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1 House BILL NO. 642
2 INTRODUCED BY Dwight Bengtson
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4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO THE
5 RENEWABLE RESOURCE DEVELOPMENT PROGRAM OF THE STATE,
6 PROVIDING THE METHOD OF ACCOUNTING FOR FUNDS APPROPRIATED
7 FOR THE PROGRAM, PROVIDING FOR THE CREATION OF STATE DEBT BY
8 THE ISSUANCE OF BONDS IN ANTICIPATION OF THE RECEIPT OF SUCH
9 FUNDS, SUPPORTED BY THE PLEDGE OF THE FULL FAITH AND CREDIT
10 OF THE STATE, PROVIDING FOR MAKING RENEWABLE RESOURCE
11 DEVELOPMENT LOANS AND GRANTS, AND APPROPRIATING COAL TAX
12 REVENUES AND GENERAL FUND MONEY FOR THESE PURPOSES."
13

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

15 Section 1. Policy. In the development of the natural
16 resources of the state it is essential to distinguish
17 between those which are and those which are not renewable;
18 to make proper charges through taxation and otherwise for
19 the depreciation of nonrenewable resources; and to invest a
20 proper proportion of the tax and other revenues from
21 nonrenewable resources in the replacement thereof with
22 developments of renewable natural resources that will
23 preserve for the citizens the benefit of the state's natural
24 heritage. In order to finance such developments it is
25 necessary to borrow in anticipation of the receipt of the

1 revenues, so that replacement will not lag behind
2 consumption. The purpose of this act is to provide a
3 procedure for borrowing in the most economical way for this
4 purpose, and to authorize the creation of debt to finance
5 the first stage of the program, and to describe the types of
6 projects, loans, and grants to be included in the program.

7 Section 2. Definitions. Unless the context requires
8 otherwise, in this act:

9 (1) "Renewable resource development program" means
10 such developments of renewable natural resources of the
11 state as shall from time to time be acquired, constructed,
12 and financed from funds appropriated to the accounts
13 referred to in this section, and from the proceeds of bonds
14 issued in anticipation of the receipt of these funds.

15 (2) "Renewable resource development bonds" mean all
16 series of bonds authorized by law to be issued pursuant to
17 section [6 of this act] to finance any part of the renewable
18 resource development program, or to refund any such bonds.

19 (3) "Renewable resource development account", or
20 "clearance fund account", mean a separate account which is
21 created within the bond and insurance clearance fund
22 established in section 79-410, and shall be segregated by
23 the treasurer from all other money in that or any other fund
24 in the state treasury and used only to pay costs of the
25 renewable resource development program, upon order of the

1 department of administration or the board of natural
2 resources and conservation under authority and within
3 limitations provided by law.

4 (4) "Renewable resource development bond account," or
5 "sinking fund account", mean a separate account which is
6 created within the sinking fund established in section
7 79-410, and shall be segregated by the treasurer from all
8 other money in that or any other fund in the treasury and
9 used only as provided for herein.

10 (5) "Treasurer" means the state treasurer.

11 Section 3. Renewable resource development loans. (1)
12 The board of natural resources and conservation is
13 authorized upon proper application and upon recommendation
14 of the department of natural resources and conservation to
15 make loans from the renewable resource development account
16 established by this act to farmers and ranchers of the state
17 of Montana who:

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

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

24 (c) are or will become owner-operators of family
25 farms.

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

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

16 (4) The period for repayment of loans pursuant to this
17 act may not exceed thirty (30) years.

18 (5) The board shall from time to time establish by
19 rule the interest rate at which loans may be made under this
20 act, provided that in no case may the rate exceed five
21 percent (5%) per year.

22 (6) The state shall have a lien upon a project
23 constructed with money from the renewable resource
24 development account for the amount of the loan, together
25 with the interest thereon. This lien may attach to all

1 project facilities, equipment, easements, real property and
 2 property of any kind of nature owned by the debtor,
 3 including all water rights. The board shall file either a
 4 financing statement or a real estate mortgage covering the
 5 loan, its amount terms and a description of the project with
 6 the county recorder of each county in which the project or
 7 any part thereof is located. The county recorder shall
 8 record the lien in a book kept for the recording of liens
 9 and it shall be indexed as other liens are required by law
 10 to be indexed. The lien shall be valid until paid in full
 11 or otherwise discharged. The lien shall be foreclosed in
 12 accordance with applicable state law governing foreclosure
 13 of mortgages and liens.

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

17 (8) No member, officer, attorney, or other employee of
 18 the board or the department shall, directly or indirectly,
 19 be the beneficiary of or receive any fee, commission, gift,
 20 or other consideration for or in connection with any
 21 transaction or business under this act other than such
 22 salary, fee, or other compensation; as he may receive as
 23 such member, officer, attorney, or employee. Any person
 24 violating any provision of this section shall, upon
 25 conviction thereof be punished by a fine of not more than

1 two thousand dollars (\$2,000) or imprisonment for not more
 2 than two (2) years or both.

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

10 Section 4. State renewable resource development
 11 grants. (1) The department of administration may recommend
 12 to the Governor that grants from the renewable resource
 13 development account provided for by this act be made to any
 14 department, agency, board, commission, or other division of
 15 state government.

16 (2) The governor shall submit those grant proposals
 17 having his approval to the legislature by the twentieth day
 18 of any legislative session. Those grant proposals approved
 19 by the legislature shall be administered by the department.

20 (3) The grants provided for by this section may be
 21 made for the purchase, lease, or construction of projects
 22 for the conservation, management, utilization, development
 23 or preservation of the land, water and other renewable
 24 resources in the state; for the purpose of feasibility and
 25 design studies for such projects; for development of plans

1 for the rehabilitation, expansion or modification of
2 existing projects; and for such other and further similar
3 purposes as the legislature may approve.

4 (4) The department may adopt rules as required to
5 govern the terms and conditions for making grants pursuant
6 to this section.

7 Section 5. State and local renewable resource
8 development loans. (1) The department of administration may
9 recommend to the Governor that loans be made from the
10 renewable resource development account established by this
11 act to any department, agency, board, commission or other
12 division of state government, or to any city, county, or
13 other political subdivision or local government body of the
14 state.

15 (2) The governor shall submit those loan proposals
16 having his approval to the legislature by the twentieth day
17 of any legislative session. Those loan proposals approved
18 by the legislature shall be administered by the department.

19 (3) The provisions of Section 3, subsection (2) and
20 subsections (4) through (9) of this act shall govern and
21 apply to the local renewable resource loans herein provided
22 for.

23 Section 6. Renewable resource development bonds. (1)
24 Within the limits authorized by section [9 of this act], and
25 within the further limitations in this section, the state

1 board of examiners may issue and sell bonds of the state in
2 such manner as it considers necessary and proper to finance
3 the renewable resource development program. The full faith
4 and credit and taxing powers of the state shall be pledged
5 for the prompt and full payment of all bonds so issued and
6 interest and redemption premiums payable thereon according
7 to their terms.

8 (2) Each series of such bonds shall be issued by the
9 state board of examiners upon request of the department of
10 administration or the board of natural resources and
11 conservation, in such denominations and forms, whether
12 payable to bearer with attached interest coupons or
13 registered as to principal or as to both principal and
14 interest, with such provisions for conversion or exchange
15 and for the issuance of notes in anticipation of the
16 issuance of definitive bonds, bearing interest at such rate
17 or rates, maturing at such time or times not exceeding
18 thirty (30) years from date of issue, subject to optional or
19 mandatory redemption at such earlier times and prices and
20 upon such notice, with such provisions for payment and
21 discharge by the deposit of funds or securities in escrow
22 for that purpose, and payable at the office of such banking
23 institution or institutions within or outside the state, as
24 the board shall determine subject to the limitations
25 contained in this section.

1 (3) In the issuance of each series of such bonds the
 2 interest rates and the maturities and any mandatory
 3 redemption provisions thereof shall be established in such
 4 manner that the funds then specifically pledged and
 5 appropriated by law to the sinking fund account will in the
 6 judgment of the board be received in an amount sufficient in
 7 each year to pay all principal, redemption premiums, and
 8 interest due and payable in that year with respect to that
 9 and all prior series of such bonds, except outstanding bonds
 10 as to which the obligation of the state has been discharged
 11 by the deposit of funds or securities sufficient for their
 12 payment in accordance with the terms of the resolutions by
 13 which they are authorized to be issued.

14 (4) In all other respects the state board of examiners
 15 is authorized to prescribe the form and terms of the bonds,
 16 and shall do whatever is lawful and necessary for their
 17 issuance and payment. Such bonds and any interest coupons
 18 appurtenant thereto shall be signed by the members of the
 19 state board of examiners, and the bonds shall be issued
 20 under the great seal of the state of Montana. The bonds and
 21 coupons may be executed with facsimile signatures and seal
 22 in the manner and subject to the limitations prescribed by
 23 law. The state treasurer shall keep a record of all such
 24 bonds issued and sold.

25 (5) All proceeds of bonds issued hereunder, other than

1 refunding bonds, shall be deposited in the clearance fund
 2 account, except that any principal and accrued interest
 3 received in repayment of the loans provided for in this act
 4 shall be deposited in the sinking fund account. All
 5 proceeds of refunding bonds shall be deposited in the
 6 sinking fund account and applied to the payment and
 7 redemption of outstanding bonds issued hereunder as directed
 8 by the board, whether at maturity or on any previous date on
 9 which they may be prepaid according to their terms.

10 (6) The state board of examiners is authorized to
 11 issue refunding bonds at such times and in such amounts, if
 12 any, as may be necessary to pay principal or interest due
 13 which cannot be paid from funds then on hand in the sinking
 14 fund account. It may also issue refunding bonds to refund
 15 outstanding bonds before maturity, for the purpose of
 16 extending the maturities thereof so far as determined by the
 17 board to be necessary to assure that the funds then pledged
 18 to the sinking fund account will be sufficient for payment
 19 of principal and interest due in subsequent years. It may
 20 also issue refunding bonds to refund outstanding bonds
 21 before maturity for the purpose of reducing the interest
 22 cost or the total amount of principal and interest payable
 23 thereon.

24 (7) No refunding bonds may be issued and sold more
 25 than three (3) months before all bonds refunded thereby

1 mature or are called for redemption unless the proceeds
 2 thereof, with any other funds in the sinking fund account
 3 which are needed and available for the purpose, or
 4 securities purchased from such proceeds and other funds, are
 5 deposited with a suitable banking institution within or
 6 outside the state, in escrow for the retirement of the
 7 refunded bonds at maturity or at a prior date or dates on
 8 which they have been called for redemption in accordance
 9 with their terms, in an amount and in a manner sufficient
 10 under the provisions securing the refunded bonds so that the
 11 state's obligation to pay the same, from sources other than
 12 the escrow fund, is discharged.

13 (8) No new debt may be created by the issuance of
 14 refunding bonds in accordance with this section, but such
 15 refunding bonds shall evidence the debt previously created
 16 and shall be secured by the pledge of the full faith and
 17 credit and taxing powers of the state and by the further
 18 provisions of this act in the same manner as the bonds
 19 refunded thereby.

20 Section 7. Sinking fund account. (1) The state may
 21 by enactment of the legislature or the people levy, impose,
 22 assess, and pledge and appropriate to the sinking fund
 23 account any tax, charge, fee, rental or other income from
 24 any designated source. The state reserves the right to
 25 modify from time to time the nature and amount of special

1 taxes and other revenues pledged and appropriated to the
 2 sinking fund account, provided that the aggregate resources
 3 so pledged and appropriated are determined by the
 4 legislature to be sufficient for the prompt and full payment
 5 of the principal of and interest and redemption premiums
 6 when due on all bonds payable from that account, and
 7 provided that the pledge of the full faith and credit and
 8 taxing powers of the state for the security of all such
 9 bonds shall be and remain irrevocable until they are fully
 10 paid.

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

19 (3) After the reserve provided for in subsection (a)
 20 above is in the sinking fund, money at any time received in
 21 the sinking fund in excess of that amount shall be
 22 transferred by the treasurer to the clearance fund account.
 23 If the balance at any time on hand in the sinking fund is
 24 not sufficient for compliance with subsection (2), and is
 25 not restored to the required amount within three (3) months

1 thereafter, from funds specifically pledged and appropriated
2 to the sinking fund account, the treasurer shall transfer
3 thereto from the general fund an amount sufficient to
4 restore the required balance.

5 (4) The state pledges and appropriates and directs to
6 be credited to the sinking fund account as received ten
7 percent (10%) of all money from time to time received from
8 the collection of the strip coal mines license tax payable
9 under the provisions of section 84-1302, or the equivalent
10 provision of any severance tax enacted in lieu of such
11 license tax, and such additional amount thereof, if any, as
12 may be required from time to time to provide sufficient
13 funds for the purposes stated in subsection (2) above.

14 Section 8. Clearance Fund Account. (1) In addition
15 to any funds herein provided for the clearance fund account,
16 the state may by enactment of the legislature or the people
17 levy, impose, assess and pledge and appropriate to the
18 clearance fund account any tax, charge, fee, rental or other
19 income from any source.

20 (2) The state pledges and appropriates and directs to
21 be credited from the general fund to the clearance fund
22 account four hundred thousand dollars (\$400,000) for its
23 initial funding to be used and administered as provided for
24 in this act.

25 (3) The costs of the board of examiners, the board of

1 natural resources and conservation, the department of
2 natural resources and conservation, and the department of
3 administration incurred in the administration of this act
4 shall be met from the clearance fund account.

5 (4) The board of examiners, the department of natural
6 resources and the department of administration may, within
7 the limits of appropriation made therefore, make necessary
8 expenditures for the purchase or hire of such personnel,
9 facilities, and services as they may from time to time find
10 necessary for the proper administration of this act.

11 Section 9. Authorization of bonds. The legislature,
12 through the enactment of this law by a two-thirds (2/3) vote
13 of the members of each house, authorizes the creation of
14 state debt in an amount not to exceed five million dollars
15 (\$5,000,000), and the issuance and sale of natural resource
16 development bonds in this amount, for the purpose of
17 providing funds appropriated to the clearance fund account
18 for developments included in the natural resource
19 development program.

-End-

STATE OF MONTANA

REQUEST NO. 196-75

FISCAL NOTE

Form BD-15

In compliance with a written request received February 11, 19 75, there is hereby submitted a Fiscal Note for House Bill 642 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 642 relates to the renewable resource development program of the state, provides the method of accounting for funds appropriated for the program, provides for the creation of state debt by the issuance of bonds in anticipation of the receipt of such funds, provides for renewable resource development loans and grants, and appropriates coal tax revenue and general fund money for these purposes.

ASSUMPTIONS:

- Strip mine coal production will be 24.725 million tons in FY 76 and 31.435 tons in FY 77. \$8.91 million in coal license taxes will be collected in FY 76 and \$11.27 million in FY 77. Allocation of strip mines license tax to local government will not be affected under House Bill 642.
- The Department of Natural Resources and Conservation will administer the renewable resource development loans.
- The Department of Administration will issue and administer the sale of the entire authorized \$5 million of natural resources development bonds by October 1, 1975.
- Since grants and loans to state and local government agencies must be approved by the Legislature, no such grants or loans are assumed for the biennium. Thus, the entire \$5 million will be loaned by the Board of Natural Resources as renewable resource development loans, at the maximum rate allowed of 5% per year.
- The interest paid on the bonds will be 6%. The bond proceeds not loaned out will be invested at 7½%.
- The schedule of loans will permit an average investment of the bond proceeds of \$5 million for 3 months, \$4 million for 6 months, and \$3 million for twelve months.

I. FISCAL IMPACT:

Estimated effect on revenue deposited in the clearance fund account by source	FY 76	FY 77
Net interest earnings on bond proceeds not loaned out	\$ 48,750	\$ 45,000
Strip mine license tax collections	891,000	1,127,000
General fund appropriations	400,000	0
Estimated revenue deposited in the clearance fund account	\$1,339,750	\$1,172,000
Decrease in General Fund	1,291,000	1,127,000
Net increase in revenue	\$ 48,750	\$ 45,000

II. Estimated expenditures by category

Administrative expense - Department of Natural Resources & Conservation	\$ 103,490	\$ 102,534
Administrative expenses - Dept. of Administration	30,000	30,950
Net interest loss on bond proceeds loaned out	5,000	20,000
Total estimated expenditures	\$ 138,490	\$ 153,484
III. Net Effect (I - II)	\$(89,740)	\$(108,484)

CONCLUSION: Enactment of House Bill 642 will result in an estimated increase in state revenue from interest earnings of \$93,750 and an estimated increase in expenditures of \$291,974 during the 1975-77 biennium. An additional \$2,418,000 will be deposited in the newly established clearance fund account with a corresponding reduction in the General Fund.

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: _____

Approved by Committee
on Taxation

HOUSE BILL NO. 642

INTRODUCED BY DRISCOLL, BENGTSON

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO THE RENEWABLE RESOURCE DEVELOPMENT PROGRAM OF THE STATE, PROVIDING THE METHOD OF ACCOUNTING FOR FUNDS APPROPRIATED FOR THE PROGRAM, PROVIDING FOR THE CREATION OF STATE DEBT BY THE ISSUANCE OF BONDS IN ANTICIPATION OF THE RECEIPT OF SUCH FUNDS, SUPPORTED BY THE PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE, PROVIDING FOR MAKING RENEWABLE RESOURCE DEVELOPMENT LOANS AND GRANTS, AND APPROPRIATING COAL TAX REVENUES AND GENERAL FUND MONEY FOR THESE PURPOSES."

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

Section 1. Policy. In the development of the natural resources of the state it is essential to distinguish between those which are and those which are not renewable; to make proper charges through taxation and otherwise for the depreciation of nonrenewable resources; and to invest a proper proportion of the tax and other revenues from nonrenewable resources in the replacement thereof with developments of renewable natural resources that will preserve for the citizens the benefit of the state's natural heritage AND TO ENSURE THAT THE QUALITY OF EXISTING PUBLIC RESOURCES SUCH AS AIR, WATER, FISH, WILDLIFE AND

RECREATIONAL OPPORTUNITIES ARE NOT SIGNIFICANTLY DIMINISHED BY DEVELOPMENTS SUPPORTED BY THIS ACT. In order to finance such developments it is necessary to borrow in anticipation of the receipt of the revenues, so that replacement will not lag behind consumption. The purpose of this act is to provide a procedure for borrowing in the most economical way for this purpose, and to authorize the creation of debt to finance the first stage of the program, and to describe the types of projects, loans, and grants to be included in the program.

Section 2. Definitions. Unless the context requires otherwise, in this act:

(1) "Renewable resource development program" means such developments IN THE PUBLIC INTEREST of renewable natural resources of the state as shall from time to time be acquired, constructed, and financed from funds appropriated to the accounts referred to in this section, and from the proceeds of bonds issued in anticipation of the receipt of these funds. RENEWABLE RESOURCE DEVELOPMENTS SHALL, WHENEVER PRACTICABLE, BE MULTIPLE USE PROJECTS, AND SHALL NOT SIGNIFICANTLY DIMINISH THE QUALITY OF EXISTING PUBLIC RESOURCES SUCH AS AIR, WATER, FISH, WILDLIFE AND RECREATIONAL OPPORTUNITIES.

(2) "Renewable resource development bonds" mean all series of bonds authorized by law to be issued pursuant to

1 section [6 of this act] to finance any part of the renewable
2 resource development program, or to refund any such bonds.

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

13 (4) "Renewable resource development bond account," or
14 "sinking fund account", mean a separate account which is
15 created within the sinking fund established in section
16 79-410, and shall be segregated by the treasurer from all
17 other money in that or any other fund in the treasury and
18 used only as provided for herein.

19 (5) "Treasurer" means the state treasurer.

20 Section 3. Renewable resource development loans. (1)
21 The board of natural resources and conservation is
22 authorized upon proper application and upon recommendation
23 of the department of natural resources and conservation to
24 make loans from the renewable resource development account
25 established by this act to farmers and ranchers of the state

1 of Montana who, WITHOUT REGARD TO THEIR FORM OF BUSINESS
2 ORGANIZATION:

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

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

9 (c) are or will become owner-operators of family farms
10 OR RANCHES.

11 (2) THE DEPARTMENT SHALL SOLICIT AND CONSIDER IN ITS
12 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
13 AFFECTED DEPARTMENTS, BOARDS, AGENCIES AND OTHER
14 SUBDIVISIONS OF STATE AND FEDERAL GOVERNMENT AND OF OTHER
15 INTERESTED AND AFFECTED PERSONS.

16 ~~(2)~~ (3) The board may make the renewable resource
17 development loans provided for by this section for any
18 worthwhile project for the conservation, management,
19 utilization, development, or preservation of the land,
20 water, FISH, WILDLIFE, RECREATIONAL, and other renewable
21 resources in the state; and for the refinancing of existing
22 indebtedness incurred in the expansion or rehabilitation of
23 projects for those purposes.

24 ~~(3)~~ (4) The board shall make no renewable resource
25 development loan which exceeds the lesser of one hundred

1 thousand dollars (\$100,000), or eighty percent (80%) of the
 2 fair market value of the security given therefor. In
 3 determining the fair market value for the security given for
 4 any loan, the department shall consider appraisals made by
 5 qualified appraisers and such other factors it considers
 6 important.

7 ~~(4)~~ (5) The period for repayment of loans pursuant to
 8 this act may not exceed thirty (30) years.

9 ~~(5)~~ (6) The board shall from time to time establish by
 10 rule the interest rate at which loans may be made under this
 11 act, provided that in no case may the rate ~~exceed--five~~
 12 ~~percent--(5%)--per--year~~ BE GREATER THAN ONE (1) PERCENTAGE
 13 POINT LESS THAN THE PREVAILING INTEREST RATE ON THE
 14 RENEWABLE RESOURCE DEVELOPMENT BONDS PROVIDED FOR IN THIS
 15 ACT.

16 ~~(6)~~ (7) The state shall have a lien upon a project
 17 constructed with money from the renewable resource
 18 development account for the amount of the loan, together
 19 with the interest thereon. This lien may attach to all
 20 project facilities, equipment, easements, real property and
 21 property of any kind of nature owned by the debtor,
 22 including all water rights. The board shall file either a
 23 financing statement or a real estate mortgage covering the
 24 loan, its amount terms and a description of the project with
 25 the county recorder of each county in which the project or

1 any part thereof is located. The county recorder shall
 2 record the lien in a book kept for the recording of liens
 3 and it shall be indexed as other liens are required by law
 4 to be indexed. The lien shall be valid until paid in full
 5 or otherwise discharged. The lien shall be foreclosed in
 6 accordance with applicable state law governing foreclosure
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8 ~~(7)~~ (8) The board may adopt rules as required to
 9 govern the terms and conditions for making loans, security
 10 instruments, and agreements pursuant to this act.

11 ~~(8)~~ (9) No member, officer, attorney, or other
 12 employee of the board or the department shall, directly or
 13 indirectly, be the beneficiary of or receive any fee,
 14 commission, gift, or other consideration for or in
 15 connection with any transaction or business under this act
 16 other than such salary, fee, or other compensation; as he
 17 may receive as such member, officer, attorney, or employee.
 18 Any person violating any provision of this section shall,
 19 upon conviction thereof be punished by a fine of not more
 20 than two thousand dollars (\$2,000) or imprisonment for not
 21 more than two (2) years or both.

22 ~~(9)~~ (10) The department shall administer the loans
 23 made by the board pursuant to this act, and may accept and
 24 utilize voluntary and uncompensated services, and, with the
 25 consent of the agency concerned, utilize the officers,

1 employees, equipment, and information of any agency of the
2 federal government, or of any agency of Montana government,
3 or of any political subdivision within Montana.

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5 grants. (1) The department of administration may recommend
6 to the Governor that grants from the renewable resource
7 development account provided for by this act be made to any
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10 (2) THE DEPARTMENT SHALL SOLICIT AND CONSIDER IN ITS
11 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
12 AFFECTED DEPARTMENTS, BOARDS, AGENCIES AND OTHER
13 SUBDIVISIONS OF STATE AND FEDERAL GOVERNMENT AND OF OTHER
14 INTERESTED AND AFFECTED PERSONS.

15 ~~(2)~~ (3) The governor shall submit those grant
16 proposals having his approval to the legislature by the
17 twentieth day of any legislative session. Those grant
18 proposals approved by the legislature shall be administered
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21 made for the purchase, lease, or construction of projects
22 for the conservation, management, utilization, development
23 or preservation of the land, water, FISH, WILDLIFE,
24 RECREATIONAL and other renewable resources in the state; for
25 the purpose of feasibility and design studies for such

1 projects; for development of plans for the rehabilitation,
2 expansion or modification of existing projects; and for such
3 other and further similar purposes as the legislature may
4 approve.

5 ~~(4)~~ (5) The department may adopt rules as required to
6 govern the terms and conditions for making grants pursuant
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8 Section 5. State and local renewable resource
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17 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
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20 INTERESTED AND AFFECTED PERSONS.

21 ~~(2)~~ (3) The governor shall submit those loan proposals
22 having his approval to the legislature by the twentieth day
23 of any legislative session. Those loan proposals approved
24 by the legislature shall be administered by the department.

25 ~~(3)~~ (4) The provisions of Section 3, subsection (2)

1 and subsections (4) through (9) of this act shall govern and
2 apply to the local renewable resource loans herein provided
3 for.

4 (5) BOTH THE LOANS PROVIDED FOR BY THIS SECTION AND
5 THE GRANTS PROVIDED FOR BY SECTION 4 OF THIS ACT MAY BE
6 SUBMITTED TO THE GOVERNOR AND APPROVED BY THE LEGISLATURE AS
7 MAY BE NECESSARY TO JOINTLY FINANCE ANY PROJECT.

8 Section 6. Renewable resource development bonds. (1)
9 Within the limits authorized by section [9 of this act], and
10 within the further limitations in this section, the state
11 board of examiners may issue and sell bonds of the state in
12 such manner as it considers necessary and proper to finance
13 the renewable resource development program. The full faith
14 and credit and taxing powers of the state shall be pledged
15 for the prompt and full payment of all bonds so issued and
16 interest and redemption premiums payable thereon according
17 to their terms.

18 (2) Each series of such bonds shall be issued by the
19 state board of examiners upon request of the department of
20 administration or the board of natural resources and
21 conservation, in such denominations and forms, whether
22 payable to bearer with attached interest coupons or
23 registered as to principal or as to both principal and
24 interest, with such provisions for conversion or exchange
25 and for the issuance of notes in anticipation of the

1 issuance of definitive bonds, bearing interest at such rate
2 or rates, maturing at such time or times not exceeding
3 thirty (30) years from date of issue, subject to optional or
4 mandatory redemption at such earlier times and prices and
5 upon such notice, with such provisions for payment and
6 discharge by the deposit of funds or securities in escrow
7 for that purpose, and payable at the office of such banking
8 institution or institutions within or outside the state, as
9 the board shall determine subject to the limitations
10 contained in this section.

11 (3) In the issuance of each series of such bonds the
12 interest rates and the maturities and any mandatory
13 redemption provisions thereof shall be established in such
14 manner that the funds then specifically pledged and
15 appropriated by law to the sinking fund account will in the
16 judgment of the board be received in an amount sufficient in
17 each year to pay all principal, redemption premiums, and
18 interest due and payable in that year with respect to that
19 and all prior series of such bonds, except outstanding bonds
20 as to which the obligation of the state has been discharged
21 by the deposit of funds or securities sufficient for their
22 payment in accordance with the terms of the resolutions by
23 which they are authorized to be issued.

24 (4) In all other respects the state board of examiners
25 is authorized to prescribe the form and terms of the bonds,

1 and shall do whatever is lawful and necessary for their
 2 issuance and payment. Such bonds and any interest coupons
 3 appurtenant thereto shall be signed by the members of the
 4 state board of examiners, and the bonds shall be issued
 5 under the great seal of the state of Montana. The bonds and
 6 coupons may be executed with facsimile signatures and seal
 7 in the manner and subject to the limitations prescribed by
 8 law. The state treasurer shall keep a record of all such
 9 bonds issued and sold.

10 (5) All proceeds of bonds issued hereunder, other than
 11 refunding bonds, shall be deposited in the clearance fund
 12 account, except that any principal and accrued interest
 13 received in repayment of the loans provided for in this act
 14 shall be deposited in the sinking fund account. All
 15 proceeds of refunding bonds shall be deposited in the
 16 sinking fund account and applied to the payment and
 17 redemption of outstanding bonds issued hereunder as directed
 18 by the board, whether at maturity or on any previous date on
 19 which they may be prepaid according to their terms.

20 (6) The state board of examiners is authorized to
 21 issue refunding bonds at such times and in such amounts, if
 22 any, as may be necessary to pay principal or interest due
 23 which cannot be paid from funds then on hand in the sinking
 24 fund account. It may also issue refunding bonds to refund
 25 outstanding bonds before maturity, for the purpose of

1 extending the maturities thereof so far as determined by the
 2 board to be necessary to assure that the funds then pledged
 3 to the sinking fund account will be sufficient for payment
 4 of principal and interest due in subsequent years. It may
 5 also issue refunding bonds to refund outstanding bonds
 6 before maturity for the purpose of reducing the interest
 7 cost or the total amount of principal and interest payable
 8 thereon.

9 (7) No refunding bonds may be issued and sold more
 10 than three (3) months before all bonds refunded thereby
 11 mature or are called for redemption unless the proceeds
 12 thereof, with any other funds in the sinking fund account
 13 which are needed and available for the purpose, or
 14 securities purchased from such proceeds and other funds, are
 15 deposited with a suitable banking institution within or
 16 outside the state, in escrow for the retirement of the
 17 refunded bonds at maturity or at a prior date or dates on
 18 which they have been called for redemption in accordance
 19 with their terms, in an amount and in a manner sufficient
 20 under the provisions securing the refunded bonds so that the
 21 state's obligation to pay the same, from sources other than
 22 the escrow fund, is discharged.

23 (8) No new debt may be created by the issuance of
 24 refunding bonds in accordance with this section, but such
 25 refunding bonds shall evidence the debt previously created

1 and shall be secured by the pledge of the full faith and
2 credit and taxing powers of the state and by the further
3 provisions of this act in the same manner as the bonds
4 refunded thereby.

5 Section 7. Sinking fund account. (1) The state may
6 by enactment of the legislature or the people levy, impose,
7 assess, and pledge and appropriate to the sinking fund
8 account any tax, charge, fee, rental or other income from
9 any designated source. The state reserves the right to
10 modify from time to time the nature and amount of special
11 taxes and other revenues pledged and appropriated to the
12 sinking fund account, provided that the aggregate resources
13 so pledged and appropriated are determined by the
14 legislature to be sufficient for the prompt and full payment
15 of the principal of and interest and redemption premiums
16 when due on all bonds payable from that account, and
17 provided that the pledge of the full faith and credit and
18 taxing powers of the state for the security of all such
19 bonds shall be and remain irrevocable until they are fully
20 paid.

21 (2) Money in the sinking fund account shall be used
22 first to pay interest, principal and redemption premiums
23 when due and payable with respect to natural resource
24 development bonds; second to accumulate a reserve for the
25 further security of such payments, to the amount required

1 each month to meet those payments due within twelve (12)
2 months thereafter; and third to restore the reserve to this
3 amount after each payment.

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

15 (4) The state pledges and appropriates and directs to
16 be credited to the sinking fund account as received ten
17 percent (10%) of all money THAT IS DEPