, the following definitions
20 apply:

21 (1) "Bonds" means railroad rehabilitation revenue
22 bonds authorized by 60-11-1103.

23 (2) "Department" means the department of highways.

24 (3) "Person" means an individual or a partnership,
25 association, corporation, or other business entity.

1 (4) "Project" or "rehabilitation project" means a
2 business undertaking to repair, improve, or replace rail
3 facilities to improve the safety and efficiency of the
4 facilities and to derive revenue.

5 (5) "Rail facilities" means the line of track of a
6 railroad, including spurs and extensions, and associated
7 facilities, including but not limited to freight and
8 commodities, storage and loading facilities, loading
9 platforms, signal and switching systems, roadbeds, and
10 machinery and equipment designed for rail maintenance, but
11 the term does not include engines or rolling stock used for
12 the transport of goods or passengers.

13 (6) "Refunding bonds" means railroad rehabilitation
14 refunding revenue bonds authorized by 60-11-1109."

15 Section 2. Section 60-11-1104, MCA, is amended to
16 read:

17 "6G-11-1104. Bond details. (1) The bonds may be issued
18 as serial bonds payable in annual installments, as term
19 bonds, or as a combination of serial and term bonds. A bond
20 may not mature more than 50 years from its date of issue.
21 The amount to be issued and sold at any one time shall be
22 determined by the department. The bonds may be sold at
23 either public or private sale and at prices above or below
24 par as determined by the department.

25 (2) At the time of issuance of the bonds, the

1 department shall specify the bond details, including but not
 2 limited to:

- 3 (a) whether serial, term, or combination thereof;
- 4 (b) the interest rate;
- 5 (c) the denominations;
- 6 (d) whether coupon or registered bonds;
- 7 (e) the manner, medium, and place of payment;
- 8 (f) whether redeemable or not and if redeemable, the
 9 manner of redemption;
- 10 (g) bond covenants."

11 Section 3. Section 60-11-1105, MCA, is amended to
 12 read:

13 "60-11-1105. Bond limitations. (1) The interest rate
 14 or rates on the bonds ~~may-not-exceed-9%~~ shall be determined
 15 by the department. The bonds may not be sold for less than
 16 par. The total amount of bonds outstanding at any one time
 17 may not exceed \$25 million.

18 (2) Each bond must have printed on its face a
 19 statement that the state is not liable on the bond, the bond
 20 is not a debt of the state, and neither the faith and credit
 21 nor the taxing power of the state is pledged to the payment
 22 of the principal or the interest on the bond."

23 Section 4. Section 60-11-1106, MCA, is amended to
 24 read:

25 "60-11-1106. Bond covenants. The department may enter

1 into covenants with the bondholders by resolution, trust
 2 indenture, or other appropriate security instrument to
 3 enhance the marketability of the bonds. These covenants may
 4 relate to:

- 5 (1) the purpose to which the bond proceeds are to be
 6 applied;
- 7 (2) the use and disposition of the revenue of a
 8 project to which the bond proceeds are to be applied;
- 9 (3) the issuance of additional bonds to be paid from
 10 revenue of a project to which the bond proceeds are to be
 11 applied;
- 12 (4) the insurance to be carried on a project to which
 13 bond proceeds are to be applied;
- 14 (5) the accounting procedures and auditing powers
 15 related to a project;
- 16 (6) the terms and conditions upon which the
 17 bondholders are entitled to have a receiver appointed to
 18 operate a project to which bond proceeds are to be applied;
- 19 (7) the maintenance of a required capital reserve;
- 20 ~~(8) the granting of a mortgage and security interest~~
 21 in the project and other properties of the borrower to
secure the bonds;
- 22 (9) such other matters as the department considers
customary and appropriate to secure the bonds."

25 Section 5. Section 60-11-1107, MCA, is amended to

1 read:

2 "60-11-1107. Bond accounts -- appropriation. (1) There
 3 is a railroad rehabilitation account in the bond proceeds
 4 and insurance clearance fund provided for in 17-2-1101. All
 5 bond proceeds shall be placed in the railroad rehabilitation
 6 account, and all money deposited in the account is
 7 continuously appropriated to the department and may be
 8 expended by the department for the purposes authorized in
 9 this part.

10 (2) There is a railroad rehabilitation reserve account
 11 in the sinking fund provided for in 17-2-102. Loan
 12 repayments and required capital reserves shall be deposited
 13 in the railroad rehabilitation reserve account, and all
 14 money deposited in the account is continuously appropriated
 15 to the department and may be expended for the payment of
 16 principal and interest on the bonds as they become due.

