

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 8, 1977

The Taxation Committee was called to order in executive action meeting on the above date in Room 415 of the State Capitol Building at 3:40 p.m. by Chairman Mathers.

ROLL CALL: Roll call found Senators Brown, Goodover and Towe absent at call. Sens. Brown and Towe arrived later in the meeting and Sen. Goodover was excused for the day.

CONSIDERATION OF SENATE BILL 181: This bill had been previously heard in committee and several amendments had been discussed, see Exh. #1, attached. After hearing discussion on the amendments the committee agreed to move the bill.

DISPOSITION: Sen. Turnage Moved Amendments to SB181. The motion was seconded and voting was unanimous.

Sen. Turnage then Moved SB181 As Amended, Do Pass. Motion was seconded by Sen. Watt and carried unanimously.

Note absence at this point in meeting of Sens. Goodover, Brown and Towe.

CONSIDERATION OF SENATE BILL 145: This too had been heard in committee and a number amendments proposed for it as well, see contained in Exh. #2, attached. Sens. Brown and Towe arrived at the meeting here and joined in the general discussion of the bill. Roger Tippy explained some of the amendments and how they would affect the legislation, and following, members agreed to move the bill.

DISPOSITION: Sen. Turnage Moved Amendments to SB145. The motion was seconded and motion carried unanimously.

Sen. Turnage then Moved SB145 As Amended, Do Pass. Motion seconded by Sen. Towe and carried unanimously. Note absence of Sen. Goodover, excused.

CONSIDERATION OF SENATE BILL 150: Mr. Tippy again explained the proposed amendments to the bill and there followed more discussion on the bill. The amendments considered by the committee were contained in Exh. #3, attached and accepted by the committee.

DISPOSITION: Sen Turnage Moved Amendments to SB150. The motion was seconded and was carried unanimously.

Sen. Towe Moved Amendment #6 of the exhibit be adopted; this motion was also seconded and carried.

Sen. Turnage then Moved SB150 As Amended, Do Pass. Motion was seconded by Sen. Towe and motion carried unanimously.

Note absence of Sen. Goodover, excused.

CONSIDERATION OF SENATE BILL 211: The members next discussed this bill and went into detail on the complications that could evolve from the legislation. They agreed that the right of entry tax was a very arbitrary tax and believe this might do a better job. However, they expressed the fear that speculators might have a rare opportunity to buy up abandoned mineral rights and interests when the five-year period expired and the original mineral rights holder failed to pay the tax. They felt this might create problems that weren't now of any concern. They also discussed a bill that is over in the House that deals with 'abandonment' of mineral rights, and after considerable discussion, agreed that they would wait for a look at this bill before taking any action on SB211.

DISPOSITION: Sen. Turnage moved the bill be held pending some amendments or until the House bill referred to above comes over to the committee. The motion was seconded by Sen. Watt, and motion carried.

CONSIDERATION OF SENATE BILL 48: This bill had extensive amendments, copies of which were distributed to the committee. Mr. Tippy again went through the amendments and the committee also went over SB44 briefly, as both bills were coal tax revenue bills. The amendments, which deleted the private loan portion of the law, were accepted by the committee with a rider which was specified as Amend. #11, as listed in attached Exh. #4.

DISPOSITION: Sen. Turnage moved the Amendments to SB48 as illustrated in Exh. #4, with the rider, listed thereon as Section 7. The motion was seconded and carried unanimously.

Sen. Watt then Moved that SB48 As Amended Do Pass. Motion was seconded by Sen. Turnage and carried. Note for the record that Sens. Towe and Norman voted "No." Sens. Goodover and Roskie were excused.

CONSIDERATION OF SENATE BILL 159: Again amendments were introduced, see Exh. #5, attached. These were explained by Mr. Tippy and discussed by the committee.

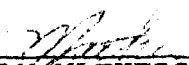
DISPOSITION: Sen. Towe Moved Amendments to SB159. Motion was seconded and carried unanimously.

Sen. Towe Moved SB159 As Amended, Do Pass. Motion was seconded by Sen. Watt and motion carried. Note absence of Sens. Goodover and Roskie.

At this point Mr. Tippy stated he had had a number of requests for copies of his Statement of Intent for SB44. He had prepared the statement for the committee's benefit as it contained a summary of the amendments the committee had made to the bill when it was passed. He asked the committee's wishes as to whether they wished to endorse the statement.

Sen. Turnage made the motion that those who were present and voting at the time the bill was voted upon, and who voted in favor of the bill, would approve the Statement of Intent, and further agree that the Statement may be released. Since a majority of the committee so voted, the Statement will be released as requested. This motion was seconded and carried. A copy of the Statement is attached, see Exh. #6.

Following this agreement, the meeting was adjourned.



WILLIAM MATHERS

CHAIRMAN

AMENDMENTS:

SB159

42. #5
1. Amend title, line 7
Following: "and providing an effective date"

Exec session
2/8/77

2. Amend page 4, line 20.
Following: line 20
Insert: "Section 2. First application. This act applies to coal production for each calendar year beginning with calendar year 1976."

SB145

1. Amend title, line 6.
Following: "TO"
Insert: "certain"

2. Amend page 1, line 18.
Following: "of"
Insert: "residential"

3. Amend page 1, line 19.
Following: "of"
Insert: "residential"

4. Amend page 2, line 4
Following: "2."
Strike: "Definition"
Insert: "Definitions"
Following: "act,"
Insert: "(1)" *strike ":",
Insert ":",*

5. Amend page 2, lines 5 and 6.
Following: "means"
Strike: "e"
Insert: "(1)"

6.
Amend page 2, line 6
Following: line 6
Strike: lines 7 through 9 in their entirety
Insert: "and (2) the term residential real property means a dwelling occupied by a taxpayer as the owner of record or owner under contract for deed and used by the taxpayer as his principal residence."

SB 150

1. Amend title, line 5
Following: "INTEREST"
Strike: "AND ATTORNEYS' FEES"

2. Amend page 2, section 1, line 25 to line 1, page 3
Following: "and"
Strike: "no part thereof"

3. Amend page 3, section 1, lines 1 through 3
Following: "shall be"
Strike: "paid over to any officer, or placed in any other fund"

42. #3

AMENDMENTS:

SB159

1. Amend title, line

Following:

Insert: "and providing an effective date"

2. Amend page 4, line 20.

Following: line 20

Insert: "Section 2. First application. This act applies to coal production for each calendar year beginning with calendar year 1976."

SB145

1. Amend title, line 6.

Following: "TO"

Insert: "certain"

2. Amend page 1, line 18.

Following: "of"

Insert: "residential"

3. Amend page 1 line 19.

Following: "of"

Insert: "residential"

4. Amend page 2 line 4

Following: "2."

Strike: "Definition"

Insert: "Definitions"

Following: "act,"

Insert: "(1)"

5. Amend page 2 lines 5 and 6.

Following: "means"

Strike: ":"

Insert: "(1)"

SB 150

1. Amend title, line 5

Following: "INTEREST"

Strike: "AND ATTORNEYS' FEES"

2. Amend page 2, section 1, line 25 to line 1, page 3

Following: "and"

Strike: "no part thereof"

3. Amend page 3, section 1, lines 1 through 3

Following: "shall be"

Strike: "paid over to any officer, or placed in any other fund or used for any purpose whatever, but the whole thereof shall be"

continued

Amend #3, SB150, Cont'd.

Insert: "unrested in interest-bearing deposits in local banks or savings and loan associations and"

4. Amend: page 3, section 1, line 17.

Following: line 16

Strike: "attorneys' fees"

Following: "rate"

Strike: "of 6% a year"

Insert: "currently paid on short-term interest-bearing time deposits in banks in the city, or 5% a year, whichever is greater,"

5. Amend page 4, line 4.

Following: line 4

Insert: "Section 2. Application. This act applies to any suit filed after July 1, 1977."

