

1 *House* BILL NO. *530* *John Moore*
 2 INTRODUCED BY *Gunderson, Johnson, Koala, Brand*
 3 *Boudreau, State, Hagema, Fleming, Casey*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS

5 82-1502, 82-1506, 82-1507, AND 82-1517, R.C.M. 1947, AND TO
 6 UPDATE THE AUTHORITY OF THE HAIL BOARD BY INCREASING THE
 7 AUTHORIZED LEVY, MAXIMUM INSURANCE, AND RESERVE FUND AND
 8 PROVIDING FOR ANNUAL INCREASES IN RESERVE FUND WHEN
 9 NECESSARY."

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

12 Section 1. Section 82-1502, R.C.M. 1947, is amended to
 13 read as follows:

14 "82-1502. Maximum insurance. ~~No--more--than--twelve~~
 15 ~~dollars-(612.00)-insurance-shall-be-written~~ When the fund is
 16 determined actuarially sound, as provided in section 3 of this
 17 act, the board may write not more than twenty-four dollars
 18 (\$24) insurance on each acre of grain, which is on
 19 nonirrigated land, and not more than ~~twenty-four--dollars~~
 20 ~~(624.00)~~ forty-eight dollars (\$48) per acre on irrigated
 21 land. When more than one party desires hail insurance on the
 22 same crop each shall be entitled to the share of the maximum
 23 provided per acre as represented by his interest in the
 24 crop. Either party may insure his share in the crop for any
 25 amount up to and including the maximum per acre if the

1 others waive their right to insure."

2 Section 2. Section 82-1506, R.C.M. 1947, is amended to
 3 read as follows:

4 "82-1506. Tax for hail insurance -- limitation on
 5 levy -- liens, effect of -- mortgages -- levies, when
 6 payable -- hail insurance districts -- rates. (1) A tax is
 7 hereby authorized and directed to be levied on all lands in
 8 this state growing crops subject to injury or destruction by
 9 hail, the owners of which have elected to become subject to
 10 the provisions of this act. The state board of hail
 11 insurance shall annually estimate as near as may be
 12 possible, the amount required to pay all losses, interest on
 13 warrants and costs of administration, and shall recommend a
 14 levy to be made on each kind of land respectively, subject
 15 to the provisions of this act, to the state department of
 16 revenue. The rates recommended to apply on the lands of
 17 owners shall be applied in the same proportions to the crops
 18 of those insured on a personal assessment basis. It is
 19 hereby provided, however, that such tax shall not exceed in
 20 any one (1) year the sum of ~~one-dollar-and-twenty two~~
 21 ~~dollars and forty cents (61.20)~~ (\$2.40) per acre on lands
 22 sown to grain crops on nonirrigated lands, and the sum of
 23 ~~two-dollars-and-forty~~ four dollars and eighty cents (62.40)
 24 (\$4.80) per acre on irrigated lands, also it shall not
 25 exceed ~~one-dollar-and-twenty two~~ dollars and forty cents

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1 ~~(\$1.20)~~ (\$2.40) per acre on lands producing hay crops; and
 2 provided further, that if the tax required to pay the
 3 estimated losses, interest on warrants and costs of
 4 administration be less than ~~sixty-cents-(60¢)~~ one dollar and
 5 twenty cents (\$1.20) per acre on lands sown to grain crops
 6 on nonirrigated lands and ~~one-dollar-and-twenty two dollars~~
 7 and forty cents ~~(\$1.20)~~ (\$2.40) per acre on irrigated lands,
 8 and a proportionate amount on lands sown to hay crops, the
 9 said board of hail insurance must recommend a tax levy
 10 sufficient to raise the full amount thereof.

11 (2) In addition to the lien created above on the land
 12 of the insured, the levy for such hail insurance shall also
 13 constitute a lien on the crops insured with the exception
 14 that the said crop lien shall not apply to owners of
 15 unencumbered land, or on the land or crops of those who pay
 16 cash for hail insurance. The applications of these shall not
 17 be filed with the county clerk and recorded as provided for
 18 in section 82-1503.

19 The crop lien mentioned above shall be included in all
 20 applications for hail insurance and shall be enforced, as
 21 provided in sections 82-1509 and 82-1510, against all
 22 insured, except those owning unencumbered land or those who
 23 have paid cash for hail insurance.

24 (3) The state department of revenue is hereby empowered
 25 and it is made its duty to prescribe such levies annually to

1 be made against lands growing crops subject to injury or
 2 destruction by hail which are subject to this act, in
 3 accordance with the recommendation of the state board of
 4 hail insurance. Such tax levies respectively shall be
 5 chargeable to the lands of each taxpayer who shall elect to
 6 become subject to this act and shall be extended on the tax
 7 roll and collected by the officers charged with such duties
 8 in the manner and form as are other property taxes and if
 9 not paid shall be a lien on the lands against which the same
 10 are levied as are other property taxes. Provided, however,
 11 that the lien as provided above shall in no way affect
 12 mortgages that are of record at the time of the approval of
 13 this act. The lien of any mortgage filed subsequent to the
 14 passage and approval of this act shall be subsequent to any
 15 lien for hail insurance hereafter levied thereon. All
 16 applicants securing hail insurance on crop liens as
 17 heretofore provided shall be subject to the same charges per
 18 acre as provided herein to be made on land. Notice of such
 19 assessment shall be mailed to each person insured, by the
 20 county treasurer in the same manner as are all other notices
 21 of taxes due. Said assessment shall be payable at the office
 22 of the county treasurers of each respective county. All
 23 insurance levies whether levied against land or in the form
 24 of special assessments secured by crop liens, shall be
 25 payable in full, and not in semiannual payments, on or

1 before November 30th of each year in which such levies are
2 made.

3 (4) The state board of hail insurance may when they
4 deem it advisable establish as many districts as it deems
5 advisable and may maintain maximum rates in various parts of
6 the state which rates shall be commensurate with the risk
7 incurred as nearly as they can determine from past
8 experiences or from any records available. The highest of
9 these rates shall be the same as the maximum established
10 herein and the lowest shall not be less than ~~forty-eight~~
11 ~~cents-(40¢)~~ one dollar and twenty cents (\$1.20) per acre on
12 lands sown to grain crops, and a proportionate amount on
13 lands sown to hay crops.

