

HOUSE BILL NO. 90

INTRODUCED BY COBB
BY REQUEST OF THE DEPARTMENT OF AGRICULTURE

IN THE HOUSE

JANUARY 3, 1991 INTRODUCED AND REFERRED TO COMMITTEE
 ON AGRICULTURE, LIVESTOCK, & IRRIGATION.

JANUARY 7, 1991 FIRST READING.

FEBRUARY 14, 1991 COMMITTEE RECOMMEND BILL
 DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 15, 1991 PRINTING REPORT.

FEBRUARY 16, 1991 SECOND READING, DO PASS.

FEBRUARY 18, 1991 ENGROSSING REPORT.

FEBRUARY 19, 1991 THIRD READING, PASSED.
 AYES, 100; NOES, 0.

 TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 20, 1991 INTRODUCED AND REFERRED TO COMMITTEE
 ON AGRICULTURE, LIVESTOCK, & IRRIGATION.

 FIRST READING.

MARCH 7, 1991 COMMITTEE RECOMMEND BILL BE
 CONCURRED IN. REPORT ADOPTED.

MARCH 9, 1991 SECOND READING, CONCURRED IN AS
 AMENDED.

MARCH 11, 1991 THIRD READING, CONCURRED IN.
 AYES, 43; NOES, 5.

 RETURNED TO HOUSE.

IN THE HOUSE

MARCH 16, 1991 RECEIVED FROM SENATE.

 SECOND READING, AMENDMENTS
 CONCURRED IN.

MARCH 18, 1991

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

HOUSE BILL NO. 90

INTRODUCED BY COBB

BY REQUEST OF THE DEPARTMENT OF AGRICULTURE

A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING THE MONTANA AGRICULTURAL LOAN AUTHORITY ACT; REASSIGNING THE ALLOCATION OF BONDING AUTHORITY BETWEEN CERTAIN STATE PROGRAMS; AMENDING SECTIONS 17-5-1302 AND 17-5-1312, MCA; REPEALING SECTIONS 2-15-3011, 80-12-101, 80-12-102, 80-12-103, 80-12-104, 80-12-201, 80-12-202, 80-12-203, 80-12-204, 80-12-205, 80-12-211, 80-12-215, 80-12-216, 80-12-301, 80-12-302, 80-12-303, 80-12-304, 80-12-305, 80-12-306, 80-12-307, 80-12-308, 80-12-309, 80-12-310, 80-12-311, 80-12-312, 80-12-313, 80-12-314, 80-12-401, 80-12-402, AND 80-12-403, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, the Montana Agricultural Loan Authority Act and beginning farm loan program have been inactive since adoption of the federal Tax Reform Act of 1986 because of the loss of an effective funding source; and

WHEREAS, it is unnecessary that the statutes implementing the Act remain in effect because no new program activities are anticipated.

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



Section 1. Section 17-5-1302, MCA, is amended to read:

"17-5-1302. Definitions. As used in this part, unless the context clearly requires otherwise, the following definitions apply:

(1) "Allocation" means an allocation of a part of the volume cap to an issuer pursuant to this part.

(2) "Board" means the board of examiners.

(3) "Bonds" means bonds, notes, or other interest-bearing obligations of an issuer.

(4) "Cap bonds" means those private activity bonds and that portion of governmental bonds for which a part of the volume cap is required to be allocated pursuant to the tax act.

(5) "Department" means the department of administration.

(6) "Governmental bonds" means bonds other than private activity bonds.

(7) "Issuer" means a state issuer or local issuer.

(8) "Local issuer" means a city, town, county, or other political subdivision of the state authorized to issue private activity bonds or governmental bonds.

(9) "Local portion" means that portion of the volume cap reserved for local issuers.

(10) "~~Montana agricultural loan authority~~-(MABA)--means the authority provided for in 2-15-3011;

1 ~~(10)~~ "Montana board of housing" (MBH) means the
2 board created in 2-15-1814.

3 ~~(11)~~ "Montana board of investments" (MBI) means the
4 board provided for in 2-15-1808.

5 ~~(12)~~ "Montana higher education student assistance
6 corporation" (MHESAC) means the nonprofit corporation
7 established under Title 20, chapter 26, part 11.

8 ~~(13)~~ "Montana health facility authority" (MHFA)
9 means the authority provided for in 2-15-1815.

10 ~~(14)~~ "Private activity bonds" (PABs) has the meaning
11 prescribed under section 1301 of the tax act.

