

HOUSE BILL NO. 625

INTRODUCED BY L. NELSON, CODY, HOCKETT,
STEPPLER, TVEIT, SCHYE, J. DEBRUYCKER,
PETERSON, NATHE

IN THE HOUSE

FEBRUARY 5, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & ECONOMIC DEVELOPMENT.

FEBRUARY 6, 1991 FIRST READING.

FEBRUARY 19, 1991 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

FEBRUARY 20, 1991 PRINTING REPORT.

FEBRUARY 21, 1991 POSTED ON ALTERNATIVE CONSENT CALENDAR.

FEBRUARY 23, 1991 THIRD READING, PASSED.
AYES, 98; NOES, 0.

TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 25, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON LOCAL GOVERNMENT.

FIRST READING.

MARCH 16, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

MARCH 18, 1991 SECOND READING, CONCURRED IN.

MARCH 19, 1991 THIRD READING, CONCURRED IN.
AYES, 46; NOES, 2.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

MARCH 23, 1991 RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

MARCH 25, 1991 THIRD READING, AMENDMENTS

CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 625
 2 INTRODUCED BY Michael C. Coy
 3 Stephan D. Selge
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING HOSPITAL
 5 DISTRICT FINANCING; ALLOWING A COUNTY TO INVEST IN HOSPITAL
 6 DISTRICT WARRANTS; ALLOWING A HOSPITAL DISTRICT TO BORROW
 7 MONEY BY MEANS OF FULLY SECURED TRANSACTIONS; AND AMENDING
 8 SECTIONS 7-6-2701 AND 7-34-2122, MCA."
 9

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

11 **Section 1.** Section 7-6-2701, MCA, is amended to read:

12 "7-6-2701. Investment of certain money in county,
 13 municipal, hospital, and school warrants. (1) Except as
 14 provided in 7-6-2802, if a county has under its control any
 15 money for which there is no immediate demand, in any special
 16 fund subject to deposit, which in the judgment of the board
 17 of county commissioners it would be advantageous to invest
 18 in county, municipal, hospital district, or school district
 19 registered warrants, the county commissioners are authorized
 20 in their discretion to direct the county treasurer to
 21 purchase such warrants of entities located in the same
 22 county.

- 23 (2) For such purchases, the county commissioners shall:
 24 (a) designate the fund or funds to be so invested;
 25 (b) fix the amount that may be purchased;

1 (c) establish the rate of interest the county shall
 2 receive for the investment; and

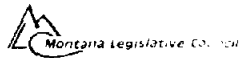
3 (d) designate the warrants which are to be purchased by
 4 such funds.

5 (3) The officer drawing a warrant to be purchased for
 6 investment by a county shall cause to be attached to or
 7 stamped, written, or printed upon the warrant a notice to
 8 the effect that the county will exercise its preference
 9 right to purchase the warrant.

10 (4) (a) A school district, hospital district, or county
 11 warrant presented to the county treasurer for purchase by
 12 the county must be registered as any other school district,
 13 hospital district, or county warrant.

14 (b) A municipal warrant presented to the municipal
 15 clerk or treasurer for purchase by the county must be
 16 registered, and the holder of the warrant must be informed
 17 that the warrant may be presented to the county treasurer
 18 for purchase by the county.

19 (5) The county treasurer shall, when a warrant
 20 designated for purchase under the provisions of subsection
 21 (2) is presented to him, purchase the same out of the proper
 22 fund as designated by the board. When the designated amounts
 23 have been invested, the county treasurer shall notify the
 24 county clerk and recorder or the applicable officer
 25 authorized to draw such warrants.



-2- INTRODUCED BILL
 HB625

1 (6) Interest earned from such investments, including
2 interest on the sale of bonds accrued in the period between
3 the date of issue and the time of purchase, shall be
4 credited to the sinking fund of the county, notwithstanding
5 the provisions of 7-6-204(1).

6 (7) No provision of this section may be construed to
7 prevent the investment of county or county high school money
8 under the state unified investment program established in
9 Title 17, chapter 6, part 2."

10 **Section 2.** Section 7-34-2122, MCA, is amended to read:

11 "7-34-2122. Powers of district. A hospital district
12 shall have all powers necessary and convenient to the
13 acquisition, betterment, operation, maintenance, and
14 administration of such hospital facilities as its board of
15 trustees shall deem necessary and expedient. Without
16 limitation on the foregoing general grant of powers, a
17 hospital district, acting by its board of trustees, may:

18 (1) employ nursing, administrative, and other
19 personnel, legal counsel, engineers, architects,
20 accountants, and other qualified persons, who may be paid
21 for their services by monthly salaries, hourly wages, and
22 pension benefits or by such fees as may be agreed upon;

23 (2) cause reports, plans, studies, and recommendations
24 to be prepared;

25 (3) lease, purchase, and contract for the purchase of

1 real and personal property by option, contract for deed,
2 ~~conditional-sales-contract,~~ or otherwise and acquire real or
3 personal property by gift;

4 (4) lease or construct, equip, and furnish necessary
5 buildings and grounds and maintain the same;

6 (5) adopt, by resolution, rules for the operation and
7 administration of any and all hospital facilities under its
8 control and for the admission of persons thereto;

9 (6) impose by resolution and collect charges for all
10 services and facilities provided and made available by it;

11 (7) levy taxes as hereinafter prescribed;

12 (8) borrow money ~~and-issue~~ by the issuance of its bonds
13 as hereinafter prescribed;

14 (9) borrow money by the issuance of its mortgage and
15 note or by another fully secured transaction;

16 ~~†9†~~(10) procure insurance against liability of the
17 district or its officers and employees, or both, for torts
18 committed within the scope of their official duties, whether
19 governmental or proprietary, and against damage to or
20 destruction of any of its facilities, equipment, or other
21 property;

22 ~~†10†~~(11) sell or lease any of its facilities or
23 equipment as may be deemed expedient;

24 ~~†11†~~(12) cause audits to be made of its accounts, books,
25 vouchers, and funds by competent public accountants."

-End-

-4-

APPROVED BY COMM. ON BUSINESS AND ECONOMIC DEVELOPMENT

1 House BILL NO. 625
2 INTRODUCED BY William Craig Heckitt

3 Stephanie Lelye F. DeBruin A. Brown NATHE

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING HOSPITAL
5 DISTRICT FINANCING; ALLOWING A COUNTY TO INVEST IN HOSPITAL
6 DISTRICT WARRANTS; ALLOWING A HOSPITAL DISTRICT TO BORROW
7 MONEY BY MEANS OF FULLY SECURED TRANSACTIONS; AND AMENDING
8 SECTIONS 7-6-2701 AND 7-34-2122, MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 7-6-2701, MCA, is amended to read:

12 "7-6-2701. Investment of certain money in county,
13 municipal, hospital, and school warrants. (1) Except as
14 provided in 7-6-2802, if a county has under its control any
15 money for which there is no immediate demand, in any special
16 fund subject to deposit, which in the judgment of the board
17 of county commissioners it would be advantageous to invest
18 in county, municipal, hospital district, or school district
19 registered warrants, the county commissioners are authorized
20 in their discretion to direct the county treasurer to
21 purchase such warrants of entities located in the same
22 county.

- 23 (2) For such purchases, the county commissioners shall:
24 (a) designate the fund or funds to be so invested;
25 (b) fix the amount that may be purchased;

1 (c) establish the rate of interest the county shall
2 receive for the investment; and

3 (d) designate the warrants which are to be purchased by
4 such funds.

5 (3) The officer drawing a warrant to be purchased for
6 investment by a county shall cause to be attached to or
7 stamped, written, or printed upon the warrant a notice to
8 the effect that the county will exercise its preference
9 right to purchase the warrant.

10 (4) (a) A school district, hospital district, or county
11 warrant presented to the county treasurer for purchase by
12 the county must be registered as any other school district,
13 hospital district, or county warrant.

14 (b) A municipal warrant presented to the municipal
15 clerk or treasurer for purchase by the county must be
16 registered, and the holder of the warrant must be informed
17 that the warrant may be presented to the county treasurer
18 for purchase by the county.

19 (5) The county treasurer shall, when a warrant
20 designated for purchase under the provisions of subsection
21 (2) is presented to him, purchase the same out of the proper
22 fund as designated by the board. When the designated amounts
23 have been invested, the county treasurer shall notify the
24 county clerk and recorder or the applicable officer
25 authorized to draw such warrants.



SECOND READING
-2- HB 625

1 (6) Interest earned from such investments, including
2 interest on the sale of bonds accrued in the period between
3 the date of issue and the time of purchase, shall be
4 credited to the sinking fund of the county, notwithstanding
5 the provisions of 7-6-204(1).

6 (7) No provision of this section may be construed to
7 prevent the investment of county or county high school money
8 under the state unified investment program established in
9 Title 17, chapter 6, part 2."

10 **Section 2.** Section 7-34-2122, MCA, is amended to read:

11 **"7-34-2122. Powers of district.** A hospital district
12 shall have all powers necessary and convenient to the
13 acquisition, betterment, operation, maintenance, and
14 administration of such hospital facilities as its board of
15 trustees shall deem necessary and expedient. Without
16 limitation on the foregoing general grant of powers, a
17 hospital district, acting by its board of trustees, may:

18 (1) employ nursing, administrative, and other
19 personnel, legal counsel, engineers, architects,
20 accountants, and other qualified persons, who may be paid
21 for their services by monthly salaries, hourly wages, and
22 pension benefits or by such fees as may be agreed upon;

23 (2) cause reports, plans, studies, and recommendations
24 to be prepared;

25 (3) lease, purchase, and contract for the purchase of

1 real and personal property by option, contract for deed,
2 ~~conditional-sales-contract~~, or otherwise and acquire real or
3 personal property by gift;

4 (4) lease or construct, equip, and furnish necessary
5 buildings and grounds and maintain the same;

6 (5) adopt, by resolution, rules for the operation and
7 administration of any and all hospital facilities under its
8 control and for the admission of persons thereto;

9 (6) impose by resolution and collect charges for all
10 services and facilities provided and made available by it;

11 (7) levy taxes as hereinafter prescribed;

12 (8) borrow money ~~and-issue~~ by the issuance of its bonds
13 as hereinafter prescribed;

14 (9) borrow money by the issuance of its mortgage and
15 note or by another fully secured transaction;

16 ~~{9}~~{10} procure insurance against liability of the
17 district or its officers and employees, or both, for torts
18 committed within the scope of their official duties, whether
19 governmental or proprietary, and against damage to or
20 destruction of any of its facilities, equipment, or other
21 property;

22 ~~{10}~~{11} sell or lease any of its facilities or
23 equipment as may be deemed expedient;

24 ~~{11}~~{12} cause audits to be made of its accounts, books,
25 vouchers, and funds by competent public accountants."

1 *House* BILL NO. *625*
 2 INTRODUCED BY *R. Nelson Coyle Heckitt*
 3 *Stephanie Lelye J. DeBruin (S. Towne NAT4)*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING HOSPITAL
 5 DISTRICT FINANCING; ALLOWING A COUNTY TO INVEST IN HOSPITAL
 6 DISTRICT WARRANTS; ALLOWING A HOSPITAL DISTRICT TO BORROW
 7 MONEY BY MEANS OF FULLY SECURED TRANSACTIONS; AND AMENDING
 8 SECTIONS 7-6-2701 AND 7-34-2122, MCA."
 9

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

11 **Section 1.** Section 7-6-2701, MCA, is amended to read:

12 "7-6-2701. Investment of certain money in county,
 13 municipal, hospital, and school warrants. (1) Except as
 14 provided in 7-6-2802, if a county has under its control any
 15 money for which there is no immediate demand, in any special
 16 fund subject to deposit, which in the judgment of the board
 17 of county commissioners it would be advantageous to invest
 18 in county, municipal, hospital district, or school district
 19 registered warrants, the county commissioners are authorized
 20 in their discretion to direct the county treasurer to
 21 purchase such warrants of entities located in the same
 22 county.

- 23 (2) For such purchases, the county commissioners shall:
 24 (a) designate the fund or funds to be so invested;
 25 (b) fix the amount that may be purchased;

1 (c) establish the rate of interest the county shall
 2 receive for the investment; and

3 (d) designate the warrants which are to be purchased by
 4 such funds.

5 (3) The officer drawing a warrant to be purchased for
 6 investment by a county shall cause to be attached to or
 7 stamped, written, or printed upon the warrant a notice to
 8 the effect that the county will exercise its preference
 9 right to purchase the warrant.

10 (4) (a) A school district, hospital district, or county
 11 warrant presented to the county treasurer for purchase by
 12 the county must be registered as any other school district,
 13 hospital district, or county warrant.

14 (b) A municipal warrant presented to the municipal
 15 clerk or treasurer for purchase by the county must be
 16 registered, and the holder of the warrant must be informed
 17 that the warrant may be presented to the county treasurer
 18 for purchase by the county.