14 Notice of the various rates established for any year
15 shall be plainly printed on the application for hail
16 insurance, and in any year when the requirements of the hail
17 insurance law as herein provided do not require a levy of
18 the maximum rates as established, then the rates for the
19 year shall be determined and levied by the state board of
20 hail insurance for each of the various districts as
21 established, in such proportions as will in their judgment
22 be fair and equitable."

23 Section 3. Section 82-1507, R.C.M. 1947, is amended to
24 read as follows:

25 "82-1507. Scope and object of levy--reserve. (1) In

1 making the levy provided in the preceding section the state
2 board of hail insurance shall provide for:

3 (a) The payment of all expenses of administration,
4 together with all interest owed or to be owing on registered
5 warrants.

6 (b) For that portion of the losses incurred during the
7 current year which are not paid from funds drawn from the
8 reserve.

9 (c) For the maintenance of the reserve, a part or all
10 of which may be used in any one year for the purpose of
11 paying the costs of administration, interest on the warrants
12 and losses as the same shall be settled and adjusted by the
13 said board including the losses sustained in any prior year
14 or years under the state hail insurance law during or
15 subsequent to the year 1919 that have not been paid.

16 (d) If at the end of any hail insurance season the
17 state board of hail insurance determines and finds that more
18 funds are accumulating from the current year's levies than
19 were estimated when the levy was made, and which funds are
20 in excess of the need for the payment of losses and expenses
21 and maintenance of the reserve, the state board of hail
22 insurance may, at its discretion, refund to the farmers
23 insured for the said year, on a pro rata or percentage basis
24 the excess.

25 (2) Each year when the hail board makes its annual levy

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1 for the payment of current losses, expenses of
 2 administration, and for an addition to the reserve if
 3 conditions permit, it shall not increase the levy enough in
 4 any year so that such addition to the reserve will exceed
 5 five per cent (5%) of the maximum risk written for that
 6 year, ~~and provided further, that the reserve shall not~~
 7 ~~exceed the amount of one million two hundred thousand~~
 8 ~~dollars (\$1,200,000.00).~~

9 (3) The reserve fund shall not exceed four million
 10 dollars (\$4,000,000) prior to January 1, 1976. On January
 11 1, 1976 and thereafter the maximum permissible reserve fund
 12 shall be established as set forth in subsection (4) of this
 13 section.

14 (4) The board may engage the services of a qualified
 15 actuary to conduct an actuarial valuation of the reserve.
 16 This valuation shall include the actuary's determination of
 17 the amount of reserve necessary to absorb all reasonably
 18 anticipated catastrophic losses. This amount shall be the
 19 maximum permissible reserve fund for the next year.

20 ~~(3)~~ (5) The reserve hereby created shall be deposited
 21 in the agency fund and the state board of hail insurance is
 22 hereby granted the power to draw from its moneys in said
 23 fund such amounts as it may deem necessary for the purpose
 24 of paying costs of administration, interest and losses, and
 25 provided further, that whenever there are no unpaid losses

1 for prior years and whenever in any one (1) year the cost of
 2 administration, interest and losses for the current year
 3 shall be less than the sum of sixty cents (60¢) per acre on
 4 nonirrigated grains and a proportionate amount on irrigated
 5 grains and other crops, the state board of hail insurance
 6 shall not draw on the reserve for any purpose unless the
 7 amount required for the payment of losses for the current
 8 year, including interest on warrants and costs of
 9 administration shall exceed the amount of the estimate made
 10 by the state board of hail insurance."

11 Section 4. Section 82-1517, R.C.M. 1947, is amended to
 12 read as follows:

13 "82-1517. Payment of losses. (1) The state board of
 14 hail insurance shall, as soon as practicable after the loss
 15 has been sustained, arrange for the payment of the losses as
 16 follows: From the amount of the loss as adjusted for each
 17 claimant the state board of hail insurance shall deduct the
 18 amount the claimant then owes as delinquent hail insurance
 19 tax and the maximum amount assessed as hail insurance tax
 20 for the current year, and shall make settlement within forty
 21 (40) days from the time loss is sustained in the following
 22 manner: By paying, either by registered warrant or otherwise
 23 if funds are immediately available, fifty per cent of the
 24 total loss as agreed on, less, however, the maximum rate of
 25 assessment; balance to be paid at the expiration of the hail

1 season.

2 (2) The state board of hail insurance shall, on or
3 before November first, order payment for the amount so
4 deducted, which payment shall be remitted to the county
5 treasurer of the county in which the tax was assessed. The
6 state board of hail insurance shall then order payment for
7 the balance of the adjustment which payment shall be sent to
8 the claimant; provided, however, that in no case shall the
9 payment for loss exceed ~~twelve~~ twenty-four dollars ~~(\$12.00)~~
10 (\$24) per acre for grain crops on nonirrigated lands, and
11 ~~twenty-four~~ forty-eight dollars ~~(\$24.00)~~ (\$48) per acre on
12 irrigated lands, and not to exceed ~~twelve~~ twenty-four
13 dollars ~~(\$12.00)~~ (\$24) per acre on hay crops; provided,
14 further, that no claimant shall receive payment for any loss
15 incurred where said loss does not equal or exceed five per
16 cent (5%) of the total value of the crop insured. Also if
17 the losses in any year should exceed the current levy plus
18 the reserve, if any, then the payment of all losses shall be
19 prorated share and share alike among all grain growers
20 having loss claims adjusted and approved, and the unpaid
21 balance of said losses shall be paid out of the reserve
22 without interest in such order as the state board of hail
23 insurance shall direct, when in the judgment of the said
24 board there are sufficient moneys to provide for the payment
25 of the same and other items payable out of said reserve. In

1 any year the state board of hail insurance may by resolution
2 authorize its chairman and secretary to borrow as needed
3 from any person, bank or corporation such sum or sums of
4 money as the state board may deem necessary to carry on the
5 business of the department and for the purpose of paying all
6 warrants as issued.

7 (3) For any moneys borrowed under the provisions of
8 this act, the state board of hail insurance shall cause
9 warrants to be drawn and said warrants shall bear interest
10 at not to exceed six per cent (6%) per annum and said
11 warrants and the interest thereon shall be paid out of funds
12 from the state hail insurance department as they are
13 collected from the various counties in the state. The state
14 board of hail insurance shall not at any time borrow a total
15 sum greater than the amount of levies as made for taxes for
16 the current year together with such delinquent taxes as
17 remain unpaid on the books of the county treasurer."

-End-

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Approved by Committee on State Administration

1 *House* BILL NO. *530* *John Hare*
2 INTRODUCED BY *Henderson* *Johnson* *Kraak* *Brand*
3 *Balderson* *Stoltz* *Hageman* *Fleming* *Casey*
4 A BILL FOR AN ACT ENTITLED: AN ACT TO AMEND SECTIONS

5 82-1502, 82-1506, 82-1507, AND 82-1517, R.C.M. 1947, AND TO
6 UPDATE THE AUTHORITY OF THE HAIL BOARD BY INCREASING THE
7 AUTHORIZED LEVY, MAXIMUM INSURANCE, AND RESERVE FUND AND
8 PROVIDING FOR ANNUAL INCREASES IN RESERVE FUND WHEN
9 NECESSARY."

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

12 Section 1. Section 82-1502, R.C.M. 1947, is amended to
13 read as follows:

14 "82-1502. Maximum insurance. ~~No--more--than--twelve~~
15 ~~dollars--(\$12.00)--insurance--shall--be--written~~ When the fund is
16 determined actuarially sound, as provided in section 3 of this
17 act, the board may write not more than twenty-four dollars
18 (\$24) insurance on each acre of grain, which is on
19 nonirrigated land, and not more than ~~twenty-four--dollars~~
20 ~~(\$24.00)~~ forty-eight dollars (\$48) per acre on irrigated
21 land. When more than one party desires hail insurance on the
22 same crop each shall be entitled to the share of the maximum
23 provided per acre as represented by his interest in the
24 crop. Either party may insure his share in the crop for any
25 amount up to and including the maximum per acre if the

1 others waive their right to insure."

2 Section 2. Section 82-1506, R.C.M. 1947, is amended to
3 read as follows:

4 "82-1506. Tax for hail insurance -- limitation on
5 levy -- liens, effect of -- mortgages -- levies, when
6 payable -- hail insurance districts -- rates. (1) A tax is
7 hereby authorized and directed to be levied on all lands in
8 this state growing crops subject to injury or destruction by
9 hail, the owners of which have elected to become subject to
10 the provisions of this act. The state board of hail
11 insurance shall annually estimate as near as may be
12 possible, the amount required to pay all losses, interest on
13 warrants and costs of administration, and shall recommend a
14 levy to be made on each kind of land respectively, subject
15 to the provisions of this act, to the state department of
16 revenue. The rates recommended to apply on the lands of
17 owners shall be applied in the same proportions to the crops
18 of those insured on a personal assessment basis. It is
19 hereby provided, however, that such tax shall not exceed in
20 any one (1) year the sum of ~~one-dollar-and-twenty two~~
21 ~~dollars and forty cents (\$1.20)~~ (\$2.40) per acre on lands
22 sown to grain crops on nonirrigated lands, and the sum of
23 ~~two-dollars-and-forty four dollars and eighty cents (\$2.40)~~
24 (\$4.80) per acre on irrigated lands, also it shall not
25 exceed ~~one-dollar-and-twenty two dollars and forty cents~~

1 ~~+\$1.20~~ (\$2.40) per acre on lands producing hay crops; and
 2 provided further, that if the tax required to pay the
 3 estimated losses, interest on warrants and costs of
 4 administration be less than ~~sixty-cents-(60¢)~~ one dollar and
 5 twenty cents (\$1.20) per acre on lands sown to grain crops
 6 on nonirrigated lands and ~~one-dollar-and-twenty two dollars~~
 7 and forty cents ~~+\$1.20~~ (\$2.40) per acre on irrigated lands,
 8 and a proportionate amount on lands sown to hay crops, the
 9 said board of hail insurance must recommend a tax levy
 10 sufficient to raise the full amount thereof.

11 (2) In addition to the lien created above on the land
 12 of the insured, the levy for such hail insurance shall also
 13 constitute a lien on the crops insured with the exception
 14 that the said crop lien shall not apply to owners of
 15 unencumbered land, or on the land or crops of those who pay
 16 cash for hail insurance. The applications of these shall not
 17 be filed with the county clerk and recorded as provided for
 18 in section 82-1503.

19 The crop lien mentioned above shall be included in all
 20 applications for hail insurance and shall be enforced, as
 21 provided in sections 82-1509 and 82-1510, against all
 22 insured, except those owning unencumbered land or those who
 23 have paid cash for hail insurance.

24 (3) The state department of revenue is hereby empowered
 25 and it is made its duty to prescribe such levies annually to

1 be made against lands growing crops subject to injury or
 2 destruction by hail which are subject to this act, in
 3 accordance with the recommendation of the state board of
 4 hail insurance. Such tax levies respectively shall be
 5 chargeable to the lands of each taxpayer who shall elect to
 6 become subject to this act and shall be extended on the tax
 7 roll and collected by the officers charged with such duties
 8 in the manner and form as are other property taxes and if
 9 not paid shall be a lien on the lands against which the same
 10 are levied as are other property taxes. Provided, however,
 11 that the lien as provided above shall in no way affect
 12 mortgages that are of record at the time of the approval of
 13 this act. The lien of any mortgage filed subsequent to the
 14 passage and approval of this act shall be subsequent to any
 15 lien for hail insurance hereafter levied thereon. All
 16 applicants securing hail insurance on crop liens as
 17 heretofore provided shall be subject to the same charges per
 18 acre as provided herein to be made on land. Notice of such
 19 assessment shall be mailed to each person insured, by the
 20 county treasurer in the same manner as are all other notices
 21 of taxes due. Said assessment shall be payable at the office
 22 of the county treasurers of each respective county. All
 23 insurance levies whether levied against land or in the form
 24 of special assessments secured by crop liens, shall be
 25 payable in full, and not in semiannual payments, on or

1 before November 30th of each year in which such levies are
2 made.

3 (4) The state board of hail insurance may when they
4 deem it advisable establish as many districts as it deems
5 advisable and may maintain maximum rates in various parts of
6 the state which rates shall be commensurate with the risk
7 incurred as nearly as they can determine from past
8 experiences or from any records available. The highest of
9 these rates shall be the same as the maximum established
10 herein and the lowest shall not be less than ~~forty-eight~~
11 ~~cents-~~40¢~~~~ one dollar and twenty cents (\$1.20) per acre on
12 lands sown to grain crops, and a proportionate amount on
13 lands sown to hay crops.

14 Notice of the various rates established for any year
15 shall be plainly printed on the application for hail
16 insurance, and in any year when the requirements of the hail
17 insurance law as herein provided do not require a levy of
18 the maximum rates as established, then the rates for the
19 year shall be determined and levied by the state board of
20 hail insurance for each of the various districts as
21 established, in such proportions as will in their judgment
22 be fair and equitable."

23 Section 3. Section 82-1507, R.C.M. 1947, is amended to
24 read as follows:

25 "82-1507. Scope and object of levy--reserve. (1) In

1 making the levy provided in the preceding section the state
2 board of hail insurance shall provide for:

3 (a) The payment of all expenses of administration,
4 together with all interest owed or to be owing on registered
5 warrants.

6 (b) For that portion of the losses incurred during the
7 current year which are not paid from funds drawn from the
8 reserve.

9 (c) For the maintenance of the reserve, a part or all
10 of which may be used in any one year for the purpose of
11 paying the costs of administration, interest on the warrants
12 and losses as the same shall be settled and adjusted by the
13 said board including the losses sustained in any prior year
14 or years under the state hail insurance law during or
15 subsequent to the year 1919 that have not been paid.

16 (d) If at the end of any hail insurance season the
17 state board of hail insurance determines and finds that more
18 funds are accumulating from the current year's levies than
19 were estimated when the levy was made, and which funds are
20 in excess of the need for the payment of losses and expenses
21 and maintenance of the reserve, the state board of hail
22 insurance may, at its discretion, refund to the farmers
23 insured for the said year, on a pro rata or percentage basis
24 the excess.

25 (2) Each year when the hail board makes its annual levy

1 for the payment of current losses, expenses of
 2 administration, and for an addition to the reserve if
 3 conditions permit, it shall not increase the levy enough in
 4 any year so that such addition to the reserve will exceed
 5 five per cent (5%) of the maximum risk written for that
 6 year. ~~and provided further, that the reserve shall not~~
 7 ~~exceed the amount of one million two hundred thousand~~
 8 ~~dollars (\$1,200,000.00).~~

9 (3) The reserve fund shall not exceed four million
 10 dollars (\$4,000,000) prior to January 1, 1976. On January
 11 1, 1976 and thereafter the maximum permissible reserve fund
 12 shall be established as set forth in subsection (4) of this
 13 section.

14 (4) The board may engage the services of a qualified
 15 actuary to conduct an actuarial valuation of the reserve.
 16 This valuation shall include the actuary's determination of
 17 the amount of reserve necessary to absorb all reasonably
 18 anticipated catastrophic losses. This amount shall be the
 19 maximum permissible reserve fund for the next year.

20 ~~(3)~~ (5) The reserve hereby created shall be deposited
 21 in the agency fund and the state board of hail insurance is
 22 hereby granted the power to draw from its moneys in said
 23 fund such amounts as it may deem necessary for the purpose
 24 of paying costs of administration, interest and losses, and
 25 provided further, that whenever there are no unpaid losses

1 for prior years and whenever in any one (1) year the cost of
 2 administration, interest and losses for the current year
 3 shall be less than the sum of sixty cents (60¢) per acre on
 4 nonirrigated grains and a proportionate amount on irrigated
 5 grains and other crops, the state board of hail insurance
 6 shall not draw on the reserve for any purpose unless the
 7 amount required for the payment of losses for the current
 8 year, including interest on warrants and costs of
 9 administration shall exceed the amount of the estimate made
 10 by the state board of hail insurance."

11 Section 4. Section 82-1517, R.C.M. 1947, is amended to
 12 read as follows:

13 "82-1517. Payment of losses. (1) The state board of
 14 hail insurance shall, as soon as practicable after the loss
 15 has been sustained, arrange for the payment of the losses as
 16 follows: From the amount of the loss as adjusted for each
 17 claimant the state board of hail insurance shall deduct the
 18 amount the claimant then owes as delinquent hail insurance
 19 tax and the maximum amount assessed as hail insurance tax
 20 for the current year, and shall make settlement within forty
 21 (40) days from the time loss is sustained in the following
 22 manner: By paying, either by registered warrant or otherwise
 23 if funds are immediately available, fifty per cent of the
 24 total loss as agreed on, less, however, the maximum rate of
 25 assessment; balance to be paid at the expiration of the hail

1 season.

2 (2) The state board of hail insurance shall, on or
3 before November first, order payment for the amount so
4 deducted, which payment shall be remitted to the county
5 treasurer of the county in which the tax was assessed. The
6 state board of hail insurance shall then order payment for
7 the balance of the adjustment which payment shall be sent to
8 the claimant; provided, however, that in no case shall the
9 payment for loss exceed twelve twenty-four dollars ~~(\$12.00)~~
10 (\$24) per acre for grain crops on nonirrigated lands, and
11 twenty-four forty-eight dollars ~~(\$24.00)~~ (\$48) per acre on
12 irrigated lands, and not to exceed twelve twenty-four
13 dollars ~~(\$12.00)~~ (\$24) per acre on hay crops; provided,
14 further, that no claimant shall receive payment for any loss
15 incurred where said loss does not equal or exceed five per
16 cent (5%) of the total value of the crop insured. Also if
17 the losses in any year should exceed the current levy plus
18 the reserve, if any, then the payment of all losses shall be
19 prorated share and share alike among all grain growers
20 having loss claims adjusted and approved, and the unpaid
21 balance of said losses shall be paid out of the reserve
22 without interest in such order as the state board of hail
23 insurance shall direct, when in the judgment of the said
24 board there are sufficient moneys to provide for the payment
25 of the same and other items payable out of said reserve. In

1 any year the state board of hail insurance may by resolution
2 authorize its chairman and secretary to borrow as needed
3 from any person, bank or corporation such sum or sums of
4 money as the state board may deem necessary to carry on the
5 business of the department and for the purpose of paying all
6 warrants as issued.

7 (3) For any moneys borrowed under the provisions of
8 this act, the state board of hail insurance shall cause
9 warrants to be drawn and said warrants shall bear interest
10 at not to exceed six per cent (6%) per annum and said
11 warrants and the interest thereon shall be paid out of funds
12 from the state hail insurance department as they are
13 collected from the various counties in the state. The state
14 board of hail insurance shall not at any time borrow a total
15 sum greater than the amount of levies as made for taxes for
16 the current year together with such delinquent taxes as
17 remain unpaid on the books of the county treasurer."

-End-

HB 530

1 *House* BILL NO. *530* *Carl Moore*
 2 INTRODUCED BY *Henderson Jordan Kovalow Brand*
 3 *Bardone Stoltz Hagema Fleming*
 4 *Kummerfeldt* A BILL FOR AN ACT ENTITLED: AN ACT TO AMEND SECTIONS

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 19 nonirrigated land, and not more than ~~twenty-four--dollars~~
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1 others waive their right to insure."
 2 Section 2. Section 82-1506, R.C.M. 1947, is amended to
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 19 hereby provided, however, that such tax shall not exceed in
 20 any one (1) year the sum of ~~one-dollar-and-twenty two~~
 21 dollars and forty cents (~~\$1.20~~) (\$2.40) per acre on lands
 22 sown to grain crops on nonirrigated lands, and the sum of
 23 ~~two-dollars-and-forty four dollars and eighty cents (~~\$2.40~~)~~
 24 (\$4.80) per acre on irrigated lands, also it shall not
 25 exceed ~~one-dollar-and-twenty two dollars and forty cents~~

1 ~~(\$1.20)~~ (\$2.40) per acre on lands producing hay crops; and
 2 provided further, that if the tax required to pay the
 3 estimated losses, interest on warrants and costs of
 4 administration be less than ~~sixty-cents-(60¢)~~ one dollar and
 5 twenty cents (\$1.20) per acre on lands sown to grain crops
 6 on nonirrigated lands and ~~one-dollar-and-twenty two dollars~~
 7 and forty cents ~~(\$1.20)~~ (\$2.40) per acre on irrigated lands,
 8 and a proportionate amount on lands sown to hay crops, the
 9 said board of hail insurance must recommend a tax levy
 10 sufficient to raise the full amount thereof.

11 (2) In addition to the lien created above on the land
 12 of the insured, the levy for such hail insurance shall also
 13 constitute a lien on the crops insured with the exception
 14 that the said crop lien shall not apply to owners of
 15 unencumbered land, or on the land or crops of those who pay
 16 cash for hail insurance. The applications of these shall not
 17 be filed with the county clerk and recorded as provided for
 18 in section 82-1503.

19 The crop lien mentioned above shall be included in all
 20 applications for hail insurance and shall be enforced, as
 21 provided in sections 82-1509 and 82-1510, against all
 22 insured, except those owning unencumbered land or those who
 23 have paid cash for hail insurance.

24 (3) The state department of revenue is hereby empowered
 25 and it is made its duty to prescribe such levies annually to

1 be made against lands growing crops subject to injury or
 2 destruction by hail which are subject to this act, in
 3 accordance with the recommendation of the state board of
 4 hail insurance. Such tax levies respectively shall be
 5 chargeable to the lands of each taxpayer who shall elect to
 6 become subject to this act and shall be extended on the tax
 7 roll and collected by the officers charged with such duties
 8 in the manner and form as are other property taxes and if
 9 not paid shall be a lien on the lands against which the same
 10 are levied as are other property taxes. Provided, however,
 11 that the lien as provided above shall in no way affect
 12 mortgages that are of record at the time of the approval of
 13 this act. The lien of any mortgage filed subsequent to the
 14 passage and approval of this act shall be subsequent to any
 15 lien for hail insurance hereafter levied thereon. All
 16 applicants securing hail insurance on crop liens as
 17 heretofore provided shall be subject to the same charges per
 18 acre as provided herein to be made on land. Notice of such
 19 assessment shall be mailed to each person insured, by the
 20 county treasurer in the same manner as are all other notices
 21 of taxes due. Said assessment shall be payable at the office
 22 of the county treasurers of each respective county. All
 23 insurance levies whether levied against land or in the form
 24 of special assessments secured by crop liens, shall be
 25 payable in full, and not in semiannual payments, on or

1 before November 30th of each year in which such levies are
2 made.

3 (4) The state board of hail insurance may when they
4 deem it advisable establish as many districts as it deems
5 advisable and may maintain maximum rates in various parts of
6 the state which rates shall be commensurate with the risk
7 incurred as nearly as they can determine from past
8 experiences or from any records available. The highest of
9 these rates shall be the same as the maximum established
10 herein and the lowest shall not be less than ~~forty-eight~~
11 ~~cents-48¢~~ one dollar and twenty cents (\$1.20) per acre on
12 lands sown to grain crops, and a proportionate amount on
13 lands sown to hay crops.

14 Notice of the various rates established for any year
15 shall be plainly printed on the application for hail
16 insurance, and in any year when the requirements of the hail
17 insurance law as herein provided do not require a levy of
18 the maximum rates as established, then the rates for the
19 year shall be determined and levied by the state board of
20 hail insurance for each of the various districts as
21 established, in such proportions as will in their judgment
22 be fair and equitable."

23 Section 3. Section 82-1507, R.C.M. 1947, is amended to
24 read as follows:

25 "82-1507. Scope and object of levy--reserve. (1) In

1 making the levy provided in the preceding section the state
2 board of hail insurance shall provide for:

3 (a) The payment of all expenses of administration,
4 together with all interest owed or to be owing on registered
5 warrants.