SB 181

1. Amend the title, line 5.

Following: "FUEL"

Strike: "RECREATIONAL"

2. Amend page 2, section 1, line 7.

Following: "fuel"

Strike: "recreational"

Following: "for"

Strike: "noncommercial"

Insert: "religious, charitable, educational, or other eleemosynary"

(recreational or

Exh. #4

DRAFT FOR TAXATION COMMITTEE CONSIDERATION

1. Amend title, page 1, line 4.

Following: "REPEAL"

Insert: "portions of"

2. Amend title, page 1, line 5.

Following: "PROGRAM"

Insert: "relating to bonding and private loans"

Following: ";

Strike: "REVERTING"

Insert: "reallocating"

3. Amend title, page 1, line 6.

Following: "PROGRAM TO"

Strike: "THE GENERAL"

Insert: "an earmarked revenue"

Following: "FUND"

Insert: "account"

4. Amend title, page 1, line 7.

Following: "AMENDING"

Strike: "SECTION"

Insert: "sections"

Following: "84-1319,"

Insert: "89-3602, 89-3603, and 89-3607,"

5. Amend title, page 1, line 8.

Following: "89-3601"

Strike: "THROUGH"

Insert: ", 89-3606, 89-3608, and"

Following: "1947"

Insert: ", and providing an immediate effective date\

6. Amend page 2, section 1, line 24.

Following: "~~account-~~"

Insert: "(7) 2 1/2% of collections per year, to the earmarked revenue fund, to the credit of the renewable resource development account."

Renumber: Following subsections

7. Amend page 3, section 2, lines 19 through 25

Strike: lines 19 through 25

Renumber: Following section

8. Amend page 4. *line 2*

Following: *page 3 line 2*

Insert: "Section 2. Section 89-3602, R.C.M. 1947, is amended to read as follows:

"89-3602. Definitions. Unless the context requires otherwise, in this act:

S.B. 48
Introduced
Bill

(1) "Renewable resource development program" means such developments in the public interest of renewable natural resources of the state as shall from time to time be acquired, constructed, and financed from funds appropriated to the accounts referred to in this section, ~~and from the proceeds of bonds issued in anticipation of the receipt of these funds.~~ Renewable resource developments shall, whenever practicable, be multiple-use projects, and shall not significantly diminish the quality of existing public resources such as land, air, water, fish, wildlife and recreational opportunities.

~~(2) -- "Renewable resource development bonds" mean all series of bonds authorized by law to be issued pursuant to section 89-3606 to finance any part of the renewable resource development program, or to refund any such bonds.~~

~~(3) (2)~~ "Renewable resource development account," or "clearance fund account," mean a separate account which is created within the ~~bond and insurance clearance~~ fund established in section 79-410, and shall be segregated by the treasurer from all other money in that or any other fund in the state treasury and used only to pay costs of the renewable resource development program, upon order of the department of administration or the board of natural resources and conservation under authority and within limitations provided by law.

~~(4) -- "Renewable resource development bond account," or "sinking fund account," mean a separate account which is created within the sinking fund established in section 79-410, and shall be segregated by the treasurer from all other money in that or any other fund in the treasury and used only as provided for herein.~~

~~(5) (3)~~ "Treasurer" means the state treasurer."

Section 3. Section 89-3603, R.C.M. 1947, is amended to read as follows:

"89-3603. Renewable resource development loans. (1) The board of natural resources and conservation is authorized upon proper application and upon recommendation of the department of natural resources and conservation to make loans from the renewable resource development account established by this act to ~~farmers and ranchers of the state of Montana who, without regard to their form of business organization:~~

~~(a) are citizens of the United States and are citizens and residents of the state of Montana;~~

~~(b) have sufficient farming or ranching training and experience which, in the opinion of the department, is sufficient to assure the likelihood of the success of the proposed operations; and~~

~~(c) are or will become owner-operators of farms or ranches;~~
conservation districts established under Title 76. No loan may be made to an individual, corporation, partnership, or other private entity.

(2) the department shall solicit and consider in its evaluation of proposed projects the views of interested and affected departments, boards, agencies and other subdivisions of state and federal government and of other interested and affected persons.

(3) The board may make the renewable resource development loans provided for by this section for any worthwhile project for the conservation, management, utilization, development, or preservation of the land, water, fish, wildlife, recreational, and other

for those purposes.