12 ~~(15)~~ "State issuer" means the state and any agency
13 thereof authorized to issue private activity bonds. For this
14 part only, the Montana higher education student assistance
15 corporation is considered an agency of the state.

16 ~~(16)~~ "State portion" means that portion of the
17 volume cap reserved for state issuers.

18 ~~(17)~~ "Tax act" means the Tax Reform Act of 1986
19 enacted by the United States congress.

20 ~~(18)~~ "Volume cap" means, with respect to each
21 calendar year, the principal amount of cap bonds that may be
22 issued in the state in a calendar year as determined under
23 the provisions of the tax act."

24 **Section 2.** Section 17-5-1312, MCA, is amended to read:
25 "17-5-1312. Allocation to state issuers. (1) Except as

1 provided in subsection (5), the state portion must be
2 allocated to state issuers pursuant to 17-5-1316.

3 (2) As a condition of receiving an allocation, each
4 state issuer, upon issuance of the bonds, shall pay 30 cents
5 per thousand of bonds to be deposited in the state general
6 fund for the purpose of funding a portion of the
7 comprehensive annual financial report audit.

8 (3) The following set-asides must be made in each
9 calendar year for the following state issuers:

<u>State Issuer</u>	<u>Percentage</u>	<u>Allocation Amount</u>
Board	4	\$4,200,000
MAEA	2	27,100,000
MBH	40	427,000,000
	<u>41</u>	<u>43,050,000</u>
MBI	25	26,250,000
MHESAC	25	26,250,000
	<u>26</u>	<u>27,300,000</u>
MHFA	4	4,200,000
Total	100%	\$105,000,000

20 (4) Each set-aside expires on the first Monday in
21 September.

22 (5) Prior to the set-aside expiration date, allocations
23 may be made by the department to each state issuer only from
24 its respective set-aside pursuant to 17-5-1316 and no state
25 issuer is entitled to an allocation except from its

1 set-aside unless otherwise provided by the governor.

2 (6) After the expiration date, the amount of the
3 set-aside remaining unallocated is available for allocation
4 by the department to issuers pursuant to 17-5-1316 without
5 preference or priority."

6 NEW SECTION. **Section 3.** Repealer. Sections 2-15-3011,
7 80-12-101, 80-12-102, 80-12-103, 80-12-104, 80-12-201,
8 80-12-202, 80-12-203, 80-12-204, 80-12-205, 80-12-211,
9 80-12-215, 80-12-216, 80-12-301, 80-12-302, 80-12-303,
10 80-12-304, 80-12-305, 80-12-306, 80-12-307, 80-12-308,
11 80-12-309, 80-12-310, 80-12-311, 80-12-312, 80-12-313,
12 80-12-314, 80-12-401, 80-12-402, and 80-12-403, MCA, are
13 repealed.

14 NEW SECTION. **Section 4.** Effective date. [This act] is
15 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0090, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill repeals the Montana Agricultural Loan Authority Act.

ASSUMPTIONS:

1. The state has approved 1 tax-deduction application per year.
2. An average taxable income of \$25,000 for those individuals with approved tax-deductions.
3. Average annual estimated deduction per taxpayer of \$5,000
4. 1989 Montana tax table used to estimate tax.

	FY92		FY93
- Beginning Taxable Income.....	1 @ \$25,000		2 @ \$25,000
State Income Tax (1989).....	\$1,575		\$3,150
- Taxable Income minus 5,000 tax-deduction....	1 @ \$20,000		2 @ 20,000
State Income Tax after deduction (1989).....	<u>1,135</u>		<u>2,270</u>
Net Income Tax Revenue Increase.....	\$ 440		\$ 880

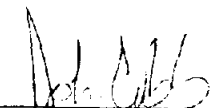
5. The cost of applying for the tax-deduction is \$50.

FISCAL IMPACT:

Revenues:

	<u>FY 92</u>			<u>FY 93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Application Fee	50	0	(50)	50	0	(50)
Income tax Revenue	<u>0</u>	<u>440</u>	<u>440</u>	<u>0</u>	<u>880</u>	<u>880</u>
Total	50	440	390	50	880	830
<u>Disposition:</u>						
General Fund	0	440	440	0	880	880
Proprietary Fund	<u>50</u>	<u>0</u>	<u>(50)</u>	<u>50</u>	<u>0</u>	<u>(50)</u>
Total	50	440	390	50	880	830

 1-8-91
ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 1-10-91
JOHN COBB, PRIMARY SPONSOR DATE
Fiscal Note for HB0090, as introduced
HB 90

APPROVED BY COMMITTEE
ON AGRICULTURE LIVESTOCK
& IRRIGATION

HOUSE BILL NO. 90

INTRODUCED BY COBB

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AGRICULTURAL LOAN AUTHORITY ACT; REASSIGNING THE ALLOCATION
OF BONDING AUTHORITY BETWEEN CERTAIN STATE PROGRAMS;
PROVIDING A CONTINGENCY FOR THE REASSIGNED ALLOCATION TO BE
USED FOR AGRICULTURAL PURPOSES; AMENDING SECTIONS 17-5-1302
AND 17-5-1312, MCA; REPEALING SECTIONS 2-15-3011, 80-12-101,
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80-12-216, 80-12-301, 80-12-302, 80-12-303, 80-12-304,
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SECOND READING



1 ~~(10)~~--"Montana agricultural loan authority"--(MABA)--means
2 the authority provided for in 2-15-3011.

3 ~~(11)~~(10) "Montana board of housing" (MBH) means the
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5 ~~(12)~~(11) "Montana board of investments" (MBI) means the
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7 ~~(13)~~(12) "Montana higher education student assistance
8 corporation" (MHESAC) means the nonprofit corporation
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25 the provisions of the tax act."

1 **Section 2.** Section 17-5-1312, MCA, is amended to read:

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25 may be made by the department to each state issuer only from

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8 NEW SECTION. SECTION 3. REASSIGNMENT OF BONDING
9 AUTHORITY FOR AGRICULTURAL PURPOSES -- CONTINGENCY. IF, AT
10 SOME TIME IN THE FUTURE, FEDERAL TAXATION LAWS ALLOW THE USE
11 OF TAX-EXEMPT BONDS TO PROVIDE LOANS FOR THE ACQUISITION OF
12 FARM OR RANCH LAND, A DOWNPAYMENT ON THE ACQUISITION OF FARM
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14 DEPRECIABLE PROPERTY USED IN THE OPERATION OF A FARM OR
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16 ASSIGNED TO THE MONTANA AGRICULTURAL LOAN AUTHORITY MUST BE
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1 repealed.

2 NEW SECTION. SECTION 5. CODIFICATION INSTRUCTION.
3 [SECTION 3] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART
4 OF TITLE 17, CHAPTER 5, AND THE PROVISIONS OF TITLE 17,
5 CHAPTER 5, APPLY TO [SECTION 3].

6 NEW SECTION. Section 6. Effective date. [This act] is
7 effective on passage and approval.

-End-

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 5 CHAPTER 5, APPLY TO [SECTION 3].

6 NEW SECTION. Section 6. Effective date. [This act] is
 7 effective on passage and approval.

-End-

SENATE COMMITTEE OF THE WHOLE AMENDMENT

March 8, 1991 1:17 pm

March 8, 1991
Page 2 of 2

Mr. Chairman: I move to amend House Bill No. 90 (third reading copy -- blue) as follows:

1. Title, line 5.
Strike: "REPEALING"
Insert: "REVISING"

2. Title, line 10.
Strike: "AND"
Insert: ", "
Following: "17-5-1312,"
Insert: "AND 80-12-102,"

3. Title, lines 10 through 16.
Following: "REPEALING" on line 10
Strike: "SECTIONS"
Insert: "SECTION"
Following: "2-15-3011," on line 10
Strike: remainder of line 10 through "80-12-403," on line 16


4. Page 1, lines 22 through 25.
Following: "source" on line 22
Strike: remainder of line 22 through "anticipated" on line 25

5. Page 5, line 19.
Following: line 18
Insert: "Section 4. Section 80-12-102, MCA, is amended to read:
"80-12-102. Definitions. (1) As used in this chapter, the following definitions apply:
(a) "Agricultural land" means land actively devoted to agricultural use as defined in 15-7-202.
(b) "Authority" means the ~~agricultural loan authority provided for in 2-15-3011~~ department of agriculture provided for in 2-15-3001.
(c) "Bonds" means bonds or bond anticipation notes issued by the authority under the provisions of this chapter.
(2) References to the authority's property, revenues, or assets apply only to property, revenues, and assets generated by the Montana agricultural loan authority program, not those owned or generated by any other program or property over which the authority exercises general authority, direction, and control."
Renumber: subsequent sections

6. Page 5, line 19 through 25.
Strike: "Sections" on line 19
Insert: "Section"
Following: "2-15-3011," on line 19
Strike: line 20 through "80-12-403," on line 25
Strike: "are" on line 25
Insert: "is"

ADOPT

REJECT

Signed:  Senator Howe

Page 3-8-91
Amd. Coord.

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Sec. of Senate

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SENATE
HB 90

HOUSE BILL NO. 90

INTRODUCED BY COBB

BY REQUEST OF THE DEPARTMENT OF AGRICULTURE

A BILL FOR AN ACT ENTITLED: "AN ACT REPEALING REVISING THE MONTANA AGRICULTURAL LOAN AUTHORITY ACT; REASSIGNING THE ALLOCATION OF BONDING AUTHORITY BETWEEN CERTAIN STATE PROGRAMS; PROVIDING A CONTINGENCY FOR THE REASSIGNED ALLOCATION TO BE USED FOR AGRICULTURAL PURPOSES; AMENDING SECTIONS 17-5-1302 AND, 17-5-1312, AND 80-12-102, MCA; REPEALING SECTIONS SECTION 2-15-3011, ~~80-12-1017--80-12-1027~~ ~~80-12-1037--80-12-1047--80-12-2017---80-12-2027---80-12-2037~~ ~~80-12-2047---80-12-2057---80-12-2117--80-12-2157--80-12-2167~~ ~~80-12-3017--80-12-3027--80-12-3037---80-12-3047---80-12-3057~~ ~~80-12-3067---80-12-3077---80-12-3087--80-12-3097--80-12-3107~~ ~~80-12-3117--80-12-3127--80-12-3137---80-12-3147---80-12-4017~~ ~~80-12-4027--AND--80-12-4037~~ MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, the Montana Agricultural Loan Authority Act and beginning farm loan program have been inactive since adoption of the federal Tax Reform Act of 1986 because of the loss of an effective funding source; and

WHEREAS, ~~it is unnecessary that the statutes implementing the Act remain in effect because no new program~~

~~activities are anticipated.~~

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

Section 1. Section 17-5-1302, MCA, is amended to read:

"17-5-1302. Definitions. As used in this part, unless the context clearly requires otherwise, the following definitions apply:

- (1) "Allocation" means an allocation of a part of the volume cap to an issuer pursuant to this part.
- (2) "Board" means the board of examiners.
- (3) "Bonds" means bonds, notes, or other interest-bearing obligations of an issuer.
- (4) "Cap bonds" means those private activity bonds and that portion of governmental bonds for which a part of the volume cap is required to be allocated pursuant to the tax act.
- (5) "Department" means the department of administration.
- (6) "Governmental bonds" means bonds other than private activity bonds.
- (7) "Issuer" means a state issuer or local issuer.
- (8) "Local issuer" means a city, town, county, or other political subdivision of the state authorized to issue private activity bonds or governmental bonds.
- (9) "Local portion" means that portion of the volume

REFERENCE BILL

AS AMENDED HB 90



1 cap reserved for local issuers.
 2 ~~{10}~~ "Montana--agricultural--loan--authority"--~~{MABA}~~--means
 3 ~~the--authority--provided--for--in--2--15--3011--~~
 4 ~~{11}~~(10) "Montana board of housing" (MBH) means the
 5 board created in 2-15-1814.
 6 ~~{12}~~(11) "Montana board of investments" (MBI) means the
 7 board provided for in 2-15-1808.
 8 ~~{13}~~(12) "Montana higher education student assistance
 9 corporation" (MHESAC) means the nonprofit corporation
 10 established under Title 20, chapter 26, part 11.
 11 ~~{14}~~(13) "Montana health facility authority" (MHFA)
 12 means the authority provided for in 2-15-1815.
 13 ~~{15}~~(14) "Private activity bonds" (PABs) has the meaning
 14 prescribed under section 1301 of the tax act.
 15 ~~{16}~~(15) "State issuer" means the state and any agency
 16 thereof authorized to issue private activity bonds. For this
 17 part only, the Montana higher education student assistance
 18 corporation is considered an agency of the state.
 19 ~~{17}~~(16) "State portion" means that portion of the
 20 volume cap reserved for state issuers.
 21 ~~{18}~~(17) "Tax act" means the Tax Reform Act of 1986
 22 enacted by the United States congress.
 23 ~~{19}~~(18) "Volume cap" means, with respect to each
 24 calendar year, the principal amount of cap bonds that may be
 25 issued in the state in a calendar year as determined under