6 (b) For that portion of the losses incurred during the
7 current year which are not paid from funds drawn from the
8 reserve.

9 (c) For the maintenance of the reserve, a part or all
10 of which may be used in any one year for the purpose of
11 paying the costs of administration, interest on the warrants
12 and losses as the same shall be settled and adjusted by the
13 said board including the losses sustained in any prior year
14 or years under the state hail insurance law during or
15 subsequent to the year 1919 that have not been paid.

16 (d) If at the end of any hail insurance season the
17 state board of hail insurance determines and finds that more
18 funds are accumulating from the current year's levies than
19 were estimated when the levy was made, and which funds are
20 in excess of the need for the payment of losses and expenses
21 and maintenance of the reserve, the state board of hail
22 insurance may, at its discretion, refund to the farmers
23 insured for the said year, on a pro rata or percentage basis
24 the excess.

25 (2) Each year when the hail board makes its annual levy

1 for the payment of current losses, expenses of
 2 administration, and for an addition to the reserve if
 3 conditions permit, it shall not increase the levy enough in
 4 any year so that such addition to the reserve will exceed
 5 five per cent (5%) of the maximum risk written for that
 6 year. ~~and provided further, that the reserve shall not~~
 7 ~~exceed the amount of one million two hundred thousand~~
 8 ~~dollars (\$1,200,000.00).~~

9 (3) The reserve fund shall not exceed four million
 10 dollars (\$4,000,000) prior to January 1, 1976. On January
 11 1, 1976 and thereafter the maximum permissible reserve fund
 12 shall be established as set forth in subsection (4) of this
 13 section.

14 (4) The board may engage the services of a qualified
 15 actuary to conduct an actuarial valuation of the reserve.
 16 This valuation shall include the actuary's determination of
 17 the amount of reserve necessary to absorb all reasonably
 18 anticipated catastrophic losses. This amount shall be the
 19 maximum permissible reserve fund for the next year.

20 ~~(3)~~ (5) The reserve hereby created shall be deposited
 21 in the agency fund and the state board of hail insurance is
 22 hereby granted the power to draw from its moneys in said
 23 fund such amounts as it may deem necessary for the purpose
 24 of paying costs of administration, interest and losses, and
 25 provided further, that whenever there are no unpaid losses

1 for prior years and whenever in any one (1) year the cost of
 2 administration, interest and losses for the current year
 3 shall be less than the sum of sixty cents (60¢) per acre on
 4 nonirrigated grains and a proportionate amount on irrigated
 5 grains and other crops, the state board of hail insurance
 6 shall not draw on the reserve for any purpose unless the
 7 amount required for the payment of losses for the current
 8 year, including interest on warrants and costs of
 9 administration shall exceed the amount of the estimate made
 10 by the state board of hail insurance."

11 Section 4. Section 82-1517, R.C.M. 1947, is amended to
 12 read as follows:

13 "82-1517. Payment of losses. (1) The state board of
 14 hail insurance shall, as soon as practicable after the loss
 15 has been sustained, arrange for the payment of the losses as
 16 follows: From the amount of the loss as adjusted for each
 17 claimant the state board of hail insurance shall deduct the
 18 amount the claimant then owes as delinquent hail insurance
 19 tax and the maximum amount assessed as hail insurance tax
 20 for the current year, and shall make settlement within forty
 21 (40) days from the time loss is sustained in the following
 22 manner: By paying, either by registered warrant or otherwise
 23 if funds are immediately available, fifty per cent of the
 24 total loss as agreed on, less, however, the maximum rate of
 25 assessment; balance to be paid at the expiration of the hail

1 season.

2 (2) The state board of hail insurance shall, on or
3 before November first, order payment for the amount so
4 deducted, which payment shall be remitted to the county
5 treasurer of the county in which the tax was assessed. The
6 state board of hail insurance shall then order payment for
7 the balance of the adjustment which payment shall be sent to
8 the claimant; provided, however, that in no case shall the
9 payment for loss exceed ~~twelve~~ twenty-four dollars ~~(\$12.00)~~
10 (\$24) per acre for grain crops on nonirrigated lands, and
11 ~~twenty-four~~ forty-eight dollars ~~(\$24.00)~~ (\$48) per acre on
12 irrigated lands, and not to exceed ~~twelve~~ twenty-four
13 dollars ~~(\$12.00)~~ (\$24) per acre on hay crops; provided,
14 further, that no claimant shall receive payment for any loss
15 incurred where said loss does not equal or exceed five per
16 cent (5%) of the total value of the crop insured. Also if
17 the losses in any year should exceed the current levy plus
18 the reserve, if any, then the payment of all losses shall be
19 prorated share and share alike among all grain growers
20 having loss claims adjusted and approved, and the unpaid
21 balance of said losses shall be paid out of the reserve
22 without interest in such order as the state board of hail
23 insurance shall direct, when in the judgment of the said
24 board there are sufficient moneys to provide for the payment
25 of the same and other items payable out of said reserve. In

1 any year the state board of hail insurance may by resolution
2 authorize its chairman and secretary to borrow as needed
3 from any person, bank or corporation such sum or sums of
4 money as the state board may deem necessary to carry on the
5 business of the department and for the purpose of paying all
6 warrants as issued.

7 (3) For any moneys borrowed under the provisions of
8 this act, the state board of hail insurance shall cause
9 warrants to be drawn and said warrants shall bear interest
10 at not to exceed six per cent (6%) per annum and said
11 warrants and the interest thereon shall be paid out of funds
12 from the state hail insurance department as they are
13 collected from the various counties in the state. The state
14 board of hail insurance shall not at any time borrow a total
15 sum greater than the amount of levies as made for taxes for
16 the current year together with such delinquent taxes as
17 remain unpaid on the books of the county treasurer."

-End-

HOUSE BILL NO. 530

INTRODUCED BY GUNDERSON, JACOBSEN, KVAALEN, BRAND, FLEMING,
JACK MOORE, BARDANOUVE, KUMMERFELDT, STOLTZ, HAGEMAN, CASEY

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS
82-1502, 82-1506, 82-1507, AND 82-1517, R.C.M. 1947, AND TO
UPDATE THE AUTHORITY OF THE HAIL BOARD BY INCREASING THE
AUTHORIZED LEVY, MAXIMUM INSURANCE, AND RESERVE FUND AND
PROVIDING FOR ANNUAL INCREASES IN RESERVE FUND WHEN
NECESSARY."