17 (3) If the department enters into a trust indenture
 18 pursuant to 60-11-1106, it may provide for the establishment
 19 of funds and accounts to be held by the trustee and may
 20 pledge and appropriate the bond proceeds, capital reserves,
 21 and loan payments to such funds and accounts notwithstanding
 22 the provisions of subsections (1) and (2)."

23 Section 6. Section 60-11-1112, MCA, is amended to
 24 read:

25 "60-11-1112. Loan details. The terms of any loan made

1 pursuant to 60-11-1111 shall be specified by the department
 2 and shall be such as to assure sufficient payments to meet
 3 the obligations on the bonds. Any terms required under an
 4 agreement with the bondholder must be included in the loan
 5 agreement. The department may require the borrower to secure
 6 the loan with property the project or other property of the
 7 borrower."

8 Section 7. Section 60-11-1202, MCA, is amended to
 9 read:

10 "60-11-1202. Definitions. As used in this part, unless
 11 the context indicates otherwise, the following definitions
 12 apply:

13 (1) "Bonds" means railroad rolling stock revenue bonds
 14 authorized by 60-11-1203.

15 (2) "Department" means the department of highways.

16 (3) "Person" means an individual or a partnership,
 17 association, corporation, or other business entity.

18 (4) "Project" or "rolling stock project" means a
 19 business undertaking to manufacture, repairs purchase, or
 20 lease rolling stock and to subsequently use, sell, or lease
 21 the rolling stock to derive revenue.

22 (5) "Railroad rolling stock" or "rolling stock" means
 23 railroad cargo carriers used to transport grains, coal, ore,
 24 lumber, freight, and commodities.

25 (6) "Refunding bonds" means railroad rolling stock

1 refunding revenue bonds authorized by 60-11-1209."

2 Section 8. Section 60-11-1204, MCA, is amended to
3 read:

4 "60-11-1204. Bond details. (1) The bonds may be issued
5 as serial bonds payable in annual installments, as term
6 bonds, or as a combination of serial and term bonds. A bond
7 may not mature more than 50 years from its date of issue.
8 The amount to be issued and sold at any one time shall be
9 determined by the department. The bonds may be sold at
10 either public or private sale and at prices above or below
11 par as determined by the department.

12 (2) At the time of issuance of the bonds, the
13 department shall specify the bond details, including but not
14 limited to:

15 (a) whether serial, term, or combination thereof;
16 (b) the interest rate;
17 (c) the denominations;
18 (d) whether coupon or registered bonds;
19 (e) the manner, medium, and place of payment;
20 (f) whether redeemable or not and if redeemable, the
21 manner of redemption;
22 (g) bond covenants."

23 Section 9. Section 60-11-1205, MCA, is amended to
24 read:

25 "60-11-1205. Bond limitations. (1) The interest rate

1 or rates on the bonds may not exceed 9% shall be determined
2 by the department. The bonds may not be sold for less than
3 par. The total amount of bonds outstanding at any one time
4 may not exceed \$75 million.

5 (2) each bond must have printed on its face a
6 statement that the state is not liable on the bond, the bond
7 is not a debt of the state, and neither the faith and credit
8 nor the taxing power of the state is pledged to the payment
9 of the principal or the interest on the bond."

10 Section 10. Section 60-11-1206, MCA, is amended to
11 read:

12 "60-11-1206. Bond covenants. The department may enter
13 into covenants with the bondholders by resolutions, trust
14 indenture, or other appropriate instrument to enhance the
15 marketability of the bonds. These covenants may relate to:

16 (1) the purpose to which the bond proceeds are to be
17 applied;

18 (2) the use and disposition of the revenue of a
19 project to which the bond proceeds are to be applied;

20 (3) the issuance of additional bonds to be paid from
21 revenue of a project to which the bond proceeds are to be
22 applied;

23 (4) the insurance to be carried on a project to which
24 bond proceeds are to be applied;

25 (5) the accounting procedures and auditing powers

1 related to a project;

2 (6) the terms and conditions upon which the
3 bondholders are entitled to have a receiver appointed to
4 operate a project to which bond proceeds are to be applied;

5 (7) the maintenance of a required capital reserv ~~vi~~

6 ~~(8) the granting of a mortgage and security interest
7 in the project and other properties of the borrower to
8 secure the bonds;~~

9 ~~(9) such other matters as the department considers
10 customary and appropriate to secure the bonds."~~

11 Section 11. Section 60-11-1207, MCA, is amended to
12 read:

13 "60-11-1207. Bond accounts -- appropriation. (1) There
14 is a railroad rolling stock account in the bond proceeds and
15 insurance clearance fund provided for in 17-2-102. All bond
16 proceeds shall be placed in the railroad rolling stock
17 account, and all money deposited in the account is
18 continuously appropriated to the department and may be
19 expended by the department for the purposes authorized in
20 this part.

21 (2) There is a railroad rolling stock reserve account
22 in the sinking fund provided for in 17-2-102. Loan
23 repayments and required capital reserves shall be deposited
24 in the railroad rolling stock reserve account, and all money
25 deposited in the account is continuously appropriated to the

1 department and may be expended for the payment of principal
2 and interest on the bonds as they become due.

3 ~~(3) If the department enters into a trust indenture
4 pursuant to 60-11-1206, it may provide for the establishment
5 of funds and accounts to be held by the trustee and may
6 pledge and appropriate the bond proceeds, capital reserves,
7 and loan payments to such funds and accounts notwithstanding
8 the provisions of subsections (1) and (2)."~~

9 Section 12. Section 60-11-1211, MCA, is amended to
10 read:

11 "60-11-1211. Use of bond proceeds. (1) The proceeds of
12 the bonds shall be used by the department to make loans to
13 persons doing business or resident in Montana for financing
14 rolling stock projects when the rolling stock is to be based
15 in Montana and used primarily in Montana and primarily for
16 the transport of grain, coal, ore, lumber, freight, and
17 commodities produced in Montana.

18 (2) The revenue from the sale or use of the rolling
19 stock shall be used for repayment of the loans."

20 Section 13. Section 60-11-1212, MCA, is amended to
21 read:

22 "60-11-1212. Loan details. The terms of any loan made
23 pursuant to 60-11-1211 shall be specified by the department
24 and shall be such as to assure sufficient payments to enable
25 the department to meet its obligations on the bonds. Any

1 terms required under an agreement with the bondholder must
2 be included in the loan agreement. The department may
3 require the borrower to secure the loan with the ~~notting~~
4 ~~stock project or other property of the borrower.~~"

5 Section 14. **Severability.** If a part of this act is
6 invalid, all valid parts that are severable from the invalid
7 part remain in effect. If a part of this act is invalid in
8 one or more of its applications, the part remains in effect
9 in all valid applications that are severable from the
10 invalid applications.

-End-

HOUSE BILL NO. 654

INTRODUCED BY MENAHAN

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE LAW
5 PERTAINING TO RAILROAD BONDS; TO PROVIDE THE NECESSARY
6 BACKING FOR RAILROAD REHABILITATION REVENUE BONDS AND
7 RAILROAD ROLLING STOCK REVENUE BONDS; ~~INCREASING~~ ELIMINATING
8 LIMIT ON INTEREST RATES ON THE BONDS; INCLUDING CARRIERS
9 USED TO TRANSPORT PRODUCTS OTHER THAN GRAIN IN THE
10 DEFINITION OF ROLLING STOCK; AND AMENDING SECTIONS
11 60-11-1102, 60-11-1104 THROUGH 60-11-1107, 60-11-1112,
12 60-11-1202, 60-11-1204 THRU 60-11-1207, 60-11-1211, AND
13 60-11-1212, MCA."

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 Section 1. Section 60-11-1102, MCA, is amended to
17 read:

18 "60-11-1102. Definitions. As used in this part, unless
19 the context indicates otherwise, the following definitions
20 apply:

21 (1) "Bonds" means railroad rehabilitation revenue
22 bonds authorized by 60-11-1103.

23 (2) "Department" means the department of highways.

24 (3) "Person" means an individual or a partnership,
25 association, corporation, or other business entity.

1 (4) "Project" or "rehabilitation project" means a
2 business undertaking to repair, improve, or replace rail
3 facilities to improve the safety and efficiency of the
4 facilities and to derive revenue.

5 (5) "Rail facilities" means the line of track of a
6 railroad, including spurs and extensions, and associated
7 facilities, including but not limited to freight and
8 commodities, storage and loading facilities, toading
9 platforms, signal and switching systems, roadbeds, and
10 machinery and equipment designed for rail maintenance, but
11 the term does not include engines or rolling stock used for
12 the transport of goods or passengers.

13 (6) "Refunding bonds" means railroad rehabilitation
14 refunding revenue bonds authorized by 60-11-1109."

15 Section 2. Section 60-11-1104, MCA, is amended to
16 read:

17 "60-11-1104. Bond details. (1) The bonds may be issued
18 as serial bonds payable in annual installments, as term
19 bonds, or as a combination of serial and term bonds. A bond
20 may not mature more than 50 years from its date of issue.
21 The amount to be issued and sold at any one time shall be
22 determined by the department. The bonds may be sold at
23 either public or private sale and at prices above or below
24 par as determined by the department.