19 (5) The county treasurer shall, when a warrant
 20 designated for purchase under the provisions of subsection
 21 (2) is presented to him, purchase the same out of the proper
 22 fund as designated by the board. When the designated amounts
 23 have been invested, the county treasurer shall notify the
 24 county clerk and recorder or the applicable officer
 25 authorized to draw such warrants.



-2- THIRD READING
 HB 625

1 (6) Interest earned from such investments, including
2 interest on the sale of bonds accrued in the period between
3 the date of issue and the time of purchase, shall be
4 credited to the sinking fund of the county, notwithstanding
5 the provisions of 7-6-204(1).

6 (7) No provision of this section may be construed to
7 prevent the investment of county or county high school money
8 under the state unified investment program established in
9 Title 17, chapter 6, part 2."

10 Section 2. Section 7-34-2122, MCA, is amended to read:

11 "7-34-2122. Powers of district. A hospital district
12 shall have all powers necessary and convenient to the
13 acquisition, betterment, operation, maintenance, and
14 administration of such hospital facilities as its board of
15 trustees shall deem necessary and expedient. Without
16 limitation on the foregoing general grant of powers, a
17 hospital district, acting by its board of trustees, may:

18 (1) employ nursing, administrative, and other
19 personnel, legal counsel, engineers, architects,
20 accountants, and other qualified persons, who may be paid
21 for their services by monthly salaries, hourly wages, and
22 pension benefits or by such fees as may be agreed upon;

23 (2) cause reports, plans, studies, and recommendations
24 to be prepared;

25 (3) lease, purchase, and contract for the purchase of

1 real and personal property by option, contract for deed,
2 ~~conditional-sales-contract~~, or otherwise and acquire real or
3 personal property by gift;

4 (4) lease or construct, equip, and furnish necessary
5 buildings and grounds and maintain the same;

6 (5) adopt, by resolution, rules for the operation and
7 administration of any and all hospital facilities under its
8 control and for the admission of persons thereto;

9 (6) impose by resolution and collect charges for all
10 services and facilities provided and made available by it;

11 (7) levy taxes as hereinafter prescribed;

12 (8) ~~borrow money and~~ issue by the issuance of its bonds
13 as hereinafter prescribed;

14 (9) borrow money by the issuance of its mortgage and
15 note or by another fully secured transaction;

16 ~~{9}~~(10) procure insurance against liability of the
17 district or its officers and employees, or both, for torts
18 committed within the scope of their official duties, whether
19 governmental or proprietary, and against damage to or
20 destruction of any of its facilities, equipment, or other
21 property;

22 ~~{10}~~(11) sell or lease any of its facilities or
23 equipment as may be deemed expedient;

24 ~~{11}~~(12) cause audits to be made of its accounts, books,
25 vouchers, and funds by competent public accountants."

SENATE STANDING COMMITTEE REPORT

Page 2 of 2
March 15, 1991

Page 1 of 2
March 15, 1991

HR. PRESIDENT:

We, your committee on Local Government having had under consideration House Bill No. 625 (third reading copy -- blue), respectfully report that House Bill No. 625 be amended and as so amended be concurred in:

(b) The principal and interest on the notes must be paid from the taxes levied pursuant to 7-34-2133 and 7-34-2134, exclusive of the taxes levied to pay bonds issued in accordance with subsection (1), and all other revenue of the district. The annual amount of principal and interest payable on notes in any fiscal year must be included in the district's budget for that year.

(c) The notes may be secured by a mortgage of or a security interest in all or part of the district's assets and by a pledge of the taxes and revenue of the district, or either of them.

(d) Notes may not be issued unless the projected annual revenue of the district, including the taxes levied pursuant to 7-34-2133 and 7-34-2134 but exclusive of the taxes levied to pay bonds, is at least equal to the sum of the cost of operating and maintaining the hospital district plus the maximum amount of principal and interest due in any future fiscal year on the notes proposed to be issued and all notes outstanding upon the issuance of the proposed notes.

(4)(3) Nothing herein shall be construed to preclude the provisions of Title 50, chapter 6, part 1, allowing the state to apply for and accept federal funds."

1. Title, line 7.
Strike: "MEANS OF FULLY SECURED TRANSACTIONS"
Insert: "ISSUING NOTES"

2. Title, line 8.
Strike: "AND"
Insert: ", "
Following: "7-34-2122,"
Insert: "AND 7-34-2131,"

3. Page 4, lines 14 and 15.
Strike: "its" on line 14 through "transaction" on line 15
Insert: "notes"

4. Page 4.
Following: line 25
Insert: "Section 3. Section 7-34-2131, MCA, is amended to read:
"7-34-2131. Hospital district bonds and notes authorized.