(4) The board shall make no renewable resource development loan which exceeds the lesser of ~~one hundred thousand dollars~~ (\$100,000) or ~~eighty percent~~ (80%) of the fair market value of the security given therefor. In determining the fair market value for the security given for any loan, the department shall consider appraisals made by qualified appraisers and such other factors it considers important.

(5) The period for repayment of loans pursuant to this act may not exceed ~~thirty~~ (30) years.

(6) The board shall from time to time establish by rule the interest rate at which loans may be made under this act, provided that in no case may the rate be greater than ~~one~~ (1) percentage point greater than the prevailing interest rate on the renewable resource development bonds provided for in this act.

(7) The state shall have a lien upon a project constructed with money from the renewable resource development account for the amount of the loan, together with the interest thereon. This lien may attach to all project facilities, equipment, easements, real property, and property of any kind of nature owned by the debtor, including all water rights. The board shall file either a financing statement or a real estate mortgage covering the loan, its amount, terms and a description of the project with the county recorder of each county in which the project or any part thereof is located. The county recorder shall record the lien in a book kept for the recording of liens and it shall be indexed as other liens are required by law to be indexed. The lien shall be valid until paid in full or otherwise discharged. The lien shall be foreclosed in accordance with applicable state law governing foreclosure of mortgages and liens.

(8) The board may adopt rules as required to govern the terms and conditions for making loans, security instruments, and agreements pursuant to this act.

(9) No member, officer, attorney, or other employee of the board or the department shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this act other than such salary, fee, or other compensation as he may receive as such member, officer, attorney, or employee. Any person violating any provision of this section shall, upon conviction thereof be punished by a fine of not more than ~~two thousand dollars~~ (\$2,000) or imprisonment for not more than ~~two~~ (2) years or both.

(10) The department shall administer the loans made by the board pursuant to this act, and may accept and utilize voluntary and uncompensated services, and, with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the federal government, or of any agency of Montana government, or of any political subdivision within Montana."

Section 4. Section 89-3607, R.C.M. 1947, is amended to read as follows:

"89-3607. Sinking-fund-account Renewable resource development account -- purposes. (1)--~~The state may be enactment of the legislature or the people levy, impose, assess, and pledge and appropriate to the sinking fund account any tax, charge, fee, rental or other income from any designated source. The state reserves the right to modify from time to time the nature and amount of special taxes and other revenues pledged and appropriated to the sinking fund account, provided that the aggregate resources so pledged and appropriated are determined by the legislature to be sufficient for the prompt and full payment of the principal of and interest and redemption premiums when due on all bonds payable from that account, and provided that the pledge of the full faith and credit and taxing powers of the state for the security of all such bonds shall be and remain irrevocable until they are fully paid.~~

(2)--~~Money in the sinking fund account shall be used first to pay interest, principal and redemption premiums when due and payable with respect to renewable resource development bonds, second to accumulate a reserve for the further security of such payments, to the amount required each month to meet those payments due within twelve (12) months thereafter, and third to restore the reserve to this amount after each payment.~~

(3)--~~After the reserve provided for in subsection (2) above is in the sinking fund, money at any time received in the sinking fund in excess of that amount shall be transferred by the treasurer to the clearance fund account. If the balance at any time on hand in the sinking fund is not sufficient for compliance with subsection (2), and is not restored to the required amount within three (3) months thereafter, from funds specifically pledged and appropriated to the sinking fund account, the treasurer shall transfer thereto from the general fund an amount sufficient to restore the required balance.~~

(4) The state pledges and appropriates and directs to be credited to the sinking earmarked revenue fund for the renewable resource development account as received two and one-half percent (2 1/2%) of all money from time to time received from the collection of the strip coal mines license tax payable under the provisions of section 84-1302, or the equivalent provision of any severance tax enacted in lieu of such license tax, and remaining after allocation of such tax to the trust fund established under section 5, article IX of the Montana constitution and such additional amount thereof, if any, as may be required from time to time to provide sufficient funds for the purposes stated in subsection (2) above, provided that no more than two and one-half percent (2 1/2%) of such tax collections shall be deemed to be pledged for the purpose of section 89-3606, subsection (3), which funds shall be available for appropriation for the purposes set forth in this chapter. Any funds deposited in the sinking fund or the bond and insurance clearance fund under authority of this chapter prior to the effective date of this amendatory act are transferred to the earmarked revenue fund, renewable resource development account."

