

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

January 7, 1983

The first meeting of the Senate Finance and Claims Committee was held in room 108 of the State Capitol. The meeting was called to order by Senator Himsl, Chairman at 8:10 a.m.

ROLL CALL: All members present.

Senator Himsl welcomed the new members of the subcommittee, welcomed the former members who are still on the committee and also the secretary and fiscal analyst.

Chairman Himsl said he felt this was a very important committee, and would ask all members to reserve comments on the budget changes until they have an opportunity to look at the whole picture. He said he hoped all members would feel free to argue positions on the committee and would be able to abide by decisions made by the committee. Recognizing some issues might have strong feelings by the member he asked that if an attack were to be made on a committee position that the member have the courtesy to let the Chairman know.

CONSIDERATION OF SENATE BILL 13: Senate Bill 13, sponsored by Senator Joe Mazurek, Helena, was explained as a bill to permanently remove the ceiling on interest rates on government bonds. This was done as a temporary bill in the last Legislature by Senate Bill 15 since many municipalities could not sell bonds because of the statutory ceiling. The interim has proven this legislation was needed, and felt it should now become a permanent law. He said others were here to tell the committee how it worked in the interim. He passed out Exhibit 1, attached.

Bob Sullivan, head of the legal department for Montana Power in Butte, said they support the bill and he would tell why. He said there is a great deal of movement nationally on a ceiling on dead interest, and read an extract from the Daily Bond Buyer which said 25 of the 50 states of the Union report some changes in their rate ceiling. Montana Power Company in association with other participants is building Coal Strip 3 and 4. He said they had reduced the amount of interest and had saved \$50 million. Montana Power and others have utilized bonds to finance this building. They were able to reduce the building figure to \$1.7 billion. These savings will be passed on to the consumers when they begin working. He said the total average on the bonds was 9½ to 10% and that savings would be passed on to the consumer.

Bruce McKenzie, D. A. Davidson gave two exhibits to the committee, (2 and 3, attached) and this interest change makes it possible to

to sell bonds so that improvements can be made in cities, counties, etc. He explained NIC as net to school and BBI as bond buyers volume by state. Montana is well below the average of 12.1.

Gene Phillips, Pacific Power and Light said they are a participant of Coal Strip 3 and 4 and would second those recommendations.

Wayne Buchanan, Montana School Boards Association said they support the bill. 22 school districts have sold bonds during the interim and the figures are on exhibit 3. We think it is working and we would like to see you repeal the sunset provision of the law.

John Campbell MSBO and Helena School District manager said he would like to thank the committee for passing the substance of this bill in the last session and hoped they would make it permanent. He said several school districts have been able to sell bonds as a result.

Alec Hanson, Montana League of Cities and Towns, said they support this bill as a condition of continuing to do business.

George Bousliman, Urban coalition, said they support the bill and said it is a very real factor for a local government to be able to retire bonds.

Jesse Long, executive administrator of School Districts of Montana, said it has allowed capital improvement in many school districts.

Bill Verwolf, City of Helena, said the substance of the bill was passed last session. We appreciate it and think it you look at the record you will see we passed the test. We have got interest below the national average.

Tim McCully, Lewis and Clark, said that Lewis and Clark County has passed two bond issues, one is the jail and the other is the county nursing home. He said the bonds will probably not be sold until next summer on the nursing home, and the passing of this bill is critical to selling them.

There were no further proponents, no opponents, and questions were opened from the committee.

Senator Keating: This question to Mr. Sullivan. I need a little knowledge of the background of bonds. When the private sector fails who gets stuck--where is the guarantee? Sullivan: There is no liability on the public sector. This bill is broad enough to cover any aspects.

Senator Keating: Is there a statutory limit? Sullivan: I would not like to answer that question.

Senator Mazurek: I would like to answer what I think Senator Keating is trying to get at on general obligation bonds and revenue bonds. They have the approval to issue them but not the ability. In closing he said there is an immediate effective date on this bill. Lewis and Clark has approved bonds for a nursing home but because of the limit, they cannot sell until next summer. It is hopeful it can be approved as soon as possible so that counties can go ahead with the sales.

Senator Himsl declared the hearing closed on Senate Bill 13.

CONSIDERATION OF SENATE BILL 44: Vice Chairman, Senator Etchart took the chair and Senator Himsl, chief sponsor, district 9, testified for the bill.

Testimony for Senator Himsl attached. Exhibit 4.

Mark Weston, Department of Health and Environmental Sciences, Water Quality Bureau, spoke in behalf of the bill. He said with the change in our law in May of 1982 counties are somewhat restricted in getting up-front money for planning and design. We feel this bill would be helpful for those entities to get the money.

Doris Shephard, MACO, said the bill last session has answered the need in more counties than we knew of when it first came out. A lot of federal dollars have been dried up in the planning and beginning stages. There is a concern that it might not be a benefit to all those in the state. This is taken care of on the repayment within 5 years.

There were no further proponents, no opponents, and the chair asked for questions from the committee members.

Senator Keating: On the repayment of the bond issue. The money is used for a study--it comes from a grant? Himsl: There used to be pre-planning grants but that fund is not available and this bill would let funds be made available for the pre-planning stage. The government's position is that they are not putting out more planning money, but if you go to completion there is a good chance of getting all or part of it back.

Senator Keating: Would this money stay in the county? Himsl: It would be returned to the county commissioners.

Senator Keating: Could it be a slush fund? Himsl: It would go to the County Commissioners and put into the general fund.

Senator Keating: Would it then go back to the Feds or the State, or what? Himsl: Federal Revenue Sharing goes from the Federal Government directly to the counties. The state does not handle it at all. It is held in the county general fund money.

Senator Story: Why fire districts? Himsl: In Flathead they have trouble organizing fire districts and getting them set up.

Senator Story: We did address this in Local Government a few years ago and they could put out \$15,000 and it did not have to be paid back. We gave the counties the authorization to spend \$15,000 for each fire district to set them up. Will there be a conflict there? Those funds do not have to be paid back. Maybe a subcommittee should see if it conflicts. Himsl: The Attorney General's opinion is that the county cannot be a grantor. Story: I think there is a specific statute on fire districts.