25 (2) At the time of issuance of the bonds, the

1 department shall specify the bond details, including but not
 2 limited to:
 3 (a) whether serial, term, or combination thereof;
 4 (b) the interest rate;
 5 (c) the denominations;
 6 (d) whether coupon or registered bonds;
 7 (e) the manner, medium, and place of payment;
 8 (f) whether redeemable or not and if redeemable, the
 9 manner of redemption;
 10 (g) bond covenants."

11 Section 3. Section 60-11-1105, MCA, is amended to
 12 read:

13 "60-11-1105. Bond limitations. (1) The interest rate
 14 or rates on the bonds may not exceed 9% shall be determined
 15 by the department. The bonds may not be sold for less than
 16 par. The total amount of bonds outstanding at any one time
 17 may not exceed \$25 million.

18 (2) Each bond must have printed on its face a
 19 statement that the state is not liable on the bond, the bond
 20 is not a debt of the state, and neither the faith and credit
 21 nor the taxing power of the state is pledged to the payment
 22 of the principal or the interest on the bond."

23 Section 4. Section 60-11-1106, MCA, is amended to
 24 read:

25 "60-11-1106. Bond covenants. The department may enter

1 into covenants with the bondholders by resolution, trust
 2 indenture, or other appropriate security instrument to
 3 enhance the marketability of the bonds. These covenants may
 4 relate to:
 5 (1) the purpose to which the bond proceeds are to be
 6 applied;
 7 (2) the use and disposition of the revenue of a
 8 project to which the bond proceeds are to be applied;
 9 (3) the issuance of additional bonds to be paid from
 10 revenue of a project to which the bond proceeds are to be
 11 applied;
 12 (4) the insurance to be carried on a project to which
 13 bond proceeds are to be applied;
 14 (5) the accounting procedures and auditing powers
 15 related to a project;
 16 (6) the terms and conditions upon which the
 17 bondholders are entitled to have a receiver appointed to
 18 operate a project to which bond proceeds are to be applied;
 19 (7) the maintenance of a required capital reserve;
 20 (8) the granting of a mortgage and security interest
 21 in the project and other properties of the borrower to
 22 secure the bonds;
 23 (9) such other matters as the department considers
 24 customary and appropriate to secure the bonds."

25 Section 5. Section 60-11-1107, MCA, is amended to

1 read:

2 "60-11-1107. Bond accounts -- appropriation. (1) There
 3 is a railroad rehabilitation account in the bond proceeds
 4 and insurance clearance fund provided for in 17-2-1101. All
 5 bond proceeds shall be placed in the railroad rehabilitation
 6 account, and all money deposited in the account is
 7 continuously appropriated to the department and may be
 8 expended by the department for the purposes authorized in
 9 this part.

10 (2) There is a railroad rehabilitation reserve account
 11 in the sinking fund provided for in 17-2-102. Loan
 12 repayments and required capital reserves shall be deposited
 13 in the railroad rehabilitation reserve account, and all
 14 money deposited in the account is continuously appropriated
 15 to the department and may be expended for the payment of
 16 principal and interest on the bonds as they become due.

17 (3) If the department enters into a trust indenture
 18 pursuant to 60-11-1106, it may provide for the establishment
 19 of funds and accounts to be held by the trustee and may
 20 pledge and appropriate the bond proceeds, capital reserves,
 21 and loan payments to such funds and accounts notwithstanding
 22 the provisions of subsections (1) and (2)."

23 Section 6. Section 60-11-1112, MCA, is amended to
 24 read:

25 "60-11-1112. Loan details. The terms of any loan made

1 pursuant to 60-11-1111 shall be specified by the department
 2 and shall be such as to assure sufficient payments to meet
 3 the obligations on the bonds. Any terms required under an
 4 agreement with the bondholder must be included in the loan
 5 agreement. The department may require the borrower to secure
 6 the loan with property the project or other property of the
 7 borrower."

8 Section 7. Section 60-11-1202, MCA, is amended to
 9 read:

10 "60-11-1202. Definitions. As used in this part, unless
 11 the context indicates otherwise, the following definitions
 12 apply:

13 (1) "Bonds" means railroad rolling stock revenue bonds
 14 authorized by 60-11-1203.

15 (2) "Department" means the department of highways.

16 (3) "Person" means an individual or a partnership,
 17 association, corporation, or other business entity.

18 (4) "Project" or "rolling stock project" means a
 19 business undertaking to manufacture, repair, purchase, or
 20 lease rolling stock and to subsequently use, sell, or lease
 21 the rolling stock to derive revenue.

22 (5) "Railroad rolling stock" or "rolling stock" means
 23 railroad cargo carriers used to transport grain, coal, ore,
 24 lumber, freight, and commodities.

25 (6) "Refunding bonds" means railroad rolling stock

1 refunding revenue bonds authorized by 60-11-1209."