1 the provisions of the tax act."
 2 **Section 2.** Section 17-5-1312, MCA, is amended to read:
 3 ***17-5-1312. Allocation to state issuers.** (1) Except as
 4 provided in subsection (5), the state portion must be
 5 allocated to state issuers pursuant to 17-5-1316.
 6 (2) As a condition of receiving an allocation, each
 7 state issuer, upon issuance of the bonds, shall pay 30 cents
 8 per thousand of bonds to be deposited in the state general
 9 fund for the purpose of funding a portion of the
 10 comprehensive annual financial report audit.
 11 (3) The following set-asides must be made in each
 12 calendar year for the following state issuers:
 13

<u>State Issuer</u>	<u>Percentage</u>	<u>Allocation Amount</u>
14 Board	4	\$4,200,000
15 MABA	2	27,200,000
16 MBH	40	42,000,000
17	<u>41</u>	<u>43,050,000</u>
18 MBI	25	26,250,000
19 MHESAC	25	26,250,000
20	<u>26</u>	<u>27,300,000</u>
21 MHFA	<u>4</u>	<u>4,200,000</u>
22 Total	100%	\$105,000,000

 23 (4) Each set-aside expires on the first Monday in
 24 September.
 25 (5) Prior to the set-aside expiration date, allocations

1 may be made by the department to each state issuer only from
2 its respective set-aside pursuant to 17-5-1316 and no state
3 issuer is entitled to an allocation except from its
4 set-aside unless otherwise provided by the governor.

5 (6) After the expiration date, the amount of the
6 set-aside remaining unallocated is available for allocation
7 by the department to issuers pursuant to 17-5-1316 without
8 preference or priority."

9 NEW SECTION. SECTION 3. REASSIGNMENT OF BONDING
10 AUTHORITY FOR AGRICULTURAL PURPOSES -- CONTINGENCY. IF, AT
11 SOME TIME IN THE FUTURE, FEDERAL TAXATION LAWS ALLOW THE USE
12 OF TAX-EXEMPT BONDS TO PROVIDE LOANS FOR THE ACQUISITION OF
13 FARM OR RANCH LAND, A DOWNPAYMENT ON THE ACQUISITION OF FARM
14 OR RANCH LAND, OR THE ACQUISITION OR CONSTRUCTION OF
15 DEPRECIABLE PROPERTY USED IN THE OPERATION OF A FARM OR
16 RANCH, THE ALLOCATION OF BONDING AUTHORITY ORIGINALLY
17 ASSIGNED TO THE MONTANA AGRICULTURAL LOAN AUTHORITY MUST BE
18 REASSIGNED TO THE MONTANA BOARD OF INVESTMENTS TO PROVIDE
19 THOSE LOANS.

20 SECTION 4. SECTION 80-12-102, MCA, IS AMENDED TO READ:

21 "80-12-102. Definitions. (1) As used in this chapter,
22 the following definitions apply:

23 (a) "Agricultural land" means land actively devoted to
24 agricultural use as defined in 15-7-202.

25 (b) "Authority" means the ~~agricultural--loan--authority~~

1 ~~provided-for-in-2-15-3011~~ department of agriculture provided
2 for in 2-15-3001.

3 (c) "Bonds" means bonds or bond anticipation notes
4 issued by the authority under the provisions of this
5 chapter.

6 (2) References to the authority's property, revenues,
7 or assets apply only to property, revenues, and assets
8 generated by the Montana agricultural loan authority
9 program, not those owned or generated by any other program
10 or property over which the authority exercises general
11 authority, direction, and control."

12 NEW SECTION. Section 5. Repealer. Sections SECTION
13 2-15-3011, 80-12-101,--80-12-102,--80-12-103,--80-12-104,
14 80-12-201,--80-12-202,--80-12-203,--80-12-204,--80-12-205,
15 80-12-211,--80-12-215,--80-12-216,--80-12-301,--80-12-302,
16 80-12-303,--80-12-304,--80-12-305,--80-12-306,--80-12-307,
17 80-12-308,--80-12-309,--80-12-310,--80-12-311,--80-12-312,
18 80-12-313,80-12-314,80-12-401,80-12-402,--and--80-12-403,
19 MCA, are IS repealed.

20 NEW SECTION. SECTION 6. CODIFICATION INSTRUCTION.
21 [SECTION 3] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART
22 OF TITLE 17, CHAPTER 5, AND THE PROVISIONS OF TITLE 17,
23 CHAPTER 5, APPLY TO [SECTION 3].

24 NEW SECTION. Section 7. Effective date. [This act] is
25 effective on passage and approval.