(1)(a) A hospital district may borrow money by the issuance of its bonds to provide funds for payment of part or all of the cost of acquisition, furnishing, equipment, improvement, extension, and betterment of hospital facilities and to provide an adequate working capital for a new hospital.

(2)(b) The amount of bonds issued for such purpose and outstanding at any time may not exceed 22.5% of the taxable value of the property therein as ascertained by the last assessment for state and county taxes previous to the issuance of such bonds.

(3)(c) Such bonds shall be authorized, sold, and issued and provisions made for their payment in the manner and subject to the conditions and limitations prescribed for bonds of school districts by Title 20, chapter 9, part 4.

(2)(a) A hospital district may borrow money by the issuance of notes to provide funds to finance the costs described in subsection (1) and to finance the working capital requirements of the district. The notes must be authorized and in a form and terms prescribed by a resolution adopted by the board of trustees. The notes must mature over a term not to exceed 15 years.

Signed: Esther G. Bengtson
Esther G. Bengtson, Chairman

JA 3-15-91
Ad. Coord.
SB 3-15 3:50
Sec. of Senate

561522SC.Sji

SENATE
HB 625

1 HOUSE BILL NO. 625

2 INTRODUCED BY L. NELSON, CODY, HOCKETT,

3 STEPLER, TVEIT, SCHYE, J. DEBRUYCKER,

4 PETERSON, NATHE

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING HOSPITAL
7 DISTRICT FINANCING; ALLOWING A COUNTY TO INVEST IN HOSPITAL
8 DISTRICT WARRANTS; ALLOWING A HOSPITAL DISTRICT TO BORROW
9 MONEY BY MEANS OF PULLY-SECURED TRANSACTIONS ISSUING NOTES;
10 AND AMENDING SECTIONS 7-6-2701 AND, 7-34-2122, AND
11 7-34-2131, MCA."
12

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

14 **Section 1.** Section 7-6-2701, MCA, is amended to read:

15 "7-6-2701. Investment of certain money in county,
16 municipal, hospital, and school warrants. (1) Except as
17 provided in 7-6-2802, if a county has under its control any
18 money for which there is no immediate demand, in any special
19 fund subject to deposit, which in the judgment of the board
20 of county commissioners it would be advantageous to invest
21 in county, municipal, hospital district, or school district
22 registered warrants, the county commissioners are authorized
23 in their discretion to direct the county treasurer to
24 purchase such warrants of entities located in the same
25 county.

1 (2) For such purchases, the county commissioners shall:

2 (a) designate the fund or funds to be so invested;

3 (b) fix the amount that may be purchased;

4 (c) establish the rate of interest the county shall
5 receive for the investment; and6 (d) designate the warrants which are to be purchased by
7 such funds.

8 (3) The officer drawing a warrant to be purchased for
9 investment by a county shall cause to be attached to or
10 stamped, written, or printed upon the warrant a notice to
11 the effect that the county will exercise its preference
12 right to purchase the warrant.

13 (4) (a) A school district, hospital district, or county
14 warrant presented to the county treasurer for purchase by
15 the county must be registered as any other school district,
16 hospital district, or county warrant.

17 (b) A municipal warrant presented to the municipal
18 clerk or treasurer for purchase by the county must be
19 registered, and the holder of the warrant must be informed
20 that the warrant may be presented to the county treasurer
21 for purchase by the county.

22 (5) The county treasurer shall, when a warrant
23 designated for purchase under the provisions of subsection
24 (2) is presented to him, purchase the same out of the proper
25 fund as designated by the board. When the designated amounts

1 have been invested, the county treasurer shall notify the
2 county clerk and recorder or the applicable officer
3 authorized to draw such warrants.

4 (6) Interest earned from such investments, including
5 interest on the sale of bonds accrued in the period between
6 the date of issue and the time of purchase, shall be
7 credited to the sinking fund of the county, notwithstanding
8 the provisions of 7-6-204(1).

9 (7) No provision of this section may be construed to
10 prevent the investment of county or county high school money
11 under the state unified investment program established in
12 Title 17, chapter 6, part 2."