2 Section 8. Section 60-11-1204, MCA, is amended to
3 read:

4 "60-11-1204. Bond details. (1) The bonds may be issued
5 as serial bonds payable in annual installments, as term
6 bonds, or as a combination of serial and term bonds. A bond
7 may not mature more than 50 years from its date of issue.
8 The amount to be issued and sold at any one time shall be
9 determined by the department. The bonds may be sold at
10 either public or private sale and at prices above or below
11 par as determined by the department.

12 (2) At the time of issuance of the bonds, the
13 department shall specify the bond details, including but not
14 limited to:

15 (a) whether serial, term, or combination thereof;
16 (b) the interest rate;
17 (c) the denominations;
18 (d) whether coupon or registered bonds;
19 (e) the manner, medium, and place of payment;
20 (f) whether redeemable or not and if redeemable, the
21 manner of redemption;
22 (g) bond covenants."

23 Section 9. Section 60-11-1205, MCA, is amended to
24 read:

25 "60-11-1205. Bond limitations. (1) The interest rate

1 or rates on the bonds may not exceed 9% shall be determined
2 by the department. The bonds may not be sold for less than
3 par. The total amount of bonds outstanding at any one time
4 may not exceed \$75 million.

5 (2) Each bond must have printed on its face a
6 statement that the state is not liable on the bond, the bond
7 is not a debt of the state, and neither the faith and credit
8 nor the taxing power of the state is pledged to the payment
9 of the principal or the interest on the bond."

10 Section 10. Section 60-11-1206, MCA, is amended to
11 read:

12 "60-11-1206. Bond covenants. The department may enter
13 into covenants with the bondholders by resolution, trust
14 indenture, or other appropriate instrument to enhance the
15 marketability of the bonds. These covenants may relate to:

16 (1) the purpose to which the bond proceeds are to be
17 applied;
18 (2) the use and disposition of the revenue of a
19 project to which the bond proceeds are to be applied;
20 (3) the issuance of additional bonds to be paid from
21 revenue of a project to which the bond proceeds are to be
22 applied;
23 (4) the insurance to be carried on a project to which
24 bond proceeds are to be applied;

25 (5) the accounting procedures and auditing powers

1 related to a project;

2 (6) the terms and conditions upon which the
3 bondholders are entitled to have a receiver appointed to
4 operate a project to which bond proceeds are to be applied;

5 (7) the maintenance of a required capital reserve;

6 (8) the granting of a mortgage and security interest
7 in the project and other properties of the borrower to
8 secure the bonds;

9 (9) such other matters as the department considers
10 customary and appropriate to secure the bonds."

11 Section 11. Section 60-11-1207, MCA, is amended to
12 read:

13 "60-11-1207. Bond accounts -- appropriation. (1) There
14 is a railroad rolling stock account in the bond proceeds and
15 insurance clearance fund provided for in 17-2-102. All bond
16 proceeds shall be placed in the railroad rolling stock
17 account, and all money deposited in the account is
18 continuously appropriated to the department and may be
19 expended by the department for the purposes authorized in
20 this part.

21 (2) There is a railroad rolling stock reserve account
22 in the sinking fund provided for in 17-2-102. Loan
23 repayments and required capital reserves shall be deposited
24 in the railroad rolling stock reserve account, and all money
25 deposited in the account is continuously appropriated to the

1 department and may be expended for the payment of principal
2 and interest on the bonds as they become due.

3 (3) If the department enters into a trust indenture
4 pursuant to 60-11-1206, it may provide for the establishment
5 of funds and accounts to be held by the trustee and may
6 pledge and appropriate the bond proceeds, capital reserves,
7 and loan payments to such funds and accounts notwithstanding
8 the provisions of subsections (1) and (2)."

9 Section 12. Section 60-11-1211, MCA, is amended to
10 read:

11 "60-11-1211. Use of bond proceeds. (1) The proceeds of
12 the bonds shall be used by the department to make loans to
13 persons doing business or resident in Montana for financing
14 rolling stock projects when the rolling stock is to be based
15 in Montana and used primarily in Montana and primarily for
16 the transport of grain, coal, ore, lumber, freight, and
17 commodities produced in Montana.

18 (2) The revenue from the sale or use of the rolling
19 stock shall be used for repayment of the loans."

20 Section 13. Section 60-11-1212, MCA, is amended to
21 read:

22 "60-11-1212. Loan details. The terms of any loan made
23 pursuant to 60-11-1211 shall be specified by the department
24 and shall be such as to assure sufficient payments to enable
25 the department to meet its obligations on the bonds. Any

1 terms required under an agreement with the bondholder must
2 be included in the loan agreement. The department may
3 require the borrower to secure the loan with the ~~setting~~
4 ~~stock project or other property of the borrower.~~"

5 Section 14. **Severability.** If a part of this act is
6 invalid, all valid parts that are severable from the invalid
7 part remain in effect. If a part of this act is invalid in
8 one or more of its applications, the part remains in effect
9 in all valid applications that are severable from the
10 invalid applications.