Renumber: following section

9. Amend page 3, section 3, line 1

Following: "89-3601"

Strike: "through"

Insert: ", 3606, 3608, and "

10. Amend page 4.

Following: line 2

Insert: "Section 6. Effective date. This act is effective upon passage and approval."

11. Amend p. 4

706: line 2

Insert: "Section 7. Construction. It is the intent of the legislature that if this bill and Senate bill 44 are each enacted into law in 1977, that Senate bill 44 controls the percentage of coal tax allocated to the renewable resource development account."

STANDING COMMITTEE REPORT

February 8 19 77

MR. PRESIDENT

Conf. session 2/8

We, your committee on

TAXATION

having had under consideration

SENATE

Bill No. 181

Respectfully report as follows: That

SENATE

Bill No. 181,

introduced bill, be amended as follows:

1. Amend the title, line 5.

Following: "FUEL"

Strike: "RECREATIONAL"

2. Amend page 2, section 1, line 7.

Following: "fuel"

Strike: "recreational"

Following: "for"

Strike: "noncommercial"

Insert: "recreation or for religious, charitable, educational,
or other eleemosynary"

AND AS SO AMENDED,

DO PASS

PA

STANDING COMMITTEE REPORT

February 8 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 159

Respectfully report as follows: That SENATE Bill No. 159,

introduced bill, be amended as follows:

1. Amend title, line 7.

Following: "TAXATION"

Insert: "and providing an effective date"

2. Amend page 4, line 20.

Following: line 20

Insert: "Section 2. First application. This act applies to taxable years commencing after December 31, 1976 based on coal production for the calendar year 1976."

AND AS SO AMENDED,

DO PASS

02

STANDING COMMITTEE REPORT

February 8 19 77

MR. **PRESIDENT**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **150**

Respectfully report as follows: That **SENATE** Bill No. **150**,

introduced bill, be amended as follows:

1. Amend title, line 5.

Following: "INTEREST"

Strike: "AND ATTORNEYS' FEES"

2. Amend page 2, section 1, line 25 to line 1, page 3.

Following: "and"

Strike: "no part thereof"

3. Amend page 3, section 1, lines 1 through 3.

Following: "shall be"

Strike: "paid over to any officer, or placed in any other fund or used for any purpose whatever, but the whole thereof shall be"

Insert: "invested in interest-bearing deposits in local banks or savings and loan associations and"

4. Amend: page 3, section 1, line 17.

Following: line 16

~~DOXES~~ Strike: "attorneys' fees"

Following: "rate"

Strike: "of 6% a year"

Insert: "currently paid on short-term interest-bearing time deposits in banks in the county, or 5% a year, whichever is greater,"

Page 2
SENATE BILL 150

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5. Amend page 3, line 5.

Following: line 5

Insert: "Nothing contained herein prohibits the investment of
the moneys in this fund in the state unified investment program."

6. Amend page 4, line 4.

Following: line 4

Insert: "Section 2. Application. This act applies to any suit
filed after July 1, 1977."

AND AS SO AMENDED,

DO PASS

WILLIAM MATHERS

CHAIRMAN

P.A.

STANDING COMMITTEE REPORT

February 8 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 48

Respectfully report as follows: That SENATE Bill No. 48,

introduced bill, be amended as follows:

1. Amend title, page 1, line 4.

Following: "REPEAL"

Insert: "portions of"

2. Amend title, page 1, line 5.

Following: "PROGRAM"

Insert: "relating to bonding and private loans"

Following: ";

Strike: "REVERTING"

Insert: "reallocating"

3. Amend title, page 1, line 6.

Following: "PROGRAM TO"

Strike: "THE GENERAL"

Insert: "an earmarked revenue"

Following: "FUND"

Insert: "account"

DO PASS

Continued

4. Amend title, page 1, line 7.

Following: "AMENDING"

Strike: "SECTION"

Insert: "sections"

Following: "84-1319,"

Insert: "89-3602, 89-3603, and 89-3607,"

5. Amend title, page 1, line 8.

Following: "89-3601"

Strike: "THROUGH"

Insert: ", 89-3606, 89-3608, and"

Following: "1947"

Insert: ", and providing an immediate effective date."

