

HOUSE BILL NO. 7

INTRODUCED BY CONNELLY

IN THE HOUSE

DECEMBER 27, 1990 INTRODUCED AND REFERRED TO COMMITTEE
ON APPROPRIATIONS.

JANUARY 7, 1991 FIRST READING.

MARCH 22, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 23, 1991 PRINTING REPORT.

MARCH 27, 1991 SECOND READING, DO PASS AS AMENDED.

MARCH 28, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
 AYES, 94; NOES, 3.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 28, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON FINANCE & CLAIMS.

 FIRST READING.

APRIL 10, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 11, 1991 ON MOTION, CONSIDERATION PASSED
UNTIL THE 78TH LEGISLATIVE DAY.

APRIL 13, 1991 SECOND READING, CONCURRED IN AS
AMENDED.

APRIL 15, 1991 THIRD READING, CONCURRED IN.
AYES, 46; NOES, 2.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 15, 1991 RECEIVED FROM SENATE.

APRIL 17, 1991

SECOND READING, AMENDMENTS NOT
CONCURRED IN.

APRIL 22, 1991

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 23, 1991

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 24, 1991

CONFERENCE COMMITTEE REPORTED.

SECOND READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

APRIL 25, 1991

THIRD READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE SENATE

APRIL 24, 1991

CONFERENCE COMMITTEE REPORT
ADOPTED.

IN THE HOUSE

APRIL 25, 1991

THIRD READING, PASSED.
AYES, 86; NOES, 13.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

HOUSE BILL NO. 7

INTRODUCED BY CONNELLY

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE WATER DEVELOPMENT PROGRAM; TO APPROVE THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 51ST LEGISLATURE; TO APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO PLACE CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Coal severance tax bonds

authorized. (1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved water resource development projects and activities as part of the state water development program. Available funds from previous sales of coal severance tax bonds may also be used for the projects approved in [sections 1 through 7].



The legislature finds that the water development projects in [sections 1 through 7] meet the provisions of 17-5-702. The board of examiners may issue coal severance tax bonds in an amount not to exceed \$13,382,594 for the purpose of making loans and financing state projects, establishing a reserve for the bonds, and paying the costs of issuance. Funds are appropriated for these costs of issuance to a maximum of 4% of the amount of each bond sale.

(2) The board of examiners may issue coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project.

GROUP A Notwithstanding the provisions of [section 5], the interest rate for the projects in this group may be 2% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	<u>Loan Amount</u>
FORSYTH, CITY OF	
Water Treatment Plant Improvements	\$1,948,916
SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
Water Treatment Plant	922,150

GROUP B Notwithstanding the provisions of [section 5], the interest rate for the project in this group may be 1% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at

INTRODUCED BILL

1 which the state bond is sold for the remaining 15 years.

2 Loan Amount

3 COLUMBIA FALLS, CITY OF

4 Water Improvements

\$1,623,720

5
6 GROUP C Notwithstanding the provisions of [section 5], the
7 interest rate for the project in this group must be sold at the
8 rate at which the state bond is sold for 20 years.

9 Loan Amount

10 HUNTLEY IRRIGATION DISTRICT

11 Rehabilitation and Reconstruction of

12 Diversion Structure and Main Canal

\$ 747,808

13
14 GROUP D Notwithstanding the provisions of [section 5], the
15 interest rate for the project in this group is 0% for 30 years.

16 Loan Amount

17 BEAVERHEAD COUNTY, RED ROCK RIVER WATER

18 AND/OR SEWER DISTRICT

19 Lima Dam Rehabilitation

\$3,040,000

20
21 (3) (a) The legislature finds that the following state water
22 project for rehabilitation and repair for which coal severance tax
23 bonds were authorized by the 51st legislature in House Bill No.
24 778, Laws of 1989, has not been completed. The board of examiners
25 is authorized to issue coal severance tax bonds for this project to
26 a maximum amount listed in this section. The state bond rate must

1 be paid on this loan.

2 Loan Amount

3 MIDDLE CREEK DAM REHABILITATION

\$5,100,000

4
5 (b) Bonds may be issued by the board of examiners after the
6 water users for this project have entered into contractual
7 agreements providing for the repayment of the cost of repair and
8 rehabilitation at a rate of interest equal to that which must be
9 paid on bonds issued pursuant to this section. The repayment money
10 from this project is pledged, dedicated, and appropriated to the
11 special debt service bond account established in the state treasury
12 for the benefit of the bonds approved for such projects.

13 NEW SECTION. Section 2. Appropriation -- creation of debt
14 for coal severance tax bonds. (1) The legislature, through the
15 enactment of this section by a vote of three-fourths of the members
16 of each house of the legislature as required by Article IX, section
17 5, of the Montana constitution, pledges, dedicates, and
18 appropriates from the coal severance tax bond fund all money
19 necessary for the payment of principal and interest not otherwise
20 provided for on the coal severance tax bonds authorized by
21 [sections 1 through 7] to be issued pursuant to Title 17, chapter
22 5, part 7, and pursuant to the provisions of [sections 1 through 7]
23 and the general resolution for this bond program that has been
24 adopted by the board of examiners under the authority provided in
25 Title 17, chapter 5, part 7.

1 (2) The legislature, through the enactment of this section,
 2 in accordance with Article VIII, section 8, of the Montana
 3 constitution, authorizes the creation of a state debt in an amount
 4 not to exceed \$5,100,000 for the rehabilitation of state water
 5 projects approved in [sections 1 through 7] and an amount not to
 6 exceed \$8,282,594 for loans to political subdivisions and local
 7 government entities for water development projects approved in
 8 [sections 1 through 7], all for the issuance of up to \$13,382,594
 9 in coal severance tax bonds authorized by [sections 1 through 7].

10 (3) In connection with the issuance of coal severance tax
 11 bonds, the board of examiners may pay the principal and interest on
 12 the bonds when due from the debt service account and in all other
 13 respects manage and use the funds within each special bond account
 14 for the benefit of the bonds. The board of examiners shall exercise
 15 its discretion to enhance the marketability of the bonds and to
 16 secure the most advantageous financial arrangements for the state.

17 (4) Earnings on bonds proceeds prior to the completion of any
 18 loan must be allocated to the debt service account to pay the debt
 19 service on the bonds during this period. Earnings in excess of debt
 20 service, if any, must be allocated to the water development state
 21 special revenue account and may be used for the purposes allowed
 22 under 85-1-604(3)(b).

23 (5) Loan repayments from loans financed with coal severance
 24 tax bonds, loan principal, interest, and bond issuance fees
 25 borrowed from bond proceeds are pledged, dedicated, and
 26 appropriated to the debt service account in the state treasury for

1 the benefit of bonds approved for loans under this section.

2 NEW SECTION. Section 3. Projects not completing
 3 requirements -- loans reauthorized. The legislature finds that the
 4 following water development projects for which coal severance tax
 5 bonds were authorized to be issued by the 51st legislature in House
 6 Bill No. 778, Laws of 1989, may not complete the requirements
 7 necessary for the loan transaction prior to June 30, 1991. Coal
 8 severance tax bonds for the projects described in this section are
 9 reauthorized in the amounts listed at the interest rates authorized
 10 by the 51st legislature in House Bill No. 778, Laws of 1989, and
 11 described in this section to enable financing during the 1992-93
 12 biennium, if necessary.

13
 14 GROUP A Notwithstanding the provisions of [section 5], the
 15 interest rate for the project in this group must be 4% over a 30-
 16 year term or 3% if the lower interest rate is necessary to secure
 17 the federal loan.

	<u>Loan Amount</u>
EAST BENCH IRRIGATION DISTRICT	
Gravity Sprinkler Irrigation No. 3	\$ 431,000

22
 23 GROUP B Notwithstanding the provisions of [section 5], the
 24 interest rate for projects in this group may be 3% below the long-
 25 term bond rate at which the state bond is sold for the first 5

1 years of an anticipated 20-year term and must be at the rate at
2 which the state bond is sold for the remaining 15 years.

3
4 Loan Amount
5 SOMERS COUNTY WATER AND SEWER DISTRICT
6 Somers Sewer \$3,151,960
7 EVERGREEN WATER AND SEWER DISTRICT
8 Wastewater Facilities 3,226,900
9 LAKE COUNTY/BIG ARM SEWER DISTRICT
10 Big Arm Sewer 2,283,893

11
12 GROUP C Notwithstanding the provisions of [section 5], the
13 interest rate for projects in this group may be 2% below the long-
14 term bond rate at which the state bond is sold for the first 5
15 years of an anticipated 20-year term and must be at the rate at
16 which the state bond is sold for the remaining 15 years.

17
18 Loan Amount
19 GLENDIVE, CITY OF
20 Water Treatment Plant \$4,075,000
21 NOXON, COMMUNITY OF
22 Gravity Water Company Water System
23 Improvement 222,550
24 WHITEFISH, CITY OF
25 Water Treatment and Distribution 6,035,800
26 WIBAUX, TOWN OF

1 Water Storage Reservoir/Transmission Line 250,000
2 EAST GLACIER, TOWN OF
3 Water System 484,270
4 PONDERA CONSERVATION DISTRICT
5 Irrigation System Rehabilitation 750,000
6

7 GROUP D Notwithstanding the provisions of [section 5], the
8 interest rate for projects in this group must be sold at the rate
9 at which the state bond is sold for 20 years.

10
11 Loan Amount
12 BROWNING, TOWN OF
13 Sewage Treatment Facility Improvements \$ 447,014
14 ANACONDA-DEER LODGE COUNTY
15 Wastewater Treatment Plant Effluent Disposal 500,000
16

17 GROUP E Notwithstanding the provisions of [section 5], the
18 interest rate for the project in this group may be 4% below the
19 long-term bond rate at which the state bond is sold for the first
20 5 years of an anticipated 20-year term and must be at the rate at
21 which the state bond is sold for the remaining 15 years.

22
23 Loan Amount
24 DUTTON, TOWN OF
25 Water Supply Construction \$ 150,000
26

NEW SECTION. Section 4. Conditions of loans. (1)

Disbursement of funds under [sections 1 through 7] for loans is subject to the following conditions that must be met by project sponsors:

(a) approval of a scope of work and budget for the project by the department of natural resources and conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

(b) documented commitment of other funds required for project completion;

(c) satisfactory completion of conditions described in the recommendations section of the project narrative in the renewable resource and water development program project evaluations and recommendations report for the 1992-93 biennium or, in the case of emergency applications, conditions specified at the time of written notification of approved loan authority;

(d) execution of a loan agreement with the department of natural resources and conservation; and

(e) accomplishment of other specific requirements considered necessary by the department to accomplish the purpose of the loan as evidenced from the application to the department or from the proposal to the legislature.

(2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to pay to the department a pro rata share of the bond issuance costs and the administrative costs

incurred by the department to complete the loan transaction.

NEW SECTION. Section 5. Interest rates on loans. Loans

made from proceeds of coal severance tax bonds must be at interest rates specified in [section 1] except that when loan requests are reduced, interest rates must be recalculated based on the methodology described in the renewable resource and water development program project evaluations and recommendations report for the 1992-93 biennium. If the bonds or notes bear interest at an adjustable rate, the department of natural resources and conservation shall establish, at the time of the sale of each bond, an assured rate of interest thereon as if the bond bore interest at a fixed rate. The assured rate of interest so established must be the rate of interest on the bonds for the purpose of calculating the interest rates on the loans pursuant to [section 1].

NEW SECTION. Section 6. Private and discount purchase of

loans. Loans to political subdivisions and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made and purchased by and sold to the department of natural resources and conservation at a discount and at private negotiated sale, notwithstanding the provisions of any other law applicable to such political subdivisions or local government entities.

NEW SECTION. Section 7. Appropriations established. For

any entity of state government that receives a loan under [sections

1 1 through 7], an appropriation is established for the amount of the
2 loan upon award of the loan by the department of natural resources
3 and conservation.

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

10 NEW SECTION. Section 9. Requirements for approval of state
11 debt. Because [section 2] authorizes the creation of a state debt
12 and appropriates money that would otherwise be deposited in the
13 coal severance tax permanent fund, a vote of three-fourths of the
14 members of each house is required for enactment of [section 2].

15 NEW SECTION. Section 10. Effective date. [This act] is
16 effective on passage and approval.

17 -END-

APPROVED BY COMMITTEE
ON APPROPRIATIONS

HOUSE BILL NO. 7

INTRODUCED BY CONNELLY

BY REQUEST OF THE DEPARTMENT OF NATURAL

RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE WATER DEVELOPMENT PROGRAM; TO APPROVE THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 51ST LEGISLATURE; TO APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO AUTHORIZE THE ISSUANCE OF REVENUE BONDS; TO PLACE CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Coal severance tax bonds

authorized. (1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved water resource development projects and activities as part of the state water development program. Available funds from previous sales of coal severance tax bonds may

also be used for the projects approved in [sections 1 through 7]. The legislature finds that the water development projects in [sections 1 through 7] meet the provisions of 17-5-702. The board of examiners may issue coal severance tax bonds in an amount not to exceed ~~\$13,382,594~~ \$7,975,583 for the purpose of making loans and financing state projects, establishing a reserve for the bonds, and paying the costs of issuance. Funds are appropriated for these costs of issuance to a maximum of 4% of the amount of each bond sale.

(2) The board of examiners may issue coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project.

GROUP A Notwithstanding the provisions of [section 5], the interest rate for the projects in this group may be 2% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	<u>Loan Amount</u>
FORSYTH, CITY OF	
Water Treatment Plant Improvements	\$1,948,916
SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
Water Treatment Plant	922,150
<u>THE PRINCIPAL PORTION OF THE DEBT SERVICE PAYMENT OF THE LOAN FOR THE SEELEY LAKE-MISSOULA COUNTY WATER PROJECT MAY BE DEFERRED FOR A PERIOD OF 3 YEARS. THE INTEREST ON THE LOAN MAY BE ADJUSTED FOR</u>	

1 THE DEFERRAL.

2
3 GROUP B Notwithstanding the provisions of [section 5], the
4 interest rate for the project in this group may be 1% below the
5 long-term bond rate at which the state bond is sold for the first
6 5 years of an anticipated 20-year term and must be at the rate at
7 which the state bond is sold for the remaining 15 years.

8 Loan Amount

9 COLUMBIA FALLS, CITY OF

10 Water Improvements

\$1,623,720

\$1,163,720

12
13 GROUP C Notwithstanding the provisions of [section 5], the
14 interest rate for the project in this group must be sold at the
15 rate at which the state bond is sold for 20 years.

16 Loan Amount

17 HUNTLEY IRRIGATION DISTRICT

18 Rehabilitation and Reconstruction of

19 Diversion Structure and Main Canal

\$ 747,800

\$ 749,797

22 GROUP D Notwithstanding the provisions of [section 5], the
23 interest rate for the project in this group is 0% 3% for 30 years.

24 Loan Amount

25 BEAVERHEAD COUNTY, REE ROCK RIVER WATER

26 AND/OR SEWER DISTRICT

1 Lima Dam Rehabilitation

\$3,040,000

2
3 GROUP E NOTWITHSTANDING THE PROVISIONS OF [SECTION 5]. THE
4 INTEREST RATE FOR THE PROJECT IN THIS GROUP IS 6% OR THE CURRENT
5 BOND RATE, WHICHEVER IS LOWER, FOR UP TO 30 YEARS.

6 LOAN AMOUNT

7 MILK CREEK WATER AND SEWER DISTRICT

8 MILK CREEK GRAVITY SPRINKLER IRRIGATION PROJECT \$ 151,000

9 LAKESIDE WATER AND SEWER DISTRICT

10 LAKESIDE WASTEWATER FACILITY

251,700

12 ~~(3) (a) The legislature finds that the following state water~~
13 ~~project for rehabilitation and repair for which coal severance tax~~
14 ~~bonds were authorized by the 51st legislature in House Bill No.~~
15 ~~778, Laws of 1989, has not been completed. The board of examiners~~
16 ~~is authorized to issue coal severance tax bonds for this project to~~
17 ~~a maximum amount listed in this section. The state bond rate must~~
18 ~~be paid on this loan.~~

19 ~~Loan Amount~~

20 ~~MIDDLE CREEK DAM REHABILITATION~~

~~\$5,100,000~~

22 ~~(b) Bonds may be issued by the board of examiners after the~~
23 ~~water users for this project have entered into contractual~~
24 ~~agreements providing for the repayment of the cost of repair and~~
25 ~~rehabilitation at a rate of interest equal to that which must be~~
26 ~~paid on bonds issued pursuant to this section. The repayment money~~

1 ~~from this project is pledged, dedicated, and appropriated to the~~
 2 ~~special debt service bond account established in the state treasury~~
 3 ~~for the benefit of the bonds approved for such projects.~~

4 NEW SECTION. Section 2. Appropriation -- creation of debt
 5 for coal severance tax bonds. (1) The legislature, through the
 6 enactment of this section by a vote of three-fourths of the members
 7 of each house of the legislature as required by Article IX, section
 8 5, of the Montana constitution, pledges, dedicates, and
 9 appropriates from the coal severance tax bond fund all money
 10 necessary for the payment of principal and interest not otherwise
 11 provided for on the coal severance tax bonds authorized by
 12 [sections 1 through 7] to be issued pursuant to Title 17, chapter
 13 5, part 7, and pursuant to the provisions of [sections 1 through 7]
 14 and the general resolution for this bond program that has been
 15 adopted by the board of examiners under the authority provided in
 16 Title 17, chapter 5, part 7.

17 (2) The legislature, through the enactment of this section,
 18 in accordance with Article VIII, section 8, of the Montana
 19 constitution, authorizes the creation of a state debt in an amount
 20 not to exceed ~~\$5,100,000 for the rehabilitation of state water~~
 21 ~~projects approved in [sections 1 through 7] and an amount not to~~
 22 ~~exceed \$8,282,594~~ \$7,975,583 for loans to political subdivisions
 23 and local government entities for water development projects
 24 approved in [sections 1 through 7], all for the issuance of up to
 25 ~~\$13,382,594~~ \$7,925,583 in coal severance tax bonds authorized by

1 [sections 1 through 7].

2 (3) In connection with the issuance of coal severance tax
 3 bonds, the board of examiners may pay the principal and interest on
 4 the bonds when due from the debt service account and in all other
 5 respects manage and use the funds within each special bond account
 6 for the benefit of the bonds. The board of examiners shall exercise
 7 its discretion to enhance the marketability of the bonds and to
 8 secure the most advantageous financial arrangements for the state.

9 (4) Earnings on bonds proceeds prior to the completion of any
 10 loan must be allocated to the debt service account to pay the debt
 11 service on the bonds during this period. Earnings in excess of debt
 12 service, if any, must be allocated to the water development state
 13 special revenue account and may be used for the purposes allowed
 14 under 85-1-604(3)(b).

15 (5) Loan repayments from loans financed with coal severance
 16 tax bonds, loan principal, interest, and bond issuance fees
 17 borrowed from bond proceeds are pledged, dedicated, and
 18 appropriated to the debt service account in the state treasury for
 19 the benefit of bonds approved for loans under this section.

20 NEW SECTION. Section 3. Projects not completing
 21 requirements -- loans reauthorized. The legislature finds that the
 22 following water development projects for which coal severance tax
 23 bonds were authorized to be issued by the 51st legislature in House
 24 Bill No. 778, Laws of 1989, may not complete the requirements
 25 necessary for the loan transaction prior to June 30, 1991. Coal

1 severance tax bonds for the projects described in this section are
 2 reauthorized in the amounts listed at the interest rates authorized
 3 by the 51st legislature in House Bill No. 778, Laws of 1989, and
 4 described in this section to enable financing during the 1992-93
 5 biennium, if necessary.

6
 7 GROUP A Notwithstanding the provisions of [section 5], the
 8 interest rate for the project in this group must be 4% over a 30-
 9 year term or 3% if the lower interest rate is necessary to secure
 10 the federal loan.

Loan Amount

EAST BENCH IRRIGATION DISTRICT

14 Gravity Sprinkler Irrigation No. 3 \$ 431,000

16 GROUP B Notwithstanding the provisions of [section 5], the
 17 interest rate for projects in this group may be 3% below the long-
 18 term bond rate at which the state bond is sold for the first 5
 19 years of an anticipated 20-year term and must be at the rate at
 20 which the state bond is sold for the remaining 15 years.

Loan Amount

SOMERS COUNTY WATER AND SEWER DISTRICT

24 Somers Sewer \$3,151,960

EVERGREEN WATER AND SEWER DISTRICT

26 Wastewater Facilities 3,226,900

1 3,778,028

2 (IF HOUSE BILL NO. 648 IS PASSED AND APPROVED, STRIKE 3,778,028 IN
 3 LINE 8 AND INSERT 551,128.)

LAKE COUNTY/BIG ARM SEWER DISTRICT

5 Big Arm Sewer 2,283,893

6
 7 GROUP C Notwithstanding the provisions of [section 5], the
 8 interest rate for projects in this group may be 2% below the long-
 9 term bond rate at which the state bond is sold for the first 5
 10 years of an anticipated 20-year term and must be at the rate at
 11 which the state bond is sold for the remaining 15 years.

Loan Amount

GLENDIVE, CITY OF

15 Water Treatment Plant \$4,075,000

~~NOXON, COMMUNITY OF~~

17 ~~Gravity Water Company Water System~~
 18 ~~Improvement 222,550~~

WHITEFISH, CITY OF

20 Water Treatment and Distribution 6,035,800

WIBAUX, TOWN OF

22 Water Storage Reservoir/Transmission Line 250,000

23 272,500

EAST GLACIER, TOWN OF

25 Water System 484,270

PONDERA CONSERVATION DISTRICT

1 Irrigation System Rehabilitation 750,000

2
3 GROUP D Notwithstanding the provisions of [section 5], the
4 interest rate for projects in this group must be sold at the rate
5 at which the state bond is sold for 20 years.

6
7 Loan Amount
8 BROWNING, TOWN OF
9 Sewage Treatment Facility Improvements \$ 447,014
10 ANACONDA-DEER LODGE COUNTY
11 Wastewater Treatment Plant Effluent Disposal 500,000

12
13 GROUP E Notwithstanding the provisions of [section 5], the
14 interest rate for the project in this group may be 4% below the
15 long-term bond rate at which the state bond is sold for the first
16 5 years of an anticipated 20-year term and must be at the rate at
17 which the state bond is sold for the remaining 15 years.

18
19 Loan Amount
20 DUTTON, TOWN OF
21 Water Supply Construction \$ 150,000

22
23 NEW SECTION. Section 4. Conditions of loans. (1)
24 Disbursement of funds under [sections 1 through 7] for loans is
25 subject to the following conditions that must be met by project

1 sponsors:

2 (a) approval of a scope of work and budget for the project by
3 the department of natural resources and conservation. Reductions
4 in a scope of work or budget may not affect priority activities or
5 improvements.

6 (b) documented commitment of other funds required for project
7 completion;

8 (c) satisfactory completion of conditions described in the
9 recommendations section of the project narrative in the renewable
10 resource and water development program project evaluations and
11 recommendations report for the 1992-93 biennium or, in the case of
12 emergency applications, conditions specified at the time of written
13 notification of approved loan authority;

14 (d) execution of a loan agreement with the department of
15 natural resources and conservation; and

16 (e) accomplishment of other specific requirements considered
17 necessary by the department to accomplish the purpose of the loan
18 as evidenced from the application to the department or from the
19 proposal to the legislature.

20 (2) Each sponsor authorized for a loan from coal severance
21 tax bond proceeds may be required to pay to the department a pro
22 rata share of the bond issuance costs and the administrative costs
23 incurred by the department to complete the loan transaction.

24 NEW SECTION. section 5. Interest rates on loans. Loans
25 made from proceeds of coal severance tax bonds must be at interest

1 rates specified in [section 1] except that when loan requests are
 2 reduced, interest rates must be recalculated based on the
 3 methodology described in the renewable resource and water
 4 development program project evaluations and recommendations report
 5 for the 1992-93 biennium. If the bonds or notes bear interest at an
 6 adjustable rate, the department of natural resources and
 7 conservation shall establish, at the time of the sale of each bond,
 8 an assured rate of interest thereon as if the bond bore interest at
 9 a fixed rate. The assured rate of interest so established must be
 10 the rate of interest on the bonds for the purpose of calculating
 11 the interest rates on the loans pursuant to [section 1].

12 NEW SECTION. Section 6. Private and discount purchase of
 13 loans. Loans to political subdivisions and local government
 14 entities and bonds, warrants, and notes issued in evidence of the
 15 loans may be made and purchased by and sold to the department of
 16 natural resources and conservation at a discount and at private
 17 negotiated sale, notwithstanding the provisions of any other law
 18 applicable to such political subdivisions or local government
 19 entities.

20 NEW SECTION. Section 7. Appropriations established. For
 21 any entity of state government that receives a loan under [sections
 22 1 through 7], an appropriation is established for the amount of the
 23 loan upon award of the loan by the department of natural resources
 24 and conservation.

25 NEW SECTION. SECTION 8. AUTHORIZATION TO ISSUE REVENUE

1 BONDS. (1) IN ADDITION TO THE AUTHORITY CONTAINED IN 17-5-716, THE
 2 BOARD OF EXAMINERS MAY ISSUE REVENUE BONDS OF THE STATE TO REFUND
 3 IN WHOLE OR IN PART BONDS ISSUED TO FINANCE WATER DEVELOPMENT
 4 PROJECTS APPROVED BY THE LEGISLATURE PURSUANT TO TITLE 17, CHAPTER
 5 5, PART 7, AND TITLE 85, CHAPTER 1, PART 6. THE PRINCIPAL AND
 6 INTEREST ON REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION ARE
 7 PAYABLE SOLELY FROM THE PROJECT OR PROJECTS FOR WHICH THE REFUNDED
 8 BONDS WERE ISSUED.

9 (2) THE REVENUE BONDS MAY BE ISSUED IN AN AMOUNT SUFFICIENT
 10 TO REFUND ALL OR A PORTION OF THE OUTSTANDING BONDS, TO PAY COSTS
 11 INCIDENT TO THE ISSUANCE AND SALE OF THE REFUNDING BONDS, AND TO
 12 FUND THE ESTABLISHMENT OF NECESSARY RESERVES. THE REFUNDING BONDS
 13 MUST BE DESIGNATED AS "STATE OF MONTANA WATER DEVELOPMENT REVENUE
 14 BONDS". ALL THE POWER AND AUTHORITY GRANTED TO THE BOARD OF
 15 EXAMINERS AND PROVISIONS WITH RESPECT TO THE ISSUANCE OF BONDS
 16 UNDER TITLE 17, CHAPTER 5, PART 7, EXCEPT FOR THE PROVISION
 17 PLEDGING THE COAL SEVERANCE TAX TO THE PAYMENT OF THE BONDS, APPLY
 18 TO THE ISSUANCE OF THE REVENUE BONDS. IN AUTHORIZING THE ISSUANCE
 19 OF THE REVENUE BONDS, THE BOARD OF EXAMINERS SHALL DETERMINE THAT
 20 THE REFUNDING OF THE OUTSTANDING BONDS AND THE ISSUANCE OF THE
 21 REVENUE BONDS ARE IN THE BEST INTEREST OF THE STATE.

22 (3) REVENUE BONDS MAY NOT BE ISSUED UNDER THIS SECTION TO
 23 REFUND BONDS ISSUED TO FUND A LOAN TO A POLITICAL SUBDIVISION OR
 24 LOCAL GOVERNMENT BODY UNLESS THE POLITICAL SUBDIVISION OR LOCAL
 25 GOVERNMENT BODY WHOSE LOAN REPAYMENTS WOULD BE PLEDGED TO THE
 26 PAYMENT OF THE REFUNDING BONDS HAS CONSENTED TO THE REFUNDING.

1 (4) REVENUE BONDS ISSUED PURSUANT TO THIS SECTION WITHOUT THE
2 PLEDGE OF THE COAL SEVERANCE TAX TO THE PAYMENT OF THE BONDS ARE
3 NOT COAL SEVERANCE TAX BONDS OR A STATE DEBT.

4 NEW SECTION. SECTION 9. CODIFICATION
5 INSTRUCTION. [SECTION 8] IS INTENDED TO BE CODIFIED AS AN INTEGRAL
6 PART OF TITLE 17, CHAPTER 5, PART 7, AND THE PROVISIONS OF TITLE
7 17, CHAPTER 5, PART 7, APPLY TO [SECTION 8].