-End-

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA,

16 Section 1. Section 60-11-1102, MCA, is amended to
17 read:

18 *60-11-1102. Definitions. As used in this part, unless
19 the context indicates otherwise, the following definitions
20 apply:

21 (1) "Bonds" means railroad rehabilitation revenue
22 bonds authorized by 60-31-1103.

(2) "Department" means the department of highways.

24 (3) "Person" means an individual or a partnership,
25 association, corporation, or other business entity.

1 (4) "Project" or "rehabilitation project" means a
2 business undertaking to repair, improve, or replace rail
3 facilities to improve the safety and efficiency of the
4 facilities and to derive revenue.

5 (5) "Rail facilities" means the line of track of a
6 railroad, including spurs and extensions, and associated
7 facilities, including but not limited to freight and
8 commodities, storage and loading facilities, toading
9 platforms, signal and switching systems, roadbeds, and
10 machinery and equipment designed for rail maintenance, but
11 the term does not include engines or rolling stock used for
12 the transport of goods or passengers.

(6) "Refunding bonds" means railroad rehabilitation refunding revenue bonds authorized by 60-11-1108-a.

15 Section 2. Section 60-11-1104, MCA, is amended to
16 read:

17 "60-11-1104. Bond details. (1) The bonds may be issued
18 as serial bonds payable in annual installments, as term
19 bonds, or as a combination of serial and term bonds. A bond
20 may not mature more than 50 years from its date of issue.
21 The amount to be issued and sold at any one time shall be
22 determined by the department. The bonds may be sold at
23 either public or private sale and at prices above or below
24 par as determined by the department.

25 (2) At the time of issuance of the bonds, the

1 department shall specify the bond details, including but not
 2 limited to:
 3 (a) whether serial, term, or combination thereof;
 4 (b) the interest rate;
 5 (c) the denominations;
 6 (d) whether coupon or registered bonds;
 7 (e) the manner, medium, and place of payment;
 8 (f) whether redeemable or not and if redeemable, the
 9 manner of redemption;
 10 (g) bond covenants."

11 Section 3. Section 60-11-1105, MCA, is amended to
 12 read:

13 "60-11-1105. Bond limitations. (1) The interest rate
 14 or rates on the bonds may-not-exceed-9% shall be determined
 15 by the department. The bonds may not be sold for less than
 16 per. The total amount of bonds outstanding at any one time
 17 may not exceed \$25 million.

18 (2) Each bond must have printed on its face a
 19 statement that the state is not liable on the bond, the bond
 20 is not a debt of the state, and neither the faith and credit
 21 nor the taxing power of the state is pledged to the payment
 22 of the principal or the interest on the bond."

23 Section 4. Section 60-11-1106, MCA, is amended to
 24 read:

25 "60-11-1106. Bond covenants. The department may enter

1 into covenants with the bondholders by resolution, trust
 2 indenture, or other appropriate security instrument to
 3 enhance the marketability of the bonds. These covenants may
 4 relate to:
 5 (1) the purpose to which the bond proceeds are to be
 6 applied;
 7 (2) the use and disposition of the revenue of a
 8 project to which the bond proceeds are to be applied;
 9 (3) the issuance of additional bonds to be paid from
 10 revenue of a project to which the bond proceeds are to be
 11 applied;
 12 (4) the insurance to be carried on a project to which
 13 bond proceeds are to be applied;
 14 (5) the accounting procedures and auditing powers
 15 related to a project;
 16 (6) the terms and conditions upon which the
 17 bondholders are entitled to have a receiver appointed to
 18 operate a project to which bond proceeds are to be applied;
 19 (7) the maintenance of a required capital reserve;
 20 (8) the granting of a mortgage and security interest
 21 in the project and other properties of the borrower to
 22 secure the bonds;
 23 (9) such other matters as the department considers
 24 customary and appropriate to secure the bonds."
 25 Section 5. Section 60-11-1107, MCA, is amended to

1 read:

2 "60-11-1107. Bond accounts -- appropriation. (1) There
 3 is a railroad rehabilitation account in the bond proceeds
 4 and insurance clearance fund provided for in 17-2-1101. All
 5 bond proceeds shall be placed in the railroad rehabilitation
 6 account, and all money deposited in the account is
 7 continuously appropriated to the department and may be
 8 expended by the department for the purposes authorized in
 9 this part.

10 (2) There is a railroad rehabilitation reserve account
 11 in the sinking fund provided for in 17-2-102. Loan
 12 repayments and required capital reserves shall be deposited
 13 in the railroad rehabilitation reserve account, and all
 14 money deposited in the account is continuously appropriated
 15 to the department and may be expended for the payment of
 16 principal and interest on the bonds as they become due.

17 (3) If the department enters into a trust indenture
 18 pursuant to 60-11-1106, it may provide for the establishment
 19 of funds and accounts to be held by the trustee and may
 20 pledge and appropriate the bond proceeds, capital reserves,
 21 and loan payments to such funds and accounts notwithstanding
 22 the provisions of subsections (1) and (2)."

23 Section 6. Section 60-11-1112, MCA, is amended to
 24 read:

25 "60-11-1112. Loan details. The terms of any loan made

1 pursuant to 60-11-1111 shall be specified by the department
 2 and shall be such as to assure sufficient payments to meet
 3 the obligations on the bonds. Any terms required under an
 4 agreement with the bondholder must be included in the loan
 5 agreement. The department may require the borrower to secure
 6 the loan with property the project or other property of the
 7 borrower."

8 Section 7. Section 60-11-1202, MCA, is amended to
 9 read:

10 "60-11-1202. Definitions. As used in this part, unless
 11 the context indicates otherwise, the following definitions
 12 apply:

13 (1) "Bonds" means railroad rolling stock revenue bonds
 14 authorized by 60-11-1203.

15 (2) "Department" means the department of highways.

16 (3) "Person" means an individual or a partnership,
 17 association, corporation, or other business entity.

18 (4) "Project" or "rolling stock project" means a
 19 business undertaking to manufacture, repair, purchase, or
 20 lease rolling stock and to subsequently use, sell, or lease
 21 the rolling stock to derive revenue.

22 (5) "Railroad rolling stock" or "rolling stock" means
 23 railroad cargo carriers used to transport grain, coal, ore,
 24 lumber, freight, and commodities.

25 (6) "Refunding bonds" means railroad rolling stock

1 refunding revenue bonds authorized by 60-11-1209."

2 Section 8. Section 60-11-1204, MCA, is amended to
3 read:

4 "60-11-1204. Bond details. (1) The bonds may be issued
5 as serial bonds payable in annual installments, as term
6 bonds, or as a combination of serial and term bonds. A bond
7 may not mature more than 50 years from its date of issue.
8 The amount to be issued and sold at any one time shall be
9 determined by the department. The bonds may be sold at
10 either public or private sale and at prices above or below
11 par as determined by the department.

12 (2) At the time of issuance of the bonds, the
13 department shall specify the bond details, including but not
14 limited to:

15 (a) whether serial, term, or combination thereof;
16 (b) the interest rate;
17 (c) the denominations;
18 (d) whether coupon or registered bonds;
19 (e) the manner, medium, and place of payment;
20 (f) whether redeemable or not and if redeemable, the
21 manner of redemption;
22 (g) bond covenants."

23 Section 9. Section 60-11-1205, MCA, is amended to
24 read:

25 "60-11-1205. Bond limitations. (1) The interest rate

1 or rates on the bonds may not exceed 9% shall be determined
2 by the department. The bonds may not be sold for less than
3 par. The total amount of bonds outstanding at any one time
4 may not exceed \$75 million.

5 (2) Each bond must have printed on its face a
6 statement that the state is not liable on the bond, the bond
7 is not a debt of the state, and neither the faith and credit
8 nor the taxing power of the state is pledged to the payment
9 of the principal or the interest on the bond."

10 Section 10. Section 60-11-1206, MCA, is amended to
11 read:

12 "60-11-1206. Bond covenants. The department may enter
13 into covenants with the bondholders by resolution, trust
indenture, or other appropriate instrument to enhance the
15 marketability of the bonds. These covenants may relate to:

16 (1) the purpose to which the bond proceeds are to be
17 applied;

18 (2) the use and disposition of the revenue of a
19 project to which the bond proceeds are to be applied;

20 (3) the issuance of additional bonds to be paid from
21 revenue of a project to which the bond proceeds are to be
22 applied;

23 (4) the insurance to be carried on a project to which
24 bond proceeds are to be applied;

25 (5) the accounting procedures and auditing powers

1 related to a project;

2 (6) the terms and conditions upon which the
3 bondholders are entitled to have a receiver appointed to
4 operate a project to which bond proceeds are to be applied;

5 (7) the maintenance of a required capital reserve;

6 (8) the granting of a mortgage and security interest
7 in the project and other properties of the borrower to
8 secure the bonds;

9 (9) such other matters as the department considers
10 customary and appropriate to secure the bonds."