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

Section 1. Section 82-1502, R.C.M. 1947, is amended to
read as follows:

"82-1502. Maximum insurance. ~~No--more--than--twelve~~
~~dollars--(\$12.00)--insurance--shall--be--written~~ When the fund is
determined actuarially sound, as provided in section 3 of this
act, the board may write not more than twenty-four dollars
(\$24) insurance on each acre of grain, which is on
nonirrigated land, and not more than ~~twenty-four--dollars~~
~~(\$24.00)~~ forty-eight dollars (\$48) per acre on irrigated
land. When more than one party desires hail insurance on the
same crop each shall be entitled to the share of the maximum
provided per acre as represented by his interest in the
crop. Either party may insure his share in the crop for any

amount up to and including the maximum per acre if the
others waive their right to insure."

Section 2. Section 82-1506, R.C.M. 1947, is amended to
read as follows:

"82-1506. Tax for hail insurance -- limitation on
levy -- liens, effect of -- mortgages -- levies, when
payable -- hail insurance districts -- rates. (1) A tax is
hereby authorized and directed to be levied on all lands in
this state growing crops subject to injury or destruction by
hail, the owners of which have elected to become subject to
the provisions of this act. The state board of hail
insurance shall annually estimate as near as may be
possible, the amount required to pay all losses, interest on
warrants and costs of administration, and shall recommend a
levy to be made on each kind of land respectively, subject
to the provisions of this act, to the state department of
revenue. The rates recommended to apply on the lands of
owners shall be applied in the same proportions to the crops
of those insured on a personal assessment basis. It is
hereby provided, however, that such tax shall not exceed in
any one (1) year the sum of ~~one--dollar--and--twenty~~ two
dollars and forty cents ~~(\$1.20)~~ (\$2.40) per acre on lands
sown to grain crops on nonirrigated lands, and the sum of
~~two--dollars--and--forty~~ four dollars and eighty cents ~~(\$2.40)~~
(\$4.80) per acre on irrigated lands, also it shall not

1 exceed ~~one-dollar-and-twenty~~ two dollars and forty cents
 2 ~~(\$1.20)~~ (\$2.40) per acre on lands producing hay crops; and
 3 provided further, that if the tax required to pay the
 4 estimated losses, interest on warrants and costs of
 5 administration be less than ~~sixty cents~~ ~~(60¢)~~ one dollar and
 6 twenty cents (\$1.20) per acre on lands sown to grain crops
 7 on nonirrigated lands and ~~one-dollar-and-twenty two dollars~~
 8 and forty cents ~~(\$1.24)~~ (\$2.40) per acre on irrigated lands,
 9 and a proportionate amount on lands sown to hay crops, the
 10 said board of hail insurance must recommend a tax levy
 11 sufficient to raise the full amount thereof.

12 (2) In addition to the lien created above on the land
 13 of the insured, the levy for such hail insurance shall also
 14 constitute a lien on the crops insured with the exception
 15 that the said crop lien shall not apply to owners of
 16 unencumbered land, or on the land or crops of those who pay
 17 cash for hail insurance. The applications of these shall not
 18 be filed with the county clerk and recorded as provided for
 19 in section 82-1503.

20 The crop lien mentioned above shall be included in all
 21 applications for hail insurance and shall be enforced, as
 22 provided in sections 82-1509 and 82-1510, against all
 23 insured, except those owning unencumbered land or those who
 24 have paid cash for hail insurance.

25 (3) The state department of revenue is hereby empowered

1 and it is made its duty to prescribe such levies annually to
 2 be made against lands growing crops subject to injury or
 3 destruction by hail which are subject to this act, in
 4 accordance with the recommendation of the state board of
 5 hail insurance. Such tax levies respectively shall be
 6 chargeable to the lands of each taxpayer who shall elect to
 7 become subject to this act and shall be extended on the tax
 8 roll and collected by the officers charged with such duties
 9 in the manner and form as are other property taxes and if
 10 not paid shall be a lien on the lands against which the same
 11 are levied as are other property taxes. Provided, however,
 12 that the lien as provided above shall in no way affect
 13 mortgages that are of record at the time of the approval of
 14 this act. The lien of any mortgage filed subsequent to the
 15 passage and approval of this act shall be subsequent to any
 16 lien for hail insurance hereafter levied thereon. All
 17 applicants securing hail insurance on crop liens as
 18 heretofore provided shall be subject to the same charges per
 19 acre as provided herein to be made on land. Notice of such
 20 assessment shall be mailed to each person insured, by the
 21 county treasurer in the same manner as are all other notices
 22 of taxes due. Said assessment shall be payable at the office
 23 of the county treasurers of each respective county. All
 24 insurance levies whether levied against land or in the form
 25 of special assessments secured by crop liens, shall be

1 payable in full, and not in semiannual payments, on or
 2 before November 30th of each year in which such levies are
 3 made.

4 (4) The state board of hail insurance may when they
 5 deem it advisable establish as many districts as it deems
 6 advisable and may maintain maximum rates in various parts of
 7 the state which rates shall be commensurate with the risk
 8 incurred as nearly as they can determine from past
 9 experiences or from any records available. The highest of
 10 these rates shall be the same as the maximum established
 11 herein and the lowest shall not be less than ~~forty-eight~~
 12 ~~cents-(48¢)~~ one dollar and twenty cents (\$1.20) per acre on
 13 lands sown to grain crops, and a proportionate amount on
 14 lands sown to hay crops.

15 Notice of the various rates established for any year
 16 shall be plainly printed on the application for hail
 17 insurance, and in any year when the requirements of the hail
 18 insurance law as herein provided do not require a levy of
 19 the maximum rates as established, then the rates for the
 20 year shall be determined and levied by the state board of
 21 hail insurance for each of the various districts as
 22 established, in such proportions as will in their judgment
 23 be fair and equitable."