8 NEW SECTION. Section 10. Severability. If a part of [this
9 act] is invalid, all valid parts that are severable from the
10 invalid part remain in effect. If a part of [this act] is invalid
11 in one or more of its applications, the part remains in effect in
12 all valid applications that are severable from the invalid
13 applications.

14 NEW SECTION. Section 11. Requirements for approval of
15 state debt. Because [section 2] authorizes the creation of a state
16 debt and appropriates money that would otherwise be deposited in
17 the coal severance tax permanent fund, a vote of three-fourths of
18 the members of each house is required for enactment of [section 2].

19 NEW SECTION. Section 12. Effective date. [This act] is
20 effective on passage and approval.

21 -END-

HOUSE BILL NO. 7
INTRODUCED BY CONNELLY

BY REQUEST OF THE DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE WATER DEVELOPMENT PROGRAM; TO APPROVE THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 51ST LEGISLATURE; TO APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO AUTHORIZE THE ISSUANCE OF REVENUE BONDS; TO PLACE CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION.

Section 1. Coal severance tax bonds

authorized. (1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved water resource development projects and activities as part of the state water development program. Available funds from previous sales of coal severance tax bonds may

also be used for the projects approved in [sections 1 through 7]. The legislature finds that the water development projects in [sections 1 through 7] meet the provisions of 17-5-702. The board of examiners may issue coal severance tax bonds in an amount not to exceed ~~613,382,594~~ \$7,975,583 for the purpose of making loans and financing state projects, establishing a reserve for the bonds, and paying the costs of issuance. Funds are appropriated for these costs of issuance to a maximum of 4% of the amount of each bond sale.

(2) The board of examiners may issue coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project.

GROUP A Notwithstanding the provisions of [section 5], the interest rate for the projects in this group may be 2% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

Loan Amount

FORSYTH, CITY OF

Water Treatment Plant Improvements \$1,948,916

SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT

Water Treatment Plant 922,150

THE PRINCIPAL PORTION OF THE DEBT SERVICE PAYMENT OF THE LOAN FOR THE SEELEY LAKE-MISSOULA COUNTY WATER PROJECT MAY BE DEFERRED FOR A PERIOD OF 3 YEARS. THE INTEREST ON THE LOAN MAY BE ADJUSTED FOR

1 THE DEFERRAL.
2
3 GROUP B Notwithstanding the provisions of [section 5], the
4 interest rate for the project in this group may be 1% below the
5 long-term bond rate at which the state bond is sold for the first
6 5 years of an anticipated 20-year term and must be at the rate at
7 which the state bond is sold for the remaining 15 years.
8 Loan Amount
9 COLUMBIA FALLS, CITY OF
10 Water Improvements \$1,623,720
11 \$1,163,720
12
13 GROUP C Notwithstanding the provisions of [section 5], the
14 interest rate for the project in this group must be sold at the
15 rate at which the state bond is sold for 20 years.
16 Loan Amount
17 HUNTLEY IRRIGATION DISTRICT
18 Rehabilitation and Reconstruction of
19 Diversion Structure and Main Canal \$ 747,808
20 \$ 749,797
21
22 GROUP D Notwithstanding the provisions of [section 5], the
23 interest rate for the project in this group is 0% ~~3%~~ for 30 years.
24 Loan Amount
25 BEAVERHEAD COUNTY, RED ROCK RIVER WATER
26 AND/OR SEWER DISTRICT

1 Lima Dam Rehabilitation \$3,040,000
2
3 GROUP E NOTWITHSTANDING THE PROVISIONS OF [SECTION 5], THE
4 INTEREST RATE FOR THE PROJECT IN THIS GROUP IS 6% OR THE CURRENT
5 BOND RATE, WHICHEVER IS LOWER, FOR UP TO 30 YEARS.
6 LOAN AMOUNT
7 MILK CREEK WATER AND SEWER DISTRICT
8 MILK CREEK GRAVITY SPRINKLER IRRIGATION PROJECT \$ 151,000
9 LAKESIDE WATER AND SEWER DISTRICT
10 LAKESIDE WASTEWATER FACILITY 251,700
11
12 ~~(3) (a) The legislature finds that the following state water~~
13 ~~project for rehabilitation and repair for which coal severance tax~~
14 ~~bonds were authorized by the 51st legislature in House Bill No.~~
15 ~~778, Laws of 1989, has not been completed. The board of examiners~~
16 ~~is authorized to issue coal severance tax bonds for this project to~~
17 ~~a maximum amount listed in this section. The state bond rate must~~
18 ~~be paid on this loan.~~
19 Loan Amount
20 ~~MIDDLE CREEK DAM REHABILITATION \$5,100,000~~
21
22 ~~(b) Bonds may be issued by the board of examiners after the~~
23 ~~water users for this project have entered into contractual~~
24 ~~agreements providing for the repayment of the cost of repair and~~
25 ~~rehabilitation at a rate of interest equal to that which must be~~
26 ~~paid on bonds issued pursuant to this section. The repayment money~~

1 ~~from this project is pledged, dedicated, and appropriated to the~~
 2 ~~special debt service bond account established in the state treasury~~
 3 ~~for the benefit of the bonds approved for such projects.~~

4 **NEW SECTION.** Section 2. Appropriation -- creation of debt
 5 for coal severance tax bonds. (1) The legislature, through the
 6 enactment of this section by a vote of three-fourths of the members
 7 of each house of the legislature as required by Article IX, section
 8 5, of the Montana constitution, pledges, dedicates, and
 9 appropriates from the coal severance tax bond fund all money
 10 necessary for the payment of principal and interest not otherwise
 11 provided for on the coal severance tax bonds authorized by
 12 [sections 1 through 7] to be issued pursuant to Title 17, chapter
 13 5, part 7, and pursuant to the provisions of [sections 1 through 7]
 14 and the general resolution for this bond program that has been
 15 adopted by the board of examiners under the authority provided in
 16 Title 17, chapter 5, part 7.

17 (2) The legislature, through the enactment of this section,
 18 in accordance with Article VIII, section 8, of the Montana
 19 constitution, authorizes the creation of a state debt in an amount
 20 not to exceed ~~\$5,100,000 for the rehabilitation of state water~~
 21 ~~projects approved in [sections 1 through 7] and an amount not to~~
 22 ~~exceed \$8,282,594~~ \$7,975,583 for loans to political subdivisions
 23 and local government entities for water development projects
 24 approved in [sections 1 through 7], all for the issuance of up to
 25 ~~\$13,382,594~~ \$7,925,583 \$7,975,583 in coal severance tax bonds

1 authorized by [sections 1 through 7].

2 (3) In connection with the issuance of coal severance tax
 3 bonds, the board of examiners may pay the principal and interest on
 4 the bonds when due from the debt service account and in all other
 5 respects manage and use the funds within each special bond account
 6 for the benefit of the bonds. The board of examiners shall exercise
 7 its discretion to enhance the marketability of the bonds and to
 8 secure the most advantageous financial arrangements for the state.

9 (4) Earnings on bonds proceeds prior to the completion of any
 10 loan must be allocated to the debt service account to pay the debt
 11 service on the bonds during this period. Earnings in excess of debt
 12 service, if any, must be allocated to the water development state
 13 special revenue account and may be used for the purposes allowed
 14 under 85-1-604(3)(b).

15 (5) Loan repayments from loans financed with coal severance
 16 tax bonds, -- loan principal, interest, and bond issuance fees
 17 borrowed from bond proceeds are pledged, dedicated, and
 18 appropriated to the debt service account in the state treasury for
 19 the benefit of bonds approved for loans under this section.

20 **NEW SECTION.** Section 3. Projects not completing
 21 requirements -- loans reauthorized. The legislature finds that the
 22 following water development projects for which coal severance tax
 23 bonds were authorized to be issued by the 51st legislature in House
 24 Bill No. 778, Laws of 1989, may not complete the requirements
 25 necessary for the loan transaction prior to June 30, 1991. Coal

1 severance tax bonds for the projects described in this section are
 2 reauthorized in the amounts listed at the interest rates authorized
 3 by the 51st legislature in House Bill No. 778, Laws of 1989, and
 4 described in this section to enable financing during the 1992-93
 5 biennium, if necessary.

7 GROUP A Notwithstanding the provisions of [section 5], the
 8 interest rate for the project in this group must be 4% over a 30-
 9 year term or 3% if the lower interest rate is necessary to secure
 10 the federal loan.

12 Loan Amount

13 EAST BENCH IRRIGATION DISTRICT

14 Gravity Sprinkler Irrigation No. 3 \$ 431,000

16 GROUP B Notwithstanding the provisions of [section 5], the
 17 interest rate for projects in this group may be 3% below the long-
 18 term bond rate at which the state bond is sold for the first 5
 19 years of an anticipated 20-year term and must be at the rate at
 20 which the state bond is sold for the remaining 15 years.

22 Loan Amount

23 SOMERS COUNTY WATER AND SEWER DISTRICT

24 Somers Sewer \$3,151,960

25 EVERGREEN WATER AND SEWER DISTRICT

26 Wastewater Facilities 3,226,900

1 3,778,028

2 ~~(IF HOUSE BILL NO. 648 IS PASSED AND APPROVED, STRIKE 3,778,028 IN~~
 3 ~~LINE 8 AND INSERT 551,128.)~~

4 LAKE COUNTY/BIG ARM SEWER DISTRICT

5 Big Arm Sewer 2,283,893

7 GROUP C Notwithstanding the provisions of [section 5], the
 8 interest rate for projects in this group may be 2% below the long-
 9 term bond rate at which the state bond is sold for the first 5
 10 years of an anticipated 20-year term and must be at the rate at
 11 which the state bond is sold for the remaining 15 years.