11 Section 11. Section 60-11-1207, MCA, is amended to
12 read:

13 "60-11-1207. Bond accounts -- appropriation. (1) There
14 is a railroad rolling stock account in the bond proceeds and
15 insurance clearance fund provided for in 17-2-102. All bond
16 proceeds shall be placed in the railroad rolling stock
17 account, and all money deposited in the account is
18 continuously appropriated to the department and may be
19 expended by the department for the purposes authorized in
20 this part.

21 (2) There is a railroad rolling stock reserve account
22 in the sinking fund provided for in 17-2-102. Loan
23 repayments and required capital reserves shall be deposited
24 in the railroad rolling stock reserve account, and all money
25 deposited in the account is continuously appropriated to the

1 department and may be expended for the payment of principal
2 and interest on the bonds as they become due.

3 (3) If the department enters into a trust indenture
4 pursuant to 60-11-1206, it may provide for the establishment
5 of funds and accounts to be held by the trustee and may
6 pledge and appropriate the bond proceeds, capital reserves,
7 and loan payments to such funds and accounts notwithstanding
8 the provisions of subsections (1) and (2)."

9 Section 12. Section 60-11-1211, MCA, is amended to
10 read:

11 "60-11-1211. Use of bond proceeds. (1) The proceeds of
12 the bonds shall be used by the department to make loans to
13 persons doing business or resident in Montana for financing
14 rolling stock projects when the rolling stock is to be based
15 in Montana and used primarily in Montana and primarily for
16 the transport of grain, coal, ore, lumber, freight, and
17 commodities produced in Montana.

18 (2) The revenue from the sale or use of the rolling
19 stock shall be used for repayment of the loans."

20 Section 13. Section 60-11-1212, MCA, is amended to
21 read:

22 "60-11-1212. Loan details. The terms of any loan made
23 pursuant to 60-11-1211 shall be specified by the department
24 and shall be such as to assure sufficient payments to enable
25 the department to meet its obligations on the bonds. Any

1 terms required under an agreement with the bondholder must
2 be included in the loan agreement. The department may
3 require the borrower to secure the loan with the ~~rolling~~
4 ~~stock project or other property of the borrower.~~"

5 SECTION 14. LIMITATION. NOTHING CONTAINED IN THIS ACT
6 OR IN TITLE 60, CHAPTER 11, SHALL PERMIT OR AUTHORIZE THE
7 PURCHASE OR ACQUISITION IN ANY MANNER OF RAILROAD TRACK,
8 ROADBEDS, ASSOCIATED FACILITIES, RAILROAD EQUIPMENT, OR
9 RAILROAD ROLLING STOCK BY THE STATE OF MONTANA. NOTHING
10 CONTAINED IN THIS ACT OR IN TITLE 60, CHAPTER 11, SHALL
11 AUTHORIZE THE STATE OF MONTANA TO DO ANY MORE OR ANY LESS
12 THAN A MUNICIPALITY OR COUNTY IS AUTHORIZED TO DO IN
13 CONNECTION WITH THE ISSUANCE OF INDUSTRIAL DEVELOPMENT
14 REVENUE BONDS UNDER TITLE 90, CHAPTER 5, PART 1, MCA.

15 SECTION 15. COORDINATION INSTRUCTION. IF THE 47TH
16 LEGISLATURE PASSES A BILL CREATING A DEPARTMENT OF COMMERCE
17 AND THAT BILL IS APPROVED, THEN THE DEFINITION OF
18 "DEPARTMENT" CONTAINED IN 60-11-1102(2) AND 60-11-1202(2)
19 SHALL BE CHANGED TO READ "MEANS THE DEPARTMENT OF COMMERCE".

20 Section 16. Severability. If a part of this act is
21 invalid, all valid parts that are severable from the invalid
22 part remain in effect. If a part of this act is invalid in
23 one or more of its applications, the part remains in effect
24 in all valid applications that are severable from the
25 invalid applications.

-End-

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April 4, 1981

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 654 be amended as follows:

1. Page 11, line 5.

Following: line 4

Insert: "Section 14. Limitation. Nothing contained in this act or in Title 60, Chapter 11, shall permit or authorize the purchase or acquisition in any manner of railroad track, road beds, associated facilities, railroad equipment or railroad rolling stock by the state of Montana. Nothing contained in this act or in Title 60, Chapter 11, shall authorize the state of Montana to do any more or any less than a municipality or county is authorized to do in connection with the issuance of industrial development revenue bonds under Title 90, Chapter 5, Part 1, MCA.

Section 15. Coordination instruction. If the 47th legislature passes a bill creating a department of commerce and that bill is approved, then the definition of "department" contained in 60-11-1102(2) and 60-11-1202(2) shall be changed to read "means the department of commerce"."

Renumber: subsequent section.