13 **Section 2.** Section 7-34-2122, MCA, is amended to read:

14 **"7-34-2122. Powers of district.** A hospital district
15 shall have all powers necessary and convenient to the
16 acquisition, betterment, operation, maintenance, and
17 administration of such hospital facilities as its board of
18 trustees shall deem necessary and expedient. Without
19 limitation on the foregoing general grant of powers, a
20 hospital district, acting by its board of trustees, may:

21 (1) employ nursing, administrative, and other
22 personnel, legal counsel, engineers, architects,
23 accountants, and other qualified persons, who may be paid
24 for their services by monthly salaries, hourly wages, and
25 pension benefits or by such fees as may be agreed upon;

1 (2) cause reports, plans, studies, and recommendations
2 to be prepared;

3 (3) lease, purchase, and contract for the purchase of
4 real and personal property by option, contract for deed,
5 ~~conditional-sales-contract~~, or otherwise and acquire real or
6 personal property by gift;

7 (4) lease or construct, equip, and furnish necessary
8 buildings and grounds and maintain the same;

9 (5) adopt, by resolution, rules for the operation and
10 administration of any and all hospital facilities under its
11 control and for the admission of persons thereto;

12 (6) impose by resolution and collect charges for all
13 services and facilities provided and made available by it;

14 (7) levy taxes as hereinafter prescribed;

15 (8) borrow money ~~and-issue~~ by the issuance of its bonds
16 as hereinafter prescribed;

17 ~~(9) borrow money by the issuance of its-mortgage-and~~
18 ~~note-or-by-another-fully-secured-transaction~~ NOTES;

19 ~~(9)~~(10) procure insurance against liability of the
20 district or its officers and employees, or both, for torts
21 committed within the scope of their official duties, whether
22 governmental or proprietary, and against damage to or
23 destruction of any of its facilities, equipment, or other
24 property;

25 ~~(10)~~(11) sell or lease any of its facilities or

1 equipment as may be deemed expedient;
2 ~~{1}~~{12} cause audits to be made of its accounts, books,
3 vouchers, and funds by competent public accountants."

4 **SECTION 3. SECTION 7-34-2131, MCA, IS AMENDED TO READ:**

5 "7-34-2131. Hospital district bonds and notes
6 authorized. (1) (a) A hospital district may borrow money by
7 the issuance of its bonds to provide funds for payment of
8 part or all of the cost of acquisition, furnishing,
9 equipment, improvement, extension, and betterment of
10 hospital facilities and to provide an adequate working
11 capital for a new hospital.

12 {2}(b) The amount of bonds issued for such purpose and
13 outstanding at any time may not exceed 22.5% of the taxable
14 value of the property therein as ascertained by the last
15 assessment for state and county taxes previous to the
16 issuance of such bonds.

17 {3}(c) Such bonds shall be authorized, sold, and issued
18 and provisions made for their payment in the manner and
19 subject to the conditions and limitations prescribed for
20 bonds of school districts by Title 20, chapter 9, part 4.

21 (2) (a) A hospital district may borrow money by the
22 issuance of notes to provide funds to finance the costs
23 described in subsection (1) and to finance the working
24 capital requirements of the district. The notes must be
25 authorized and in a form and terms prescribed by a

1 resolution adopted by the board of trustees. The notes must
2 mature over a term not to exceed 15 years.

3 (b) The principal and interest on the notes must be
4 paid from the taxes levied pursuant to 7-34-2133 and
5 7-34-2134, exclusive of the taxes levied to pay bonds issued
6 in accordance with subsection (1), and all other revenue of
7 the district. The annual amount of principal and interest
8 payable on notes in any fiscal year must be included in the
9 district's budget for that year.

10 (c) The notes may be secured by a mortgage of or a
11 security interest in all or part of the district's assets
12 and by a pledge of the taxes and revenue of the district, or
13 either of them.

14 (d) Notes may not be issued unless the projected annual
15 revenue of the district, including the taxes levied pursuant
16 to 7-34-2133 and 7-34-2134 but exclusive of the taxes levied
17 to pay bonds, is at least equal to the sum of the cost of
18 operating and maintaining the hospital district plus the
19 maximum amount of principal and interest due in any future
20 fiscal year on the notes proposed to be issued and all notes
21 outstanding upon the issuance of the proposed notes.

22 {4}(3) Nothing herein shall be construed to preclude
23 the provisions of Title 50, chapter 6, part 1, allowing the
24 state to apply for and accept federal funds."

-End-