6. Amend page 2, section 1, line 24.

Following: "account-"

Insert: "(7) 2 1/2% of collections per year, to the earmarked revenue fund, to the credit of the renewable resource development account."

Renumber: Following subsections

7. Amend page 3, section 2, lines 19 through 25.

Strike: lines 19 through 25

Renumber: Following section

8. Amend page 4, line 2.

Following: line 2

Insert: "Section 2. Section 89-3602, R.C.M. 1947, is amended to read as follows:

"89-3602. Definitions. Unless the context requires otherwise, in this act:

(1) "Renewable resource development program" means such developments in the public interest of renewable natural resources of the state as shall from time to time be acquired, constructed, and financed from funds appropriated to the accounts referred to in this section-and-from-the proceeds-of-bonds-issued-in-anticipation-of-the-receipt-of-these-funds. Renewable resource developments shall, whenever practicable, be multiple-use projects, and shall not significantly diminish the quality of existing public resources such as land, air, water, fish, wildlife and recreational opportunities.

~~{2}--"Renewable resource development bonds" mean all series of bonds authorized by law to be issued pursuant to section 89-3606 to finance any part of the renewable resource development program, or to refund any such bonds.~~

{3} (2) "Renewable resource development account," or "clearance fund account," mean a separate account which is created within the bond-and insurance-clearance fund established in section 79-410, and shall be segregated by the treasurer from all other money in that or any other fund in the state treasury and used only to pay costs of the renewable resource development program, upon order of the department of administration or the board of natural resources and conservation under authority and within limitations provided by law.

~~{4}--"Renewable-resource-development-bond-account,"-or-"sinking-fund account,"-mean-a-separate-account-which-is-created-within-the-sinking-fund established-in-section-79-418,-and-shall-be-segregated-by-the-treasurer from-all-other-money-in-that-or-any-other-fund-in-the-treasury-and-used only-as-provided-for-herein~~

~~{5}~~ (3) "Treasurer" means the state treasurer."

Section 3. Section 89-3603, R.C.M. 1947, is amended to read as follows:

"89-3603. Renewable resource development loans. (1) The board of natural resources and conservation is authorized upon proper application and upon recommendation of the department of natural resources and conservation to make loans from the renewable resource development account established by this act to ~~farmers-and-ranchers-of-the-state-of-Montana-who~~ without regard to their form of business organization:

~~{a}--are-citizens-of-the-United-States-and-are-citizens-and-residents of-the-state-of-Montana;~~

~~{b}--have-sufficient-farming-or-ranching-training-and-experience which,-in-the-opinion-of-the-department,-is-sufficient-to-assure-the likelihood-of-the-success-of-the-proposed-operations,-and~~

~~{c}--are-or-will-become-owner-operators-of-farms-or-ranches.~~
conservation districts established under Title 76. No loan may be made to an individual, corporation, partnership, or other private entity.

(2) The department shall solicit and consider in its evaluation of proposed projects the views of interested and affected departments, boards, agencies and other subdivisions of state and federal government and of other interested and affected persons.

(3) The board may make the renewable resource development loans provided for by this section for any worthwhile project for the conservation, management, utilization, development, or preservation of the land, water, fish, wildlife, recreational, and other renewable resources in the state; and for the refinancing of existing indebtedness incurred in the expansion or rehabilitation of projects for those purposes.

(4) The board shall make no renewable resource development loan which exceeds the lesser of one-hundred-thousand-dollars-(\$100,000) or eighty percent-(80%) of the fair market value of the security given therefor. In determining the fair market value for the security given for any loan, the department shall consider appraisals made by qualified appraisers and such other factors it considers important.

(5) The period for repayment of loans pursuant to this act may not exceed thirty-(30) years.

(6) The board shall from time to time establish by rule the interest rate at which loans may be made under this act, provided that in no case may the rate be greater than one-(1) percentage point greater than the prevailing interest rate on the renewable resource development bonds provided for in this act.

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TAXATION COMMITTEE

(7) The state shall have a lien upon a project constructed with money from the renewable resource development account for the amount of the loan, together with the interest thereon. This lien may attach to all project facilities, equipment, easements, real property, and property of any kind of nature owned by the debtor, including all water rights. The board shall file either a financing statement or a real estate mortgage covering the loan, its amount, terms and a description of the project with the county recorder of each county in which the project or any part thereof is located. The county recorder shall record the lien in a book kept for the recording of liens and it shall be indexed as other liens are required by law to be indexed. The lien shall be valid until paid in full or otherwise discharged. The lien shall be foreclosed in accordance with applicable state law governing foreclosure of mortgages and liens.

(8) The board may adopt rules as required to govern the terms and conditions for making loans, security instruments, and agreements pursuant to this act.

(9) No member, officer, attorney, or other employee of the board or the department shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this act other than such salary, fee, or other compensation as he may receive as such member, officer, attorney, or employee. Any person violating any provision of this section shall, upon conviction thereof be punished by a fine of not more than two-thousand-dollars-{\$2,000} or imprisonment for not more than two-{2} years or both.

(10) The department shall administer the loans made by the board pursuant to this act, and may accept and utilize voluntary and uncompensated services, and, with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the federal government, or of any agency of Montana government, or of any political subdivision within Montana."

Section 4. Section 89-3607, R.C.M. 1947, is amended to read as follows:

"89-3607. Sinking-fund-account Renewable resource development account -- purposes. {1}--~~The state may by enactment of the legislature or the people levy, impose, assess, and pledge and appropriate to the the sinking fund account any tax, charge, fee, rental or other income from any designated source--The state reserves the right to modify from time to time the nature and amount of special taxes and other revenues pledged and appropriated to the sinking fund account, provided that the aggregate resources so pledged and appropriated are determined by the legislature to be sufficient for the prompt and full payment of the principal of and interest and redemption premiums when due on all~~

bonds payable from that account, and provided that the pledge of the full faith and credit and taxing powers of the state for the security of all such bonds shall be and remain irrevocable until they are fully paid.

(2) -- Money in the sinking fund account shall be used first to pay interest, principal and redemption premiums when due and payable with respect to renewable resource development bonds, second to accumulate a reserve for the further security of such payments, to the amount required each month to meet those payments due within twelve (12) months thereafter, and third to restore the reserve to this amount after each payment.

(3) -- After the reserve provided for in subsection (2) above is in the sinking fund, money at any time received in the sinking fund in excess of that amount shall be transferred by the treasurer to the clearance fund account. -- If the balance at any time on hand in the sinking fund is not sufficient for compliance with subsection (2), and is not restored to the required amount within three (3) months thereafter, from funds specifically pledged and appropriated to the sinking fund account, the treasurer shall transfer thereto from the general fund an amount sufficient to restore the required balance.

(4) The state pledges and appropriates and directs to be credited to the sinking earmarked revenue fund for the renewable resource development account as received two and one-half percent (2 1/2%) of all money from time to time received from the collection of the strip coal mines license tax payable under the provisions of section 84-1302, or the equivalent provision of any severance tax enacted in lieu of such license tax, and remaining after allocation of such tax to the trust fund established under section 5, article IX of the Montana constitution and such additional amount thereof, if any, as may be required from time to time to provide sufficient funds for the purposes stated in subsection (2) above, provided that no more than two and one-half percent (2 1/2%) of such tax collections shall be deemed to be pledged for the purpose of section 89-3696, subsection (3), which funds shall be available for appropriation for the purposes set forth in this chapter. Any funds deposited in the sinking fund or the bond and insurance clearance fund under authority of this chapter prior to the effective date of this amendatory act are transferred to the earmarked revenue fund, renewable resource development account.

Renumber: following section

9. Amend page 3, section 3, line 1.
Following: "89-3601"
Strike: "through"
Insert: ", 3606, 3608, and"

10. Amend page 4.
Following: line 2
Insert: "Section 6. Effective date. This act is effective upon
passage and approval."

AND AS SO AMENDED,

DO PASS

WILLIAM MATHERS CHAIRMAN