12 Loan Amount

13 GLENDIVE, CITY OF

14 Water Treatment Plant \$4,075,000

15 ~~NOXON, COMMUNITY OF~~

16 ~~Gravity Water Company Water System~~
 17 ~~Improvement 222,550~~

18 WHITEFISH, CITY OF

19 Water Treatment and Distribution 6,035,800

20 WIBAUX, TOWN OF

21 Water Storage Reservoir/Transmission Line 250,000

22 272,500

23 EAST GLACIER, TOWN OF

24 Water System 484,270

25 PONDERA CONSERVATION DISTRICT

1 Irrigation System Rehabilitation 750,000

2

3 GROUP D Notwithstanding the provisions of [section 5], the
4 interest rate for projects in this group must be sold at the rate
5 at which the state bond is sold for 20 years.

6

7 Loan Amount

8 BROWNING, TOWN OF

9 Sewage Treatment Facility Improvements \$ 447,014

10 ANACONDA-DEER LODGE COUNTY

11 Wastewater Treatment Plant Effluent Disposal 500,000

12

13 GROUP E Notwithstanding the provisions of [section 5], the
14 interest rate for the project in this group may be 4% below the
15 long-term bond rate at which the state bond is sold for the first
16 5 years of an anticipated 20-year term and must be at the rate at
17 which the state bond is sold for the remaining 15 years.

18

19 Loan Amount

20 DUTTON, TOWN OF

21 Water Supply Construction \$ 150,000

22

23 NEW SECTION. Section 4. Conditions of loans. (1)

24 Disbursement of funds under [sections 1 through 7] for loans is
25 subject to the following conditions that must be met by project

1 sponsors:

2 (a) approval of a scope of work and budget for the project by
3 the department of natural resources and conservation. Reductions
4 in a scope of work or budget may not affect priority activities or
5 improvements.

6 (b) documented commitment of other funds required for project
7 completion;

8 (c) satisfactory completion of conditions described in the
9 recommendations section of the project narrative in the renewable
10 resource and water development program project evaluations and
11 recommendations report for the 1992-93 biennium or, in the case of
12 emergency applications, conditions specified at the time of written
13 notification of approved loan authority;

14 (d) execution of a loan agreement with the department of
15 natural resources and conservation; and

16 (e) accomplishment of other specific requirements considered
17 necessary by the department to accomplish the purpose of the loan
18 as evidenced from the application to the department or from the
19 proposal to the legislature.

20 (2) Each sponsor authorized for a loan from coal severance
21 tax bond proceeds may be required to pay to the department a pro
22 rata share of the bond issuance costs and the administrative costs
23 incurred by the department to complete the loan transaction.

24 NEW SECTION. Section 5. Interest rates on loans. Loans
25 made from proceeds of coal severance tax bonds must be at interest

1 rates specified in [section 1] except that when loan requests are
 2 reduced, interest rates must be recalculated based on the
 3 methodology described in the renewable resource and water
 4 development program project evaluations and recommendations report
 5 for the 1992-93 biennium. If the bonds or notes bear interest at an
 6 adjustable rate, the department of natural resources and
 7 conservation shall establish, at the time of the sale of each bond,
 8 an assured rate of interest thereon as if the bond bore interest at
 9 a fixed rate. The assured rate of interest so established must be
 10 the rate of interest on the bonds for the purpose of calculating
 11 the interest rates on the loans pursuant to [section 1].

12 NEW SECTION. Section 6. Private and discount purchase of
 13 loans. Loans to political subdivisions and local government
 14 entities and bonds, warrants, and notes issued in evidence of the
 15 loans may be made and purchased by and sold to the department of
 16 natural resources and conservation at a discount and at private
 17 negotiated sale, notwithstanding the provisions of any other law
 18 applicable to such political subdivisions or local government
 19 entities.

20 NEW SECTION. Section 7. Appropriations established. For
 21 any entity of state government that receives a loan under [sections
 22 1 through 7], an appropriation is established for the amount of the
 23 loan upon award of the loan by the department of natural resources
 24 and conservation.

25 NEW SECTION. SECTION 8. AUTHORIZATION TO ISSUE REVENUE

1 BONDS. (1) IN ADDITION TO THE AUTHORITY CONTAINED IN 17-5-716, THE
 2 BOARD OF EXAMINERS MAY ISSUE REVENUE BONDS OF THE STATE TO REFUND
 3 IN WHOLE OR IN PART BONDS ISSUED TO FINANCE WATER DEVELOPMENT
 4 PROJECTS APPROVED BY THE LEGISLATURE PURSUANT TO TITLE 17, CHAPTER
 5 5, PART 7, AND TITLE 85, CHAPTER 1, PART 6. THE PRINCIPAL AND
 6 INTEREST ON REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION ARE
 7 PAYABLE SOLELY FROM THE PROJECT OR PROJECTS FOR WHICH THE REFUNDED
 8 BONDS WERE ISSUED.

9 (2) THE REVENUE BONDS MAY BE ISSUED IN AN AMOUNT SUFFICIENT
 10 TO REFUND ALL OR A PORTION OF THE OUTSTANDING BONDS, TO PAY COSTS
 11 INCIDENT TO THE ISSUANCE AND SALE OF THE REFUNDING BONDS, AND TO
 12 FUND THE ESTABLISHMENT OF NECESSARY RESERVES. THE REFUNDING BONDS
 13 MUST BE DESIGNATED AS "STATE OF MONTANA WATER DEVELOPMENT REVENUE
 14 BONDS". ALL THE POWER AND AUTHORITY GRANTED TO THE BOARD OF
 15 EXAMINERS AND PROVISIONS WITH RESPECT TO THE ISSUANCE OF BONDS
 16 UNDER TITLE 17, CHAPTER 5, PART 7, EXCEPT FOR THE PROVISION
 17 PLEDGING THE COAL SEVERANCE TAX TO THE PAYMENT OF THE BONDS, APPLY
 18 TO THE ISSUANCE OF THE REVENUE BONDS. IN AUTHORIZING THE ISSUANCE
 19 OF THE REVENUE BONDS, THE BOARD OF EXAMINERS SHALL DETERMINE THAT
 20 THE REFUNDING OF THE OUTSTANDING BONDS AND THE ISSUANCE OF THE
 21 REVENUE BONDS ARE IN THE BEST INTEREST OF THE STATE.

22 (3) REVENUE BONDS MAY NOT BE ISSUED UNDER THIS SECTION TO
 23 REFUND BONDS ISSUED TO FUND A LOAN TO A POLITICAL SUBDIVISION OR
 24 LOCAL GOVERNMENT BODY UNLESS THE POLITICAL SUBDIVISION OR LOCAL
 25 GOVERNMENT BODY WHOSE LOAN REPAYMENTS WOULD BE PLEDGED TO THE
 26 PAYMENT OF THE REFUNDING BONDS HAS CONSENTED TO THE REFUNDING.

1 ~~(4) REVENUE BONDS ISSUED PURSUANT TO THIS SECTION WITHOUT THE~~
2 ~~PLEDGE OF THE COAL SEVERANCE TAX TO THE PAYMENT OF THE BONDS ARE~~
3 ~~NOT COAL SEVERANCE TAX BONDS OR A STATE DEBT.~~

4 NEW SECTION. SECTION 9. CODIFICATION
5 INSTRUCTION. [SECTION 8] IS INTENDED TO BE CODIFIED AS AN INTEGRAL
6 PART OF TITLE 17, CHAPTER 5, PART 7, AND THE PROVISIONS OF TITLE
7 17, CHAPTER 5, PART 7, APPLY TO [SECTION 8].

8 NEW SECTION. Section 10. Severability. If a part of [this
9 act] is invalid, all valid parts that are severable from the
10 invalid part remain in effect. If a part of [this act] is invalid
11 in one or more of its applications, the part remains in effect in
12 all valid applications that are severable from the invalid
13 applications.

14 NEW SECTION. Section 11. Requirements for approval of
15 state debt. Because [section 2] authorizes the creation of a state
16 debt and appropriates money that would otherwise be deposited in
17 the coal severance tax permanent fund, a vote of three-fourths of
18 the members of each house is required for enactment of [section 2].

19 NEW SECTION. Section 12. Effective date. [This act] is
20 effective on passage and approval.

21 -END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 10, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 7 (third reading copy -- blue), respectfully report that House Bill No. 7 be amended and as so amended be concurred in:

1. Page 2, line 5.
Following: "~~\$13,382,594~~"
Strike: "\$7,975,583"
Insert: "\$8,227,283"

2. Page 4, line 7.
Strike: "MILK"
Insert: "Mill"

3. Page 4, line 8.
Strike: "MILK"
Insert: "Mill"

4. Page 5, line 22.
Following: "~~\$8,282,594~~"
Strike: "\$7,975,583"
Insert: "\$8,227,283"

5. Page 5, line 25.
Following: "~~\$7,925,583~~"
Strike: "\$7,975,583"
Insert: "\$8,227,283"

6. Page 6, line 21.
Following: "."
Insert: "(1)"

7. Page 9, line 23.
Following: line 22
Insert: "(2) The 50th legislature, in House Bill No. 7, Laws of 1987, approved the sale of \$26 million of coal severance tax bonds for development of the Broadwater dam hydropower project. Any unspent portion of these funds is reauthorized for expenditure until completion of the project."

