

1 HOUSE BILL NO. 498
 2 INTRODUCED BY Stephan
 3 BY REQUEST OF THE DEPARTMENT OF
 4 NATURAL RESOURCES AND CONSERVATION

5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING USE OF
 7 UNEXPENDED PROCEEDS FROM 1985 SERIES C RENEWABLE RESOURCE
 8 DEVELOPMENT BONDS FOR WATER DEVELOPMENT LOANS TO PRIVATE
 9 PERSONS; AUTHORIZING DEPOSIT OF LOAN PAYMENTS IN THE
 10 RENEWABLE RESOURCE DEVELOPMENT DEBT SERVICE FUND; INCREASING
 11 THE LOAN LIMIT ON RENEWABLE RESOURCE DEVELOPMENT LOANS;
 12 AMENDING SECTION 90-2-108, MCA; AND PROVIDING EFFECTIVE
 13 DATES."

14
 15 WHEREAS, Title 85, chapter 1, part 6, establishes the
 16 state's water development program for the purpose of making
 17 loans to private persons to finance water development
 18 projects and authorizes the issuance of up to \$10 million of
 19 general obligation bonds of the state to fund the loans; and

20 WHEREAS, Title 90, chapter 2, part 1, establishes the
 21 renewable resource development program for the purpose of
 22 making loans or grants to state and local government
 23 agencies or entities to finance renewable resource projects
 24 as approved by the Legislature; and

25 WHEREAS, the state issued renewable resource development

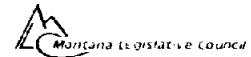
1 bonds, 1985 series c, in 1985 in the principal amount of
 2 \$1,100,000 and \$678,526 of the proceeds remain unexpended;
 3 and

4 WHEREAS, subsequent to the enactment of Title 85,
 5 chapter 1, part 6, federal legislation has made it difficult
 6 to obtain tax-exempt interest rates on water development
 7 bonds issued to finance water development loans to private
 8 persons; and

9 WHEREAS, it is the state's goal and objective under both
 10 the water development and renewable resource development
 11 programs to provide low-cost financing for water development
 12 and renewable resource development projects.

13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 NEW SECTION. **Section 1.** Authorization to use
 16 unexpended proceeds of renewable resource development bonds.
 17 The department of natural resources and conservation may use
 18 any unexpended proceeds of the state's \$1,100,000 general
 19 obligation renewable resource development bonds, 1985 series
 20 c, for the purpose of making loans to qualified private
 21 persons for water development projects approved by the
 22 legislature in accordance with the provisions of Title 85,
 23 chapter 1, part 6. Any loan made from the proceeds of the
 24 renewable resource development bonds, 1985 series c, must
 25 conform in all respects to the requirements of Title 85,



1 chapter 1, part 6.

2 NEW SECTION. **Section 2.** Loan repayments. Payments
3 received on loans funded from the proceeds of the renewable
4 resource development bonds pursuant to [section 1] must be
5 deposited in the debt service fund established in 90-2-123.

6 **Section 3.** Section 90-2-108, MCA, is amended to read:

7 "90-2-108. Terms of loans. (1) The board of natural
8 resources and conservation ~~shall~~ may not make ~~no~~ a renewable
9 resource development loan ~~which~~ that exceeds the lesser of
10 ~~\$100,000~~ \$200,000 or 80% of the fair market value of the
11 security given ~~therefor~~ for it. In determining the fair
12 market value for the security given for any loan, the
13 department of natural resources and conservation shall
14 consider appraisals made by qualified appraisers and such
15 other factors it considers important.

16 (2) The period for repayment of loans pursuant to this
17 part may not exceed 30 years.

18 (3) The board shall from time to time establish by rule
19 the interest rate at which loans may be made under this
20 part, provided that in no case may the rate be greater than
21 one percentage point greater than the prevailing interest
22 rate on the renewable resource development bonds provided
23 for in this part.

24 (4) The board may adopt rules as required to govern the
25 terms and conditions for making loans, security instruments,

1 and agreements pursuant to this part."

2 NEW SECTION. **Section 4.** Effective dates. (1) [Sections
3 1, 2, and this section] are effective on passage and
4 approval.

5 (2) [Section 3] is effective July 1, 1991.

-End-

APPROVED BY COMMITTEE
ON APPROPRIATIONS

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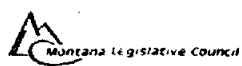
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