Senator Ochsner: Last session in Local Government we had a request for more money. Cascade had 7 and they still want more.

Senator Story: The section that is presently on what they can give to fire districts should be looked at and maybe changed.

Senator Stimatz: You gave the Attorney General's opinion, could I have those numbers again? Himsl: Opinion 6, Volume 39.

Senator Van Valkenburg: This may be a form of the same question--why do you make it mandatory that the grant be paid back? Why not let the County Commissioners have some discretion--let them decide.

Senator Himsl: This language was put in so that if the grant was less than the size of the county -- that is if the whole county was not a beneficiary -- then they would pay it back. I do not know why they put that in, unless that if the whole county was not beneficiary then the rest would not be liable for the debt.

Senator Story: There are over 100 types of special improvements. The Attorney General said "no general power". If he had looked at the one on fire districts he might have found an exception.

Senator Stimatz: I think Senator Story's question is pertinent. The A.G. should have cited it. I think that point should be investigated.

Senator Story: Could we move to subcommittee this bill and find out?

Chairman Etchart: If the sponsor is agreeable. Himsl: Surely. Etchart: I would appoint Senators Story and Stimatz to seek out and report back to the next meeting.

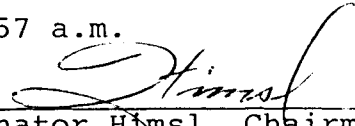
Senator Himsl: Time is critical. In North western Montana they are trying to put in a central system, the county commissioners are willing to put up \$20,000 to update the plan and present it to the federal government. The present rate is 75/25 and it changes in 1984.

Senator Etchart announced the hearing closed on Senate Bill 44 with the subcommittee to give their report at the meeting on Monday.

Senator Himsl resumed the chair and asked if the committee was ready to act on Senate bill 13.

DISPOSITION OF SENATE BILL 13: Motion by Senator Dover that Senate Bill 13 DO PASS. Voted, approved unanimously, roll call attached.

The meeting adjourned at 9:57 a.m.



Senator Himsl, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

48th LEGISLATIVE SESSION - - 1983

Date 1-7-83

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart, VC	✓		
Senator Dover	✓		
Senator Keating	✓		
Senator Smith	✓		
Senator Thomas	✓		
Senator Van Valkenburg	✓		
Senator Stimatz	✓		
Senator Story	✓		
Senator Ochsner	✓		
Senator Haffey	✓		
Senator Jacobson	✓		
Senator Regan	✓		
Senator Lane	✓		
Senator Aklestad	✓		
Senator Hammond	✓		
Senator Tveit	✓		
Senator Boylan	✓		
Senator Hims1, Chairman	✓		

1980

G.O.

DATE

NIC

BBI

104,500	Gallatin Co., SD #41	01/24/80	7.00%	8.20
2,600,000	Richland Co., SD #505	01/24/80	6.93	8.20
304,000	Flathead Co., SD #1	02/26/80	7.00	9.14
550,000	Richland Co., SD #4	05/14/80	7.00	7.11
1,460,000	Bozeman Library G.O.	06/18/80	7.00	7.53
350,000	Jefferson Co., SD #27	06/23/80	6.90	7.55
304,000	Flathead Co., SD #1	07/13/80	7.00	8.70
268,000	Flathead Co., SD #10	07/15/80	6.81	7.95
99,000	Belgrade, G.O.	08/18/80	7.00	8.53

1981

G.O.

DATE

NIC

BBI

45,000	Sidney G.O.	01/19/81	7.00	9.57
95,000	Sidney, G.O.	01/19/81	7.00	9.57
1,376,362	Culbertson SD #17-J	05/19/81	10.75	10.83
926,638	Culbertson SD #17-C	05/19/81	10.75	10.83
225,000	Centerville SD #5G	05/26/81	10.69	10.73
225,000	Centerville SD #5	05/26/81	10.69	10.73
500,000	Missoula Co., Open Space G.O.	06/01/81	10.68	10.64
2,966,590	Lewis & Clar Co., SD #1	06/02/81	9.78	10.64
1,595,000	Glendive ESD #1	06/04/81	10.03	10.59
324,000	Flathead Co., SD #4	06/15/81	9.90	10.62
350,350	Bainville ESD #64	06/29/81	10.00	10.74
188,650	Bainville HSD #64D	06/29/81	10.00	10.74
475,000	Yellowstone Co., SD #4	06/29/81	10.75	10.74
7,827,000	Rosebud Co., SD #19	07/09/81	11.75	10.97
1,400,000	Dawson Co., Community College District	07/13/81	11.20	10.97

1982

G.O.

DATE

NIC

BBI

6,300,000	Hill Co., MT SD #16 (Havre)	01/12/82	12.13	13.44
9,706,741	Rosebud Co., MT SD #19 (Colstrip)	03/30/82	11.75	13.04
4,191,684	Butte-Silver Bow HSD #1 (Butte)	04/20/82	11.89	12.54
1,345,000	Lake Co., ESD #23 (Polson)	05/18/82	9.99	11.82
900,000	Yellowstone Co., MT SD #7 (Laurel)	05/20/82	10.75	11.96
300,000	Yellowstone Co., MT SD #7-70	05/20/82	10.85	11.96
350,000	Lincoln Co., MT SD #1 (Troy)	06/03/82	11.75	12.13
4,190,000	Lewis & Clark Co., MT G.O.	08/17/82	10.01	11.86
1,450,000	Gallatin Co., Sd #44 (Belgrade)	10/28/82	9.09	9.69
800,000	Roosevelt Co., SD #3 (Frontier)	11/08/82	8.83	9.96
1,990,000	Custer Co., HSD (Miles City)	12/21/82	9.50	10.05

TABLE 7 - VOLUME BY STATE - JAN THRU AUG 1982

46 2 SB13
1/7/83

*** STATE ***	ALL ISSUES		
	SALES	AMOUNT	ANIC
50 States	3,431	42,015,310	12.01
Alabama	47	716,223	12.29
Alaska	27	816,464	12.89
Arizona	71	1,011,256	11.49
Arkansas	18	379,340	0.00
California	192	3,752,522	11.94
Colorado	108	1,266,587	10.53
Connecticut	56	530,151	10.80
Delaware	14	257,481	13.17
Florida	102	2,239,333	12.34
Georgia	38	750,421	11.34
Hawaii	7	202,800	12.22
Idaho	13	68,581	11.54
Illinois	175	1,916,434	11.07
Indiana	72	528,714	12.40
Iowa	160	255,519	11.59
Kansas	39	208,630	10.65
Kentucky	84	610,910	11.49
Louisiana	74	1,190,195	11.48
Maine	22	192,701	12.20
Maryland	34	730,834	11.23
Massachusetts	69	1,306,689	11.29
Michigan	177	1,133,247	11.38
Minnesota	180	899,692	11.14
Mississippi	21	319,840	13.77
Missouri	51	431,991	12.80
Montana	20	207,804	11.10
Nebraska	54	406,461	13.00
Nevada	19	559,370	10.79
New Hampshire	15	242,135	10.62
New Jersey	88	994,606	11.87
New Mexico	44	454,988	10.59
New York	88	2,274,269	11.79
N. Carolina	53	1,230,582	10.23
N. Dakota	41	173,559	12.88
Ohio	175	1,621,713	12.63
Oklahoma	57	352,410	11.21
Oregon	40	267,926	10.93
Pennsylvania	112	1,471,260	12.28
Rhode Island	6	75,165	13.31
S. Carolina	59	840,175	10.76
S. Dakota	10	43,520	11.09
Tennessee	59	498,990	11.92
Texas	360	3,816,898	11.92
Utah	37	496,930	11.06
Vermont	19	206,892	11.46
Virginia	39	910,796	11.46
Washington	58	2,268,137	13.75
W. Virginia	24	170,910	12.23
Wisconsin	86	615,443	11.09
Wyoming	17	97,816	10.66

- Amounts in thousands.

- ANIC - average net interest cost weighted by
average maturity (life) and size of issue.

<u>1978</u>	<u>S.D.</u>	<u>DATE</u>	<u>NIC</u>	<u>BBJ</u>
375,000	Sanders Co. SD #6	01/04/78	5.06%	5.71%
1,796,700	Powell Co. SD #1	01/31/78	4.86	5.63
10,000	Missoula Co. SD #7	05/15/78	5.34	5.96
590,000	Lincoln Co. SD #1	05/22/78	5.24	5.98
330,738	Lincoln Co. HSD #1	05/22/78	5.29	5.98
295,905	Gallatin Co. SD #35	05/31/78	5.63	6.16
125,000	Richland Co. HSD #3	06/05/78	5.14	6.19
225,000	Richland Co. SD #3	06/05/78	5.14	6.19
1150,000	Yellowstone Co. SD #26	07/10/78	6.09	6.31
590,900	Missoula Co. SD #4	08/14/78	5.90	6.03
150,000	Flathead Co. SD #58	08/28/78	5.68	6.11

G.O.

100,000	Fort Benton G.O.	03/10/78	5.32	5.61
75,000	Broadus G.O.	06/15/78	6.00	6.16

1979

G.O.

DATE

NIC

BBJ

\$ 2,642,481	Gallatin Co. GO	02/13/79	5.57%	6.50%
90,000	East Helena GO	01/25/79	6.15	6.30
125,000	Stevensville GO	07/26/79	6.40	6.19
133,334	Three Forks GO (odd amounts)-	05/17/79	6.71	6.36
1,800,000	Laurel GO	08/01/79	6.30	6.19
850,000	Lewistown, MT GO	12/31/79	5.69	7.77

S.D.

350,000	Yellowstone Co. SD #37	02/22/79	5.98	6.31
40,000	Flathead Co. SD #39	03/15/79	7.00	6.33
431,100	Teton Co. SD #30	06/26/79	6.05	6.13
503,300	Teton Co. HSD #30	06/26/79	6.05	6.13
250,000	McCone Co. HSD #1	06/07/79	6.17	6.13
149,000	Missoula Co. SD #20	06/08/79	6.75	6.13
379,500	Lewis & Clark Co. SD #38	05/23/79	6.03	6.25

1976	G.O.	DATE	NIC	BSI
898,000	Colbertson Hospital G.O.	03/15/76	5.81%	6.922
750,000	Eureka Hospital District G.O.	11/10/76	5.34	6.39
55,000	Scobey, MT G.O. (est. Baa)	03/10/77	6.00	6.00

S.D.

1,046,000	Rosebud County HSD #19	02/08/75	6.605	7.15
1,847,730	Rosebud County SD #19	12/08/75	6.605	7.05
215,000	Lake County HSD 7J	03/22/76	5.97	6.92
215,000	Lake County SD 7J	03/22/76	5.97	6.92
319,400	Stillwater County HSD #5	03/29/76	5.73	6.72
279,760	Stillwater County SD #5	03/29/76	5.73	6.72
325,000	Madison County SD #52	05/19/76	5.52	6.83
100,000	Cascade Co. SD #97	06/03/76	5.34	6.89
25,000	Flathead Co. SD #20	07/06/76	7.00	6.87
30,000	Flathead Co. SD #26	08/30/76	7.00	6.58
95,500	Flathead Co. SD #15	12/01/76	5.69	6.16
708,000	Pondera Co., SD #10	12/16/76	4.9398	5.96
1,164,460	Big Horn Co. SD #17H	12/20/76	4.57	5.95
935,540	Big Horn Co. HSD #1	12/20/76	4.57	5.95

1977	G.O.	DATE	NIC	BSI
230,000	Bridger G.O.	05/19/77	5.46%	5.70%
765,000	Madison County G.O.	03/25/77	5.25	5.88

S.D.

215,000	Flathead County SD #50	01/11/77	4.17	5.78
980,000	Flathead & Lake Counties HSD #38	01/06/77	4.88	5.83
145,000	Flathead County SD #9	01/12/77	5.14	5.78
650,000	Lewis & Clark County SD #3	01/13/77	4.97	5.89
775,000	Flathead County HSD #5	01/11/77	5.02	5.78
300,000	Big Horn County SD #27	01/18/77	5.45	5.89
2,825,000	Big Horn County SD #2	01/18/77	5.70	5.89
1,400,172	Lake Co. SD #36	01/26/77	5.23	5.90
600,000	Silver Bow Co. SD #3	11/15/77	6.00	5.89
980,000	Cascade Co. HSD #3	02/14/77	5.19	5.86
120,000	Cascade Co. SD #38	02/14/77	5.48	5.86
260,000	Jefferson County SD #1	03/29/77	5.15	5.83
195,000	Yellowstone Co. SD #52	05/18/77	5.31	5.82
845,000	Powell Co. SD #1	05/24/77	5.47	5.70
98,000	Missoula Co. SD #20	06/13/77	5.31	5.65
1,000,000	Lewis & Clark Co. SD #9	07/18/77	6.00	5.64
1,100,000	Gallatin Co. SD #44	07/25/77	4.93	5.62
745,000	Gallatin Co. HSD #44	07/25/77	4.93	5.62
507,000	Carbon Co. SD #7	08/01/77	4.88	5.63
92,500	Gallatin Co. HSD #60	08/02/77	4.62	5.63
2,651,000	Flathead Co. HSD #44	11/28/77	4.89	5.45
325,000	Eastvalley & Missoula Co. SD 15-6	11/29/77	5.09	5.45
325,000	Eastvalley & Missoula Co. HSD 15-6	11/29/77	5.09	5.45

(Steve Pilcher, Bureau Chief to testify)

Mark Weston =

To understand Senate Bill #44 it is necessary to review some history. Counties have been grantees of federal revenue sharing funds, and the law allows counties to accept and appropriate the money, usually, any way they want to use it.

In February of 1981 the Board of County Commissioners of Teton County asked for an Attorney General's opinion on their status as a grantor to help establish a water district. The Attorney General, in Opinion # 6, Volume 39, ruled while the water district could accept the funds, "there is no apparent power anywhere for the county to be in effect, a general fund donor to the district". In other words, the county could be a grantee but not a grantor to the political subdivisions.

Senate Bill # 44, in paragraph 3, provides that the county may make an appropriation to the following governmental entities: Utility districts as authorized in Title 7, chapter 13, and Fire services authorized in Title 7, chapter 33.

Further, the bill provides that if the district is less than countywide, the appropriation resolution shall require the entity to repay the county on terms agreed to and full payment to be made within 5 years, and interest may be required on the repayment.

The act would be effective on passage and approval because of the time element which may be critical.

A case in point may make the issue clear. A community which has a sewer district established may be eligible for a federal grant. Before December 1981 federal funds were available for planning and design grants. That funding has been eliminated. Funds will be available for qualified construction grants until October 1984 on a 75/25 ratio, after which the ratio drops to 55/45.

When the voters establish a district they have no planning funds, this bill would allow counties to advance funds for planning and design so the people in the district could know costs and vote to bond for construction. If the project goes to construction and a grant is made, it is possible to recover some, if not all the planning and design costs. If the project does not pass or fails to qualify for a construction grant, the law allows the district directors to go to the county commissioners to put an assessment on the district to pay the debt of the district.

There are county commissioners who are willing to help districts preserve a good environment, reduce pollution and develop central collection systems such as around Flathead Lake, and this legislation would make it possible. It is permissive legislation that could really help those who have the desire to really correct serious community problems.

I hope you will see the merit in this bill, and I urge your support.

enable Montana, in concert with other states, to submit an application to the rail passenger corporation for institution of rail passenger service under the provisions of the Rail Passenger Service Act (45 U.S.C. 563(b)). The governor may not participate in the submission of an application until the base agreement and any application have been approved by the legislature.

Approved April 22, 1981.

CHAPTER NO. 499

AN ACT TO REQUIRE FORMULATION OF A COUNTY ALCOHOL TREATMENT AND PREVENTION PLAN ANNUALLY; AMENDING SECTION 53-24-211, MCA.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 53-24-211, MCA, is amended to read:

"53-24-211. County plan to be submitted to department. (1) By January 1 of each year, each county must submit to the department a comprehensive countywide plan for the treatment, rehabilitation, and prevention of alcoholism.

(2) The plan must have been approved by the board of county commissioners and must contain information regarding existing nonprofit and local government programs within the county. The plan must also contain information regarding the current and future needs of the county for the treatment, rehabilitation, and prevention of alcoholism.

(3) The department shall approve or disapprove the countywide plan. If the department disapproves a plan, the county may submit another plan to the department. In distributing funds to approved programs in a county, the department shall give consideration to the county plan.

(4) (a) After January 1 of each year, no money may be distributed to a county by the department for the treatment, rehabilitation, and prevention of alcoholism if the county has not submitted a plan as required by subsection (1).

(b) After June 30 of each year, no money may be distributed to a county by the department for the treatment, rehabilitation, and prevention of alcoholism if a county plan has not been approved by the department.

(5) The department may adopt rules regarding the submission, approval, and disapproval of plans."

Approved April 22, 1981.

CHAPTER NO. 500

AN ACT TO ALLOW POLITICAL SUBDIVISIONS OF THE STATE TO SET THE INTEREST RATE FOR BONDS BY DELETING SPECIFIC MAXIMUM RATES ALLOWABLE; AMENDING SECTIONS 7-7-2251, 7-7-4251, 7-7-4275, 7-7-4432, 7-13-2510, 7-14-2745, 7-15-4322, 7-31-112, 7-34-2415, 17-5-102, 20-9-410, 20-9-426, 20-9-427, 20-9-430, 67-11-303, AND 69-4-332, MCA; SUSPENDING THE OPERATION OF SECTIONS 7-7-2208 AND 7-7-4207, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 7-7-2251, MCA, is amended to read:

"7-7-2251. Form of notice of sale of bonds. The notice of sale shall state the purpose or purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose and shall be substantially in the following form:

NOTICE OF SALE OF COUNTY BONDS

Notice is hereby given by the board of county commissioners of _____ County, state of Montana, that the board will on the ____ day of ____, 19__, at the hour of ____ m., at the office of the board in the courthouse in the (town or city) of ____ in the said county, sell to the highest and best bidder for cash, either amortization or serial bonds of the said county in the total amount of ____ dollars (\$____) for the purpose of ____

Amortization bonds will be the first choice and serial bonds will be the second choice of the said board.

If amortization bonds are sold and issued, the entire issue may be put into one single bond or divided into several bonds, as the board may determine at the time of sale, both principal and interest to be payable in semi-annual installments during a period of ____ years from the date of issue.

If serial bonds are issued and sold, they will be in the amount of ____ dollars (\$____) each, except the last bond which will be in the amount of ____ dollars (\$____); the sum of ____ dollars (\$____) of the said serial bonds will become payable on the ____ day of ____, 19__, and a like amount on the same day each year thereafter until all of such bonds are paid, except that the last installment will be in the amount of ____ dollars (\$____).

The bonds, whether amortization or serial bonds, will bear date of ____, 19__, and will bear interest at a rate not exceeding ____% per annum, payable semiannually, on the ____ day of ____ (month) and ____ (month) in each year, and will be redeemable in full (here insert the optional provisions, if any, to be recited in the bonds).

The bonds will be sold for not less than their par value with accrued interest to date of delivery, and all bidders must state the lowest rate of interest at which they will purchase the bonds at par. The board reserves the right to reject any and all bids and to sell the bonds at private sale.

All bids other than by or on behalf of the board of investments of the state of Montana must be accompanied by a certified check in the sum of dollars, (\$....), payable to the order of the clerk, which will be forfeited by the successful bidder in the event that he shall fail or refuse to complete the purchase of the bonds in accordance with the terms of his bid.

All bids should be addressed to the board of county commissioners of said county and delivered to the county clerk of said county.

ATTEST:

.....
 (Chairman, Board of County Commissioners)
 of County
 State of Montana

.....
 (Clerk of the Board of County Commissioners)
 of County, Montana
 Address Montana"

Section 2. Section 7-7-4251, MCA, is amended to read:

"7-7-4251. Form of notice of sale of bonds. The notice of sale shall state the purpose or purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose and shall be substantially in the following form:

NOTICE OF SALE OF (CITY OR TOWN) BONDS

Notice is hereby given by the council of the (city or town) of, Montana, that the council will, on the ... day of, 19..., at the hour of ... m., at its council chamber in the (city or town) of, Montana, sell to the highest and best bidder for cash either amortization or serial bonds of the said (city or town) in the total amount of dollars, (\$....) for the purpose of

Amortization bonds will be the first choice and serial bonds will be the second choice of the council.

If amortization bonds are sold and issued, the entire issue may be put into one single bond or divided into several bonds as the council may determine at the time of sale, both principal and interest to be payable in semiannual installments during a period of years from the date of issue.

If serial bonds are issued and sold, they will be in the amount of dollars (\$....) each, except the last bond which will be in the amount of dollars (\$....); the sum of dollars (\$....) of said serial bonds will become due and payable on the ... day of 19..., and a like amount on the same day each year thereafter until all such bonds are paid, except that the last installment will be in the amount of dollars (\$....).

The bonds, whether amortization or serial bonds, will bear date of 19..., will bear interest at a rate not exceeding ...% per annum, payable semiannually, on the ... day of and on the ... day of in each year and will be redeemable (here insert the optional provisions, if any, recited in the bonds).

Said bonds will be sold for not less than their par value with accrued interest to date of delivery, and all bidders must state the lowest rate of interest at which they will purchase the bonds at par. The council reserves the right to reject any and all bids and to sell said bonds at private sale.

All bids other than by or on behalf of the board of investments of the state of Montana must be accompanied by a certified check in the sum of dollars (\$....), payable to the order of the (city or town) clerk, which will be forfeited by the successful bidder in the event he shall fail or refuse to complete the purchase of said bonds in accordance with the terms of his bid.

All bids shall be addressed to the council of the (city or town) of and delivered to the clerk of said (city or town).

.....
 Mayor of the (city or town) of, Montana

ATTEST:

.....
 (City or Town) Clerk"

Section 3. Section 7-7-4275, MCA, is amended to read:

"7-7-4275. Refunding of bond issue held by state by exchange for amortization bonds. (1) Subject to the approval of the board of investments, the council of any city or town is hereby authorized to issue amortization bonds for the purpose of refunding any outstanding bonds of such city or town held by the state and which were not issued either as amortization or serial bonds and to exchange the same for such outstanding bonds.

(2) Such amortization bonds shall conform in all respects to the definition of amortization bonds as set forth in 7-7-4209 and shall bear interest at such rate as may be agreed upon between the council of such city or town and the board of investments pursuant to 17-5-102. Such amortization bonds may be issued and exchanged for such outstanding bonds without submitting the question of issuing the same at an election, and it shall not be necessary to publish any notice of sale of such bonds.

(3) This section shall not be construed so as to deprive city or town councils of the right to advertise, sell, and issue refunding bonds in the manner provided in part 43."

Section 4. Section 7-7-4432, MCA, is amended to read:

"7-7-4432. Details relating to revenue bonds. Bonds authorized to be issued under this part shall bear interest at such rate or rates not exceeding the limitation of 17-5-102, payable semiannually; may be in one or more series; may bear such date or dates; may mature at such time or times not exceeding 40 years from their respective dates; may be payable in such place or places; may carry such registration privileges; may be subject to such terms of redemption; may be executed in such manner; may contain such terms, covenants, and conditions; and may be in such form

either coupon or registered, as such resolution or subsequent resolutions may provide."

Section 5. Section 7-13-2510, MCA, is amended to read:

"7-13-2510. Powers of district. A television district organized under this part, acting through its board of trustees herein provided for, may:

(1) perform all the acts and take all the necessary or proper steps to assure that there will be a fair, efficient, and equitable distribution of television services within the area in order that all persons within such service area shall be supplied by means of an appropriate electrical or electronic system for television program distribution, such authorized system to provide such flexibility as to permit radical improvements in technical quality without rendering inoperative receivers therein, but discontinuance of service by the district for improvements or repairs for a temporary period shall not be construed as rendering inoperative;

(2) if necessary or proper in the furtherance of the objects of this part, acquire, build, construct, repair, own, maintain, and operate any necessary stations transmitting simultaneous visual and aural signals intended to be received by the general public, relay stations, pickup stations, or any other necessary electrical or electronic system;

(3) make contracts to compensate any owner of land or other property for the use of such property for the purposes of this part;

(4) make contracts with the United States, any state or municipality, or any department or agency of those entities for carrying out the general purposes for which the district is formed;

(5) acquire, by gift, devise, bequest, lease, or purchase, real and personal property, tangible or intangible, including lands, rights-of-way, and easements, necessary or convenient for its purposes;

(6) to make contracts of any lawful nature (including labor contracts or those for employees' benefits) and employ engineers, laboratory personnel, attorneys, other technical or professional assistants, and any other assistants or employees necessary to carry out the provisions of this part;

(7) issue warrants, payable at the time stated therein, to evidence the obligation to repay money borrowed or any other obligation incurred by the district, warrants so issued to draw interest at a rate fixed by the board, payable annually or semiannually as the board may prescribe;

(8) contract indebtedness or borrow money for corporate purposes and issue revenue bonds therefor to be repaid from rates and charges, bearing interest at a rate not exceeding the limitation of 17-5-102 payable semiannually, the bonds not to be sold for less than par and accrued interest;

(9) prescribe tax rates for the providing of services throughout the area in accordance with the provisions of this part;

(10) prescribe such installation or ready-to-serve charges to be used for any costs connected with preparation, acquisition, or construction of the system;

(11) apply for, accept, and be the holder of any permit or license issued by or required under federal or state law; and

(12) provide FM translator services if authorized as provided in 7-13-2512."

Section 6. Section 7-14-2745, MCA, is amended to read:

"7-14-2745. Mode of payment of assessment — installment payments. (1) Installment payments shall be made in six equal portions, in 1, 2, 3, 4, 5, and 6 years.

(2) Payments shall be in the form of bonds which shall draw interest, not to exceed the limitations of 17-5-102, per annum from the date they are issued until they are paid.

(3) If the mode of payment is to be by installments, the board and the committee shall approve and certify the assessment roll.

(4) The board and the assessor shall, at the time of levying the assessment and in their order setting the levy, declare that the sum charged against each parcel of land may be paid in equal annual installments with interest upon the whole sum at the rate fixed by the board of county commissioners in accordance with law. The order shall specify the number of installments which shall be equal to the number of years for which the bonds may run.

(5) Each year thereafter, the treasurer shall collect one of the installments, together with the interest due thereon and the interest due on the installments thereafter to become due.

(6) Provisions concerning delinquency and the sale of land set forth with relation to the mode of immediate payment shall be likewise applicable to installment payments."

Section 7. Section 7-15-4322, MCA, is amended to read:

"7-15-4322. Details relating to urban renewal bonds. (1) Bonds issued under 7-15-4301 may be issued in one or more series and shall bear such date or dates, be payable upon demand or mature at such time or times, bear interest at such rate or rates not exceeding the limitation of 17-5-102, be in such denomination or denominations, be in such form (either coupon or registered), carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment at such place or places, be subject to such terms of redemption (with or without premium), be secured in such manner, and have such other characteristics as may be provided by the resolution, ordinance, or trust indenture or mortgage authorized pursuant thereto.

(2) (a) The bonds may be sold at not less than 98% of par at public or private sale or may be exchanged for other bonds on the basis of par.

(b) The bonds may be sold to the federal government at private sale at not less than par, and if less than all of the authorized principal amount of the bonds is sold to the federal government, the balance may be sold

at public or private sale at not less than 98% of par at an interest cost to the municipality of not to exceed the interest cost to the municipality of the portion of the bonds sold to the federal government."

Section 8. Section 7-31-112, MCA, is amended to read:

"7-31-112. Details relating to bonds. (1) The bonds to be issued upon the conditions and under the provisions aforesaid shall:

- (a) bear the date of their issuance;
- (b) be designated as sanitary coupon bonds of the county, city, or town issuing the same;
- (c) be of a denomination not less than \$500 or more than \$1,000 each;
- (d) be payable at such place in New York City or elsewhere, at the discretion of the board or council issuing the same;
- (e) bear interest at a rate not exceeding the limitations of 17-5-102, payable 30 years after the date thereof, with the privilege of paying the same at any time after 5 years from such date, which interest shall be payable semiannually at the place whereat the principal is payable and for which interest coupons shall be attached to said bonds.
- (2) If said bonds and coupons are issued by any county, they shall be signed by the chairman of the board of county commissioners of such county and attested by the clerk thereof and his seal attached thereto. If the bonds and coupons are issued by any incorporated city or town, the same shall be signed by the mayor and attested to by the city or town clerk and the seal thereof attached."

Section 9. Section 7-34-2415, MCA, is amended to read:

"7-34-2415. Details of bonds. (1) The bonds may be sold at public or private sale and shall bear interest at a rate or rates not exceeding the limitation of 17-5-102. The bonds may be for a 40-year period.

(2) Except as otherwise provided in 7-34-2411 through 7-34-2418, any bonds issued pursuant to 7-34-2411 through 7-34-2418 by a county shall be payable as to principal and interest solely from revenues of the county and shall state on their face the applicable limitations or restrictions regarding the source or sources from which such principal and interest are payable."

Section 10. Section 17-5-102, MCA, is amended to read:

"17-5-102. Rate of interest on bonds to be determined by governing bodies. (1) Bonds of a political subdivision shall bear interest at such rate or rates as its governing body shall determine.

(2) The provisions of this section establish the rate of interest on bonds of political subdivisions as defined in 17-5-101 and expressly supersede any other statutory limitation on the rate of interest to be borne by bonds of political subdivisions."

Section 11. Section 20-9-410, MCA, is amended to read:

"20-9-410. Limitation of term and interest — timing for redemption. School district bonds shall not be issued for a term longer

than 20 years, except that bonds issued to refund or redeem outstanding bonds shall not be issued for a term longer than 10 years unless the unexpired term of the bonds to be refunded or redeemed is in excess of 10 years, in which case the refunding or redeeming bonds may be issued for such unexpired term. All bonds issued for a longer term than 5 years shall be redeemable at the option of the school district on any interest payment date after one-half of the term for which they were issued has expired, and it shall be so stated on the face of the bonds. The interest shall not exceed the limitation of 17-5-102 and shall be payable semiannually."

Section 12. Section 20-9-426, MCA, is amended to read:

"20-9-426. Preparation and form of ballots for bond election. The school district shall cause ballots to be prepared for all bond elections, and whenever bonds for more than one purpose are to be voted upon at the same election, separate ballots shall be prepared for each purpose. All such ballots shall be substantially in the following form:

OFFICIAL BALLOT

SCHOOL DISTRICT BOND ELECTION

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BONDS—YES" if you wish to vote for the bond issue; if you are opposed to the bond issue make an X or similar mark in the square before the words "BONDS—NO".

Shall the board of trustees be authorized to issue and sell bonds of this school district in the amount of ... dollars (\$....), bearing interest at a rate not more than ... percent (....%) per annum, payable semiannually, during a period not more than ... years, for the purpose (here state the purpose the same way as in the notice of election)?

☐ BONDS — YES.

☐ BONDS — NO."

Section 13. Section 20-9-427, MCA, is amended to read:

"20-9-427. Notice of bond election by separate purpose. (1) Any school district bond election shall be conducted in accordance with the school election provisions of this title, except that the election notice required therein shall be in substantially the following form:

NOTICE OF SCHOOL DISTRICT BOND ELECTION

Notice is hereby given by the trustees of School District No. of County, state of Montana, that pursuant to a certain resolution duly adopted at a meeting of the board of trustees of said school district held on the ... day of A.D., 19.., an election of the registered electors of School District No. of County, state of Montana, will be held on the ... day of A.D., 19.., at for the purpose of voting upon the question of whether or not the trustees shall be authorized to issue and sell bonds of said school district in the amount of ... dollars (\$....), bearing interest at a rate not more than ... percent (....%) per annum, payable semiannually, for the purpose of (here state purpose). The bonds to be issued will be either amortization or serial bonds, and amortization bonds will be the first choice of the board of trustees. The bonds to be issued, whether

amortization or serial bonds, will be payable in installments over a period not exceeding (state number) years.

The polls will be open from o'clockm. and until o'clockm. of the said day.

Dated and posted this day of, A.D., 19....

.....
Chairman, School District No.... of
.....County
Address

(2) If the bonds proposed to be issued are for more than one purpose, then each purpose shall be separately stated in the notice, together with the proposed amount of bonds therefor."

Section 14. Section 20-9-430, MCA, is amended to read:

"20-9-430. Notice of sale of school district bonds. The trustees shall cause the notice of the sale of the bonds to be given. The notice shall state the purpose for which the bonds are to be issued and the amount proposed to be issued and shall be substantially in the following form:

NOTICE OF SALE OF SCHOOL DISTRICT BONDS

Notice is hereby given by the trustees of School District No. of County, state of Montana, that the trustees will on the day of, 19.... at the hour of o'clockm. at, in the school district, sell to the highest and best bidder for cash either amortization or serial bonds of the school district in the total amount of dollars (\$....), for the purpose of

Amortization bonds will be the first choice and serial bonds will be the second choice of the trustees.

If amortization bonds are sold and issued, the entire issue may be put into one single bond or divided into several bonds, as the trustees may determine upon at the time of sale, both principal and interest to be payable in semiannual installments during a period of years from the date of issue.

If serial bonds are issued and sold, they will be in the amount of dollars (\$....) each, the sum of dollars (\$....) of the serial bonds will become payable on the day of, 19...., and the sum of dollars (\$....) will become payable on the same day each year thereafter until all of the bonds are paid.

The bonds, whether amortization or serial bonds, will bear date of, 19...., and will bear interest at a rate not exceeding% per annum, payable semiannually, on the day of (month) and (month) in each year, and will be redeemable in full. (Here insert optional provisions, if any, to be recited on the bonds.)

The bonds will be sold for not less than their par value with accrued interest, and all bidders must state the lowest rate of interest at which

they will purchase the bonds at par. The bonds shall be sold in open competition bidding, by written bids, or by sealed bids. The trustees reserve the right to reject any and all bids and to sell the bonds at private sale.

All bids other than by or on behalf of the state board of land commissioners must be accompanied by money, a certified check, cashier's check, bank money order, or bank draft drawn and issued by a national banking association located in Montana or by any banking corporation incorporated under the laws of Montana, in the sum of dollars (\$....) payable to the order of the district, which will be forfeited by the successful bidder in the event that he shall refuse to purchase the bonds.

All bids should be addressed to the undersigned district.

.....
Chairman, School District No.... of
.....County
Address:

ATTEST: Subscribed and sworn to before me this day of, 19....
..... Notary Public for the State Residing at, Montana. My Commission expires"

Section 15. Section 67-11-303, MCA, is amended to read:

"67-11-303. Bonds and obligations. (1) An authority may borrow money for any of its corporate purposes and issue its bonds therefor, including refunding bonds, in such form and upon such terms as it may determine, payable out of any revenues of the authority, including revenues derived from:

- (a) an airport or air navigation facility or facilities;
- (b) taxes levied pursuant to 67-11-301 or other law for airport purposes;
- (c) grants or contributions from the federal government; or
- (d) other sources.

(2) The bonds may be issued by resolution of the authority, without an election and without any limitation of amount, except that no such bonds may be issued at any time if the total amount of principal and interest to become due in any year on such bonds and on any then outstanding bonds for which revenues from the same source or sources are pledged exceeds the amount of such revenues to be received in that year as estimated in the resolution authorizing the issuance of the bonds. The authority shall take all action necessary and possible to impose, maintain, and collect rates, charges, rentals, and taxes, if any are pledged, sufficient to make the revenues from the pledged source in such year at least equal to the amount of such principal and interest due in that year.

(3) The bonds may be sold at public or private sale and may bear interest at a rate not exceeding the limitation of 17-5-102. Except as otherwise provided herein, any bonds issued pursuant to this chapter by an authority may be payable as to principal and interest solely from revenues

of the authority and shall state on their face the applicable limitations or restrictions regarding the source from which such principal and interest are payable.

(4) Bonds issued by an authority or municipality pursuant to the provisions of this chapter are declared to be issued for an essential public and governmental purpose by a political subdivision within the meaning of 15-30-111(2)(a).

(5) For the security of any such bonds, the authority or municipality may by resolution make and enter into any covenant, agreement, or indenture and may exercise any additional powers authorized to be exercised by a municipality under Title 7, chapter 7, parts 44 and 45. The sums required from time to time to pay principal and interest and to create and maintain a reserve for the bonds may be paid from any revenues referred to in this chapter, prior to the payment of current costs of operation and maintenance of the facilities.

(6) Subject to the conditions stated in this subsection (6), the governing body of any municipality having a population in excess of 10,000, with respect to bonds issued pursuant to this chapter by the municipality or by an authority in which the municipality is included, may by resolution covenant that in the event that at any time all revenues, including taxes, appropriated and collected for such bonds are insufficient to pay principal or interest then due, it will levy a general tax upon all of the taxable property in the municipality for the payment of such deficiency; and may further covenant that at any time a deficiency is likely to occur within 1 year for the payment of principal and interest due on such bonds, it will levy a general tax upon all the taxable property in the municipality for the payment of such deficiency, and such taxes are not subject to any limitation of rate or amount applicable to other municipal taxes but are limited to a rate estimated to be sufficient to produce the amount of the deficiency. In the event more than one municipality having a population in excess of 10,000 is included in an authority issuing bonds pursuant to this chapter, the municipalities may apportion the obligation to levy taxes for the payment of, or in anticipation of, a deficiency in the revenues appropriated for such bonds in such manner as the municipalities may determine. The resolution shall state the principal amount and purpose of the bonds and the substance of the covenant respecting deficiencies. No such resolution becomes effective until the question of its approval has been submitted to the qualified electors of the municipality at a special election called for that purpose by the governing body of the municipality and a majority of the electors voting on the question have voted in favor thereof. The notice and conduct of the election is governed, to the extent applicable, by [7-7-4227 through 7-7-4234] for an election called by cities and towns, and [7-7-2229 through 7-7-2236] for an election called by counties. If a majority of the electors voting thereon vote against approval of the resolution, the municipality has no authority to make the covenant or to levy a tax for the payment of deficiencies pursuant to this section, but such municipality or authority may nevertheless issue bonds under this chapter payable solely from the sources referred to in subsection (1) above."

Section 16. Section 69-4-332, MCA, is amended to read:

"69-4-332. Issuance of bonds. (1) After the expiration of 30 days from the date of the adoption of the ordinance levying the assessments, the governing body may issue negotiable, interest-bearing bonds in a principal amount not exceeding the unpaid balance of the assessments levied. Whenever any ordinance authorizing the issuance of any bonds pursuant to the improvement contemplated shall have been adopted, such ordinance shall be published once in a newspaper in which the original notice of hearing was published.

(2) The bonds shall bear interest at a rate not exceeding the limitations of 17-5-102, payable as specified by the governing body over a period not exceeding 20 years. The bonds shall be of such form and denomination and shall be payable in principal and interest at such times and place and shall be sold, authorized, and issued in such manner as the governing body may determine. The bonds shall be dated no earlier than the date on which the special assessment shall begin to bear interest and shall be secured by and payable from the levy and collection of the special assessments in anticipation of the collection of which they are issued. Any premium received on the sale of the bonds may be applied as other bond proceeds, or if not so applied, the same shall be placed in the fund for the payment of principal of and interest on the bonds.

(3) The bonds shall be signed by a member of the governing body designated by the governing body and shall be countersigned by the appropriate treasurer, with the corporate seal thereto affixed as appropriate, and attested to by the clerk of the governing body. Interest may be evidenced by interest coupons attached to such bonds and signed by a facsimile signature of one of the individuals who signed the bond."

Section 17. **Effect on bonds previously authorized.** If prior to [the effective date of this act] a political subdivision was authorized to issue bonds pursuant to a law that limited the rate of interest on the bonds, it may issue all of the bonds so authorized under the provisions of 17-5-102 even if the rate of interest on the bonds exceeds the maximum rate permissible prior to [the effective date of this act].

Section 18. **Redemption of bonds — optional method.** Between the effective date and termination date of this act, a governing body in connection with the issuance of bonds may, at its option, provide that such bonds shall be redeemable at such time or times and upon such terms and conditions as the governing body shall deem to be in the best interest of the public, notwithstanding any statutory provision to the contrary.

Section 19. **Codification instruction.** Sections 17 and 18 are intended to be codified as an integral part of Title 17, chapter 5, part 1

Section 20. **Suspension.** The operation of sections 7-7-2208 and 7-7-4207, MCA, is suspended until July 1, 1983.

Section 21. **Effective date — termination.** This act is effective on passage and approval and terminates on July 1, 1983.

Approved April 23, 1981.

STANDING COMMITTEE REPORT

January 7 19 83

MR. President

We, your committee on Finance and Claims

having had under consideration Senate Bill No. 13

MAZUREK

Respectfully report as follows: That Senate Bill No. 13

~~DO PASS~~

DC

SENATE COMMITTEE

FINANCE AND CLAIMS

Date 1/7-83Senate Bill No. 13 Time 8:56

Name	YES	NO	ABSENT	EXCUSED
Senator Etchart, VC	✓			
Senator Dover	✓			
Senator Keating	✓			
Senator Smith	✓			
Senator Thomas	✓			
Senator Van Valkenburg	✓			
Senator Stimatz	✓			
Senator Story	✓			
Senator Ochsner	✓			
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Regan			✓	
Senator Lane	✓			
Senator Aklestad			✓	
Senator Hammond	✓			
Senator Tveit	✓			
Senator Boylan	✓			
Senator Himsl, Chairman	✓			

Sylvia Kinsey
SecretarySenator Himsl
Chairman

Motion:

No Pass