Signed:

Judy H. Jacobson
Judy H. Jacobson, Chairman

LB 4/10/91
Amd. Coord.
SB 4-10-91 12:25
Sec. of Senate

SENATE
HB 7

HOUSE BILL NO. 7

INTRODUCED BY CONNELLY

BY REQUEST OF THE DEPARTMENT OF NATURAL
RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE WATER DEVELOPMENT PROGRAM; TO APPROVE THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 51ST LEGISLATURE; TO APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO AUTHORIZE THE ISSUANCE OF REVENUE BONDS; TO PLACE CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. coal severance tax bonds

authorized. (1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved water resource development projects and activities as part of the state water development program. Available funds from previous sales of coal severance tax bonds may

also be used for the projects approved in [sections 1 through 7]. The legislature finds that the water development projects in [sections 1 through 7] meet the provisions of 17-5-702. The board of examiners may issue coal severance tax bonds in an amount not to exceed ~~\$13,382,594~~ ~~\$7,975,583~~ \$8,227,283 for the purpose of making loans and financing state projects, establishing a reserve for the bonds, and paying the costs of issuance. Funds are appropriated for these costs of issuance to a maximum of 4% of the amount of each bond sale.

(2) The board of examiners may issue coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project.

GROUP A Notwithstanding the provisions of [section 5], the interest rate for the projects in this group may be 2% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	<u>Loan Amount</u>
FORSYTH, CITY OF	
Water Treatment Plant Improvements	\$1,948,916
SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
Water Treatment Plant	922,150
<u>THE PRINCIPAL PORTION OF THE DEBT SERVICE PAYMENT OF THE LOAN FOR THE SEELEY LAKE-MISSOULA COUNTY WATER PROJECT MAY BE DEFERRED FOR A PERIOD OF 3 YEARS. THE INTEREST ON THE LOAN MAY BE ADJUSTED FOR</u>	

1 THE DEFERRAL.
2
3 GROUP B Notwithstanding the provisions of [section 5], the
4 interest rate for the project in this group may be 1% below the
5 long-term bond rate at which the state bond is sold for the first
6 5 years of an anticipated 20-year term and must be at the rate at
7 which the state bond is sold for the remaining 15 years.

Loan Amount

8
9 COLUMBIA FALLS, CITY OF
10 Water Improvements

\$1,623,720

\$1,163,720

11
12
13 GROUP C Notwithstanding the provisions of [section 5], the
14 interest rate for the project in this group must be sold at the
15 rate at which the state bond is sold for 20 years.

Loan Amount

16
17 HUNTLEY IRRIGATION DISTRICT

18 Rehabilitation and Reconstruction of
19 Diversion Structure and Main Canal

~~\$ 747,808~~\$ 749,797

20
21
22 GROUP D Notwithstanding the provisions of [section 5], the
23 interest rate for the project in this group is ~~0%~~ 3% for 30 years.

Loan Amount

24
25 BEAVERHEAD COUNTY, RED ROCK RIVER WATER
26 AND/OR SEWER DISTRICT

1 Lima Dam Rehabilitation \$3,040,000
2
3 GROUP E NOTWITHSTANDING THE PROVISIONS OF [SECTION 5], THE
4 INTEREST RATE FOR THE PROJECT IN THIS GROUP IS 6% OR THE CURRENT
5 BOND RATE, WHICHEVER IS LOWER, FOR UP TO 30 YEARS.

LOAN AMOUNT

6
7 MILK MILL CREEK WATER AND SEWER DISTRICT

8 MILK MILL CREEK GRAVITY SPRINKLER

9 IRRIGATION PROJECT

\$ 151,000

10 LAKESIDE WATER AND SEWER DISTRICT

11 LAKESIDE WASTEWATER FACILITY

251,700

12
13 ~~(3) (a) The legislature finds that the following state water~~
14 ~~project for rehabilitation and repair for which coal severance tax~~
15 ~~bonds were authorized by the 51st legislature in House Bill No.~~
16 ~~778, Laws of 1989, has not been completed. The board of examiners~~
17 ~~is authorized to issue coal severance tax bonds for this project to~~
18 ~~a maximum amount listed in this section. The state bond rate must~~
19 ~~be paid on this loan.~~

Loan Amount

20
21 ~~MIDDLE CREEK DAM REHABILITATION~~

~~\$5,100,000~~

22
23 ~~(b) Bonds may be issued by the board of examiners after the~~
24 ~~water users for this project have entered into contractual~~
25 ~~agreements providing for the repayment of the cost of repair and~~
26 ~~rehabilitation at a rate of interest equal to that which must be~~

1 ~~paid on bonds issued pursuant to this section. The repayment money~~
 2 ~~from this project is pledged, dedicated, and appropriated to the~~
 3 ~~special debt service bond account established in the state treasury~~
 4 ~~for the benefit of the bonds approved for such projects.~~

5 NEW SECTION. Section 2. Appropriation -- creation of debt
 6 for coal severance tax bonds. (1) The legislature, through the
 7 enactment of this section by a vote of three-fourths of the members
 8 of each house of the legislature as required by Article IX, section
 9 5, of the Montana constitution, pledges, dedicates, and
 10 appropriates from the coal severance tax bond fund all money
 11 necessary for the payment of principal and interest not otherwise
 12 provided for on the coal severance tax bonds authorized by
 13 [sections 1 through 7] to be issued pursuant to Title 17, chapter
 14 5, part 7, and pursuant to the provisions of [sections 1 through 7]
 15 and the general resolution for this bond program that has been
 16 adopted by the board of examiners under the authority provided in
 17 Title 17, chapter 5, part 7.

18 (2) The legislature, through the enactment of this section,
 19 in accordance with Article VIII, section 8, of the Montana
 20 constitution, authorizes the creation of a state debt in an amount
 21 not to exceed ~~\$5,100,000 for the rehabilitation of state water~~
 22 ~~projects approved in [sections 1 through 7] and an amount not to~~
 23 ~~exceed \$8,282,594 \$7,925,583 \$8,227,283~~ for loans to political
 24 subdivisions and local government entities for water development
 25 projects approved in [sections 1 through 7], all for the issuance

1 of up to ~~\$13,382,594 \$7,925,583 \$7,975,583~~ \$8,227,283 in coal
 2 severance tax bonds authorized by [sections 1 through 7].

3 (3) In connection with the issuance of coal severance tax
 4 bonds, the board of examiners may pay the principal and interest on
 5 the bonds when due from the debt service account and in all other
 6 respects manage and use the funds within each special bond account
 7 for the benefit of the bonds. The board of examiners shall exercise
 8 its discretion to enhance the marketability of the bonds and to
 9 secure the most advantageous financial arrangements for the state.

10 (4) Earnings on bonds proceeds prior to the completion of any
 11 loan must be allocated to the debt service account to pay the debt
 12 service on the bonds during this period. Earnings in excess of debt
 13 service, if any, must be allocated to the water development state
 14 special revenue account and may be used for the purposes allowed
 15 under 85-1-604(3)(b).

16 (5) Loan repayments from loans financed with coal severance
 17 tax bonds, loan principal, interest, and bond issuance fees
 18 borrowed from bond proceeds are pledged, dedicated, and
 19 appropriated to the debt service account in the state treasury for
 20 the benefit of bonds approved for loans under this section.

21 NEW SECTION. Section 3. Projects not completing
 22 requirements -- loans reauthorized. (1) The legislature finds that
 23 the following water development projects for which coal severance
 24 tax bonds were authorized to be issued by the 51st legislature in
 25 House Bill No. 778, Laws of 1989, may not complete the requirements

1 necessary for the loan transaction prior to June 30, 1991. Coal
 2 severance tax bonds for the projects described in this section are
 3 reauthorized in the amounts listed at the interest rates authorized
 4 by the 51st legislature in House Bill No. 778, Laws of 1989, and
 5 described in this section to enable financing during the 1992-93
 6 biennium, if necessary.

7
 8 GROUP A Notwithstanding the provisions of [section 5], the
 9 interest rate for the project in this group must be 4% over a 30-
 10 year term or 3% if the lower interest rate is necessary to secure
 11 the federal loan.

Loan Amount

EAST BENCH IRRIGATION DISTRICT

Gravity Sprinkler Irrigation No. 3	\$ 431,000
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16
 17 GROUP B Notwithstanding the provisions of [section 5], the
 18 interest rate for projects in this group may be 3% below the long-
 19 term bond rate at which the state bond is sold for the first 5
 20 years of an anticipated 20-year term and must be at the rate at
 21 which the state bond is sold for the remaining 15 years.

Loan Amount

SOMERS COUNTY WATER AND SEWER DISTRICT

Somers Sewer	\$3,151,960
--------------	-------------

EVERGREEN WATER AND SEWER DISTRICT

Wastewater Facilities

3,226,900

3,778,028

3 ~~(IF HOUSE BILL NO. 648 IS PASSED AND APPROVED, STRIKE 3,778,028 IN~~
 4 ~~LINE 8 AND INSERT 551,128.)~~

LAKE COUNTY/BIG ARM SEWER DISTRICT

Big Arm Sewer

2,283,893

7
 8 GROUP C Notwithstanding the provisions of [section 5], the
 9 interest rate for projects in this group may be 2% below the long-
 10 term bond rate at which the state bond is sold for the first 5
 11 years of an anticipated 20-year term and must be at the rate at
 12 which the state bond is sold for the remaining 15 years.

Loan Amount

GLENDIVE, CITY OF

Water Treatment Plant

\$4,075,000

~~NOXON, COMMUNITY OF~~

~~Gravity Water Company Water System~~

~~Improvement~~

~~222,550~~

WHITEFISH, CITY OF

Water Treatment and Distribution

6,035,800

WIBAUX, TOWN OF

Water Storage Reservoir/Transmission Line

250,000

272,500

EAST GLACIER, TOWN OF

Water System

484,270

1 PONDERA CONSERVATION DISTRICT
 2 Irrigation System Rehabilitation 750,000
 3
 4 GROUP D Notwithstanding the provisions of [section 5], the
 5 interest rate for projects in this group must be sold at the rate
 6 at which the state bond is sold for 20 years.