24 Section 3, Section 82-1507, R.C.M. 1947, is amended to
 25 read as follows:

1 "82-1507. Scope and object of levy -- reserve. (1) In
 2 making the levy provided in the preceding section the state
 3 board of hail insurance shall provide for:

4 (a) The payment of all expenses of administration,
 5 together with all interest owed or to be owing on registered
 6 warrants.

7 (b) For that portion of the losses incurred during the
 8 current year which are not paid from funds drawn from the
 9 reserve.

10 (c) For the maintenance of the reserve, a part or all
 11 of which may be used in any one year for the purpose of
 12 paying the costs of administration, interest on the warrants
 13 and losses as the same shall be settled and adjusted by the
 14 said board including the losses sustained in any prior year
 15 or years under the state hail insurance law during or
 16 subsequent to the year 1919 that have not been paid.

17 (d) If at the end of any hail insurance season the
 18 state board of hail insurance determines and finds that more
 19 funds are accumulating from the current year's levies than
 20 were estimated when the levy was made, and which funds are
 21 in excess of the need for the payment of losses and expenses
 22 and maintenance of the reserve, the state board of hail
 23 insurance may, at its discretion, refund to the farmers
 24 insured for the said year, on a pro rata or percentage basis
 25 the excess.

1 (2) Each year when the hail board makes its annual levy
 2 for the payment of current losses, expenses of
 3 administration, and for an addition to the reserve if
 4 conditions permit, it shall not increase the levy enough in
 5 any year so that such addition to the reserve will exceed
 6 five per cent (5%) of the maximum risk written for that
 7 year. ~~and provided further, that the reserve shall not~~
 8 ~~exceed the amount of one million two hundred thousand~~
 9 ~~dollars (\$1,200,000.00).~~

10 (3) The reserve fund shall not exceed four million
 11 dollars (\$4,000,000) prior to January 1, 1976. On January
 12 1, 1976 and thereafter the maximum permissible reserve fund
 13 shall be established as set forth in subsection (4) of this
 14 section.

15 (4) The board may engage the services of a qualified
 16 actuary to conduct an actuarial valuation of the reserve.
 17 This valuation shall include the actuary's determination of
 18 the amount of reserve necessary to absorb all reasonably
 19 anticipated catastrophic losses. This amount shall be the
 20 maximum permissible reserve fund for the next year.

21 ~~(5)~~ (5) The reserve hereby created shall be deposited
 22 in the agency fund and the state board of hail insurance is
 23 hereby granted the power to draw from its moneys in said
 24 fund such amounts as it may deem necessary for the purpose
 25 of paying costs of administration, interest and losses, and

1 provided further, that whenever there are no unpaid losses
 2 for prior years and whenever in any one (1) year the cost of
 3 administration, interest and losses for the current year
 4 shall be less than the sum of sixty cents (60¢) per acre on
 5 nonirrigated grains and a proportionate amount on irrigated
 6 grains and other crops, the state board of hail insurance
 7 shall not draw on the reserve for any purpose unless the
 8 amount required for the payment of losses for the current
 9 year, including interest on warrants and costs of
 10 administration shall exceed the amount of the estimate made
 11 by the state board of hail insurance."

12 Section 4. Section 82-1517, R.C.M. 1947, is amended to
 13 read as follows:

14 "82-1517. Payment of losses. (1) The state board of
 15 hail insurance shall, as soon as practicable after the loss
 16 has been sustained, arrange for the payment of the losses as
 17 follows: From the amount of the loss as adjusted for each
 18 claimant the state board of hail insurance shall deduct the
 19 amount the claimant then owes as delinquent hail insurance
 20 tax and the maximum amount assessed as hail insurance tax
 21 for the current year, and shall make settlement within forty
 22 (40) days from the time loss is sustained in the following
 23 manner: By paying, either by registered warrant or otherwise
 24 if funds are immediately available, fifty per cent of the
 25 total loss as agreed on, less, however, the maximum rate of

1 assessment; balance to be paid at the expiration of the hail
2 season.

3 (2) The state board of hail insurance shall, on or
4 before November first, order payment for the amount so
5 deducted, which payment shall be remitted to the county
6 treasurer of the county in which the tax was assessed. The
7 state board of hail insurance shall then order payment for
8 the balance of the adjustment which payment shall be sent to
9 the claimant; provided, however, that in no case shall the
10 payment for loss exceed twelve twenty-four dollars ~~(\$12.00)~~
11 (\$24) per acre for grain crops on nonirrigated lands, and
12 twenty-four forty-eight dollars ~~(\$24.00)~~ (\$48) per acre on
13 irrigated lands, and not to exceed twelve twenty-four
14 dollars ~~(\$12.00)~~ (\$24) per acre on hay crops; provided,
15 further, that no claimant shall receive payment for any loss
16 incurred where said loss does not equal or exceed five per
17 cent (5%) of the total value of the crop insured. Also if
18 the losses in any year should exceed the current levy plus
19 the reserve, if any, then the payment of all losses shall be
20 prorated share and share alike among all grain growers
21 having loss claims adjusted and approved, and the unpaid
22 balance of said losses shall be paid out of the reserve
23 without interest in such order as the state board of hail
24 insurance shall direct, when in the judgment of the said
25 board there are sufficient moneys to provide for the payment

1 of the same and other items payable out of said reserve. In
2 any year the state board of hail insurance may by resolution
3 authorize its chairman and secretary to borrow as needed
4 from any person, bank or corporation such sum or sums of
5 money as the state board may deem necessary to carry on the
6 business of the department and for the purpose of paying all
7 warrants as issued.

8 (3) For any moneys borrowed under the provisions of
9 this act, the state board of hail insurance shall cause
10 warrants to be drawn and said warrants shall bear interest
11 at not to exceed six per cent (6%) per annum and said
12 warrants and the interest thereon shall be paid out of funds
13 from the state hail insurance department as they are
14 collected from the various counties in the state. The state
15 board of hail insurance shall not at any time borrow a total
16 sum greater than the amount of levies as made for taxes for
17 the current year together with such delinquent taxes as
18 remain unpaid on the books of the county treasurer."

-End-