Loan Amount

7
 8
 9 BROWNING, TOWN OF
 10 Sewage Treatment Facility Improvements \$ 447,014
 11 ANACONDA-DEER LODGE COUNTY
 12 Wastewater Treatment Plant Effluent Disposal 500,000
 13

14 GROUP E Notwithstanding the provisions of [section 5], the
 15 interest rate for the project in this group may be 4% below the
 16 long-term bond rate at which the state bond is sold for the first
 17 5 years of an anticipated 20-year term and must be at the rate at
 18 which the state bond is sold for the remaining 15 years.

Loan Amount

19
 20
 21 DUTTON, TOWN OF
 22 Water Supply Construction \$ 150,000

23 (2) THE 50TH LEGISLATURE, IN HOUSE BILL NO. 7, LAWS OF 1987,
 24 APPROVED THE SALE OF \$26 MILLION OF COAL SEVERANCE TAX BONDS FOR
 25 DEVELOPMENT OF THE BROADWATER DAM HYDROPOWER PROJECT. ANY UNSPENT
 26 PORTION OF THESE FUNDS IS REAUTHORIZED FOR EXPENDITURE UNTIL

1 COMPLETION OF THE PROJECT.

2 NEW SECTION. Section 4. Conditions of loans. (1)

3 Disbursement of funds under [sections 1 through 7] for loans is
 4 subject to the following conditions that must be met by project
 5 sponsors:

6 (a) approval of a scope of work and budget for the project by
 7 the department of natural resources and conservation. Reductions
 8 in a scope of work or budget may not affect priority activities or
 9 improvements.

10 (b) documented commitment of other funds required for project
 11 completion;

12 (c) satisfactory completion of conditions described in the
 13 recommendations section of the project narrative in the renewable
 14 resource and water development program project evaluations and
 15 recommendations report for the 1992-93 biennium or, in the case of
 16 emergency applications, conditions specified at the time of written
 17 notification of approved loan authority;

18 (d) execution of a loan agreement with the department of
 19 natural resources and conservation; and

20 (e) accomplishment of other specific requirements considered
 21 necessary by the department to accomplish the purpose of the loan
 22 as evidenced from the application to the department or from the
 23 proposal to the legislature.

24 (2) Each sponsor authorized for a loan from coal severance
 25 tax bond proceeds may be required to pay to the department a pro

1 rata share of the bond issuance costs and the administrative costs
2 incurred by the department to complete the loan transaction.

3 NEW SECTION. Section 5. Interest rates on loans. Loans
4 made from proceeds of coal severance tax bonds must be at interest
5 rates specified in [section 1] except that when loan requests are
6 reduced, interest rates must be recalculated based on the
7 methodology described in the renewable resource and water
8 development program project evaluations and recommendations report
9 for the 1992-93 biennium. If the bonds or notes bear interest at an
10 adjustable rate, the department of natural resources and
11 conservation shall establish, at the time of the sale of each bond,
12 an assured rate of interest thereon as if the bond bore interest at
13 a fixed rate. The assured rate of interest so established must be
14 the rate of interest on the bonds for the purpose of calculating
15 the interest rates on the loans pursuant to [section 1].

16 NEW SECTION. Section 6. Private and discount purchase of
17 loans. Loans to political subdivisions and local government
18 entities and bonds, warrants, and notes issued in evidence of the
19 loans may be made and purchased by and sold to the department of
20 natural resources and conservation at a discount and at private
21 negotiated sale, notwithstanding the provisions of any other law
22 applicable to such political subdivisions or local government
23 entities.

24 NEW SECTION. Section 7. Appropriations established. For

1 any entity of state government that receives a loan under [sections
2 1 through 7], an appropriation is established for the amount of the
3 loan upon award of the loan by the department of natural resources
4 and conservation.

5 NEW SECTION. SECTION 8. AUTHORIZATION TO ISSUE REVENUE
6 BONDS. (1) IN ADDITION TO THE AUTHORITY CONTAINED IN 17-5-716, THE
7 BOARD OF EXAMINERS MAY ISSUE REVENUE BONDS OF THE STATE TO REFUND
8 IN WHOLE OR IN PART BONDS ISSUED TO FINANCE WATER DEVELOPMENT
9 PROJECTS APPROVED BY THE LEGISLATURE PURSUANT TO TITLE 17, CHAPTER
10 5, PART 7, AND TITLE 85, CHAPTER 1, PART 6. THE PRINCIPAL AND
11 INTEREST ON REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION ARE
12 PAYABLE SOLELY FROM THE PROJECT OR PROJECTS FOR WHICH THE REFUNDED
13 BONDS WERE ISSUED.

14 (2) THE REVENUE BONDS MAY BE ISSUED IN AN AMOUNT SUFFICIENT
15 TO REFUND ALL OR A PORTION OF THE OUTSTANDING BONDS, TO PAY COSTS
16 INCIDENT TO THE ISSUANCE AND SALE OF THE REFUNDING BONDS, AND TO
17 FUND THE ESTABLISHMENT OF NECESSARY RESERVES. THE REFUNDING BONDS
18 MUST BE DESIGNATED AS "STATE OF MONTANA WATER DEVELOPMENT REVENUE
19 BONDS". ALL THE POWER AND AUTHORITY GRANTED TO THE BOARD OF
20 EXAMINERS AND PROVISIONS WITH RESPECT TO THE ISSUANCE OF BONDS
21 UNDER TITLE 17, CHAPTER 5, PART 7, EXCEPT FOR THE PROVISION
22 PLEDGING THE COAL SEVERANCE TAX TO THE PAYMENT OF THE BONDS, APPLY
23 TO THE ISSUANCE OF THE REVENUE BONDS. IN AUTHORIZING THE ISSUANCE
24 OF THE REVENUE BONDS, THE BOARD OF EXAMINERS SHALL DETERMINE THAT
25 THE REFUNDING OF THE OUTSTANDING BONDS AND THE ISSUANCE OF THE

1 REVENUE BONDS ARE IN THE BEST INTEREST OF THE STATE.

2 (3) REVENUE BONDS MAY NOT BE ISSUED UNDER THIS SECTION TO
 3 REFUND BONDS ISSUED TO FUND A LOAN TO A POLITICAL SUBDIVISION OR
 4 LOCAL GOVERNMENT BODY UNLESS THE POLITICAL SUBDIVISION OR LOCAL
 5 GOVERNMENT BODY WHOSE LOAN REPAYMENTS WOULD BE PLEDGED TO THE
 6 PAYMENT OF THE REFUNDING BONDS HAS CONSENTED TO THE REFUNDING.

7 (4) REVENUE BONDS ISSUED PURSUANT TO THIS SECTION WITHOUT THE
 8 PLEDGE OF THE COAL SEVERANCE TAX TO THE PAYMENT OF THE BONDS ARE
 9 NOT COAL SEVERANCE TAX BONDS OR A STATE DEBT.

10 NEW SECTION. SECTION 9. CODIFICATION

11 INSTRUCTION. [SECTION 8] IS INTENDED TO BE CODIFIED AS AN INTEGRAL
 12 PART OF TITLE 17, CHAPTER 5, PART 7, AND THE PROVISIONS OF TITLE
 13 17, CHAPTER 5, PART 7, APPLY TO [SECTION 8].

14 NEW SECTION. Section 10. Severability. If a part of [this
 15 act] is invalid, all valid parts that are severable from the
 16 invalid part remain in effect. If a part of [this act] is invalid
 17 in one or more of its applications, the part remains in effect in
 18 all valid applications that are severable from the invalid
 19 applications.

20 NEW SECTION. Section 11. Requirements for approval of
 21 state debt. Because [section 2] authorizes the creation of a state
 22 debt and appropriates money that would otherwise be deposited in
 23 the coal severance tax permanent fund, a vote of three-fourths of
 24 the members of each house is required for enactment of [section 2].

1 NEW SECTION. Section 12. Effective date. [This act] is
 2 effective on passage and approval.

3 -END-

Conference Committee
on House Bill 7
Report No. 1, April 24, 1991

4/24/91
11:00 AM
B814

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 7, met and considered Senate committee on Finance and Claims amendments, dated April 10, 1991, and recommend that the amendments be accepted in their entirety.

And this Conference Committee report be adopted.

For the House:

M. E. Connelly
Rep. Connelly, Chair

For the Senate:

J. D. Lynch
Sen. Lynch, Chair

Rep. Bardanouve

Bob Thoft
Rep. Thoft

Sen. Hockett

Sen. Bevin

ADOPT

REJECT

CCR #1
HB 7
881003CC.HSF



AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE WATER DEVELOPMENT PROGRAM; TO APPROVE THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 51ST LEGISLATURE; TO APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO AUTHORIZE THE ISSUANCE OF REVENUE BONDS; TO PLACE CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

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

Section 1. Coal severance tax bonds authorized. (1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved water resource development projects and activities as part of the state water development program. Available funds from previous sales of coal severance tax bonds may also be used for the projects approved in [sections 1 through 7]. The legislature finds that the water development projects in [sections 1 through 7] meet the provisions of 17-5-702. The board of examiners may issue coal severance tax bonds in an amount not to exceed \$8,227,281 for the purpose of making loans and financing state projects, establishing a reserve for the bonds, and paying the costs of issuance. Funds are appropriated for these costs of issuance to a maximum of 4% of

are appropriated for these costs of issuance to a maximum of 4% of the amount of each bond sale.

(2) The board of examiners may issue coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project.

GROUP A Notwithstanding the provisions of [section 5], the interest rate for the projects in this group may be 2% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

Loan Amount

FORSYTH, CITY OF	
Water Treatment Plant Improvements	\$1,948,916
SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
Water Treatment Plant	922,150

The principal portion of the debt service payment of the loan for the Seeley Lake-Missoula County water project may be deferred for a period of 3 years. The interest on the loan may be adjusted for the deferral.

GROUP B Notwithstanding the provisions of [section 5], the interest rate for the project in this group may be 1% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

Loan Amount
 COLUMBIA FALLS, CITY OF
 Water Improvements \$1,163,720

GROUP C Notwithstanding the provisions of [section 5], the interest rate for the project in this group must be sold at the rate at which the state bond is sold for 20 years.

Loan Amount
 HUNTLEY IRRIGATION DISTRICT
 Rehabilitation and Reconstruction of
 Diversion Structure and Main Canal \$ 749,797

GROUP D Notwithstanding the provisions of [section 5], the interest rate for the project in this group is 3% for 30 years.

Loan Amount
 BEAVERHEAD COUNTY, RED ROCK RIVER WATER
 AND/OR SEWER DISTRICT
 Lima Dam Rehabilitation \$3,040,000

GROUP E Notwithstanding the provisions of [section 5], the interest rate for the project in this group is 6% or the current bond rate, whichever is lower, for up to 30 years.

Loan Amount
 MILL CREEK WATER AND SEWER DISTRICT
 Mill Creek Gravity Sprinkler
 Irrigation Project \$ 151,000

LAKESIDE WATER AND SEWER DISTRICT

Lakeside Wastewater Facility 251,700

Section 2. Appropriation -- creation of debt for coal severance tax bonds. (1) The legislature, through the enactment of this section by a vote of three-fourths of the members of each house of the legislature as required by Article IX, section 5, of the Montana constitution, pledges, dedicates, and appropriates from the coal severance tax bond fund all money necessary for the payment of principal and interest not otherwise provided for on the coal severance tax bonds authorized by [sections 1 through 7] to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of [sections 1 through 7] and the general resolution for this bond program that has been adopted by the board of examiners under the authority provided in Title 17, chapter 5, part 7.

(2) The legislature, through the enactment of this section, in accordance with Article VIII, section 8, of the Montana constitution, authorizes the creation of a state debt in an amount not to exceed \$8,227,283 for loans to political subdivisions and local government entities for water development projects approved in [sections 1 through 7], all for the issuance of up to \$8,227,283 in coal severance tax bonds authorized by [sections 1 through 7].

(3) In connection with the issuance of coal severance tax bonds, the board of examiners may pay the principal and interest on the bonds when due from the debt service account and in all other respects manage and use the funds within each special bond account

for the benefit of the bonds. The board of examiners shall exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial arrangements for the state.

(4) Earnings on bonds proceeds prior to the completion of any loan must be allocated to the debt service account to pay the debt service on the bonds during this period. Earnings in excess of debt service, if any, must be allocated to the water development state special revenue account and may be used for the purposes allowed under 85-1-604(3)(b).

(5) Loan repayments from loans financed with coal severance tax bonds, loan principal, interest, and bond issuance fees borrowed from bond proceeds are pledged, dedicated, and appropriated to the debt service account in the state treasury for the benefit of bonds approved for loans under this section.

Section 3. **Projects not completing requirements -- loans reauthorized.** (1) The legislature finds that the following water development projects for which coal severance tax bonds were authorized to be issued by the 51st legislature in House Bill No. 778, Laws of 1989, may not complete the requirements necessary for the loan transaction prior to June 30, 1991. Coal severance tax bonds for the projects described in this section are reauthorized in the amounts listed at the interest rates authorized by the 51st legislature in House Bill No. 778, Laws of 1989, and described in this section to enable financing during the 1992-93 biennium, if necessary.

GROUP A Notwithstanding the provisions of [section 5], the interest rate for the project in this group must be 4% over a 30-year term or 3% if the lower interest rate is necessary to secure the federal loan.

Loan Amount

EAST BENCH IRRIGATION DISTRICT

Gravity Sprinkler Irrigation No. 3 \$ 431,000

GROUP B Notwithstanding the provisions of [section 5], the interest rate for projects in this group may be 3% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

Loan Amount

SOMERS COUNTY WATER AND SEWER DISTRICT

Somers Sewer \$3,151,960

EVERGREEN WATER AND SEWER DISTRICT

Wastewater Facilities 3,778,028

(If House Bill No. 648 is passed and approved, strike 3,778,028 in line 8 and insert 551,128.)

LAKE COUNTY/BIG ARM SEWER DISTRICT

Big Arm Sewer 2,283,893

GROUP C Notwithstanding the provisions of [section 5], the interest rate for projects in this group may be 2% below the long-term bond rate at which the state bond is sold for the first 5

years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	<u>Loan Amount</u>
GLENDIVE, CITY OF	
Water Treatment Plant	\$4,075,000
WHITEFISH, CITY OF	
Water Treatment and Distribution	6,035,800
WIBAUX, TOWN OF	
Water Storage Reservoir/Transmission Line	272,500
EAST GLACIER, TOWN OF	
Water System	484,270
PONDERA CONSERVATION DISTRICT	
Irrigation System Rehabilitation	750,000

GROUP D Notwithstanding the provisions of [section 5], the interest rate for projects in this group must be sold at the rate at which the state bond is sold for 20 years.

	<u>Loan Amount</u>
BROWNING, TOWN OF	
Sewage Treatment Facility Improvements	\$ 447,014
ANACONDA-DEER LODGE COUNTY	
Wastewater Treatment Plant Effluent Disposal	500,000

GROUP E Notwithstanding the provisions of [section 5], the interest rate for the project in this group may be 4% below the long-term bond rate at which the state bond is sold for the first

5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	<u>Loan Amount</u>
DUTTON, TOWN OF	
Water Supply Construction	\$ 150,000

(2) The 50th legislature, in House Bill No. 7, Laws of 1987, approved the sale of \$26 million of coal severance tax bonds for development of the Broadwater dam hydropower project. Any unspent portion of these funds is reauthorized for expenditure until completion of the project.

Section 4. Conditions of loans. (1) Disbursement of funds under [sections 1 through 7] for loans is subject to the following conditions that must be met by project sponsors:

(a) approval of a scope of work and budget for the project by the department of natural resources and conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

(b) documented commitment of other funds required for project completion;

(c) satisfactory completion of conditions described in the recommendations section of the project narrative in the renewable resource and water development program project evaluations and recommendations report for the 1992-93 biennium or, in the case of emergency applications, conditions specified at the time of written notification of approved loan authority;

(d) execution of a loan agreement with the department of

natural resources and conservation; and

(e) accomplishment of other specific requirements considered necessary by the department to accomplish the purpose of the loan as evidenced from the application to the department or from the proposal to the legislature.

(2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to pay to the department a pro rata share of the bond issuance costs and the administrative costs incurred by the department to complete the loan transaction.

Section 5. Interest rates on loans. Loans made from proceeds of coal severance tax bonds must be at interest rates specified in [section 1] except that when loan requests are reduced, interest rates must be recalculated based on the methodology described in the renewable resource and water development program project evaluations and recommendations report for the 1992-93 biennium. If the bonds or notes bear interest at an adjustable rate, the department of natural resources and conservation shall establish, at the time of the sale of each bond, an assured rate of interest thereon as if the bond bore interest at a fixed rate. The assured rate of interest so established must be the rate of interest on the bonds for the purpose of calculating the interest rates on the loans pursuant to [section 1].

Section 6. Private and discount purchase of loans. Loans to political subdivisions and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made and purchased by and sold to the department of natural resources and

conservation at a discount and at private negotiated sale, notwithstanding the provisions of any other law applicable to such political subdivisions or local government entities.

Section 7. Appropriations established. For any entity of state government that receives a loan under [sections 1 through 7], an appropriation is established for the amount of the loan upon award of the loan by the department of natural resources and conservation.

Section 8. Authorization to issue revenue bonds. (1) In addition to the authority contained in 17-5-716, the board of examiners may issue revenue bonds of the state to refund in whole or in part bonds issued to finance water development projects approved by the legislature pursuant to Title 17, chapter 5, part 7, and Title 85, chapter 1, part 6. The principal and interest on refunding bonds issued pursuant to this section are payable solely from the project or projects for which the refunded bonds were issued.

(2) The revenue bonds may be issued in an amount sufficient to refund all or a portion of the outstanding bonds, to pay costs incident to the issuance and sale of the refunding bonds, and to fund the establishment of necessary reserves. The refunding bonds must be designated as "State of Montana Water Development Revenue Bonds". All the power and authority granted to the board of examiners and provisions with respect to the issuance of bonds under Title 17, chapter 5, part 7, except for the provision pledging the coal severance tax to the payment of the bonds, apply

to the issuance of the revenue bonds. In authorizing the issuance of the revenue bonds, the board of examiners shall determine that the refunding of the outstanding bonds and the issuance of the revenue bonds are in the best interest of the state.

(3) Revenue bonds may not be issued under this section to refund bonds issued to fund a loan to a political subdivision or local government body unless the political subdivision or local government body whose loan repayments would be pledged to the payment of the refunding bonds has consented to the refunding.

(4) Revenue bonds issued pursuant to this section without the pledge of the coal severance tax to the payment of the bonds are not coal severance tax bonds or a state debt.

Section 9. Codification instruction. [Section 8] is intended to be codified as an integral part of Title 17, chapter 5, part 7, and the provisions of Title 17, chapter 5, part 7, apply to [section 8].

Section 10. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

Section 11. Requirements for approval of state debt. Because [section 2] authorizes the creation of a state debt and appropriates money that would otherwise be deposited in the coal severance tax permanent fund, a vote of three-fourths of the members of each house is required for enactment of [section 2].

Section 12. Effective date. [This act] is effective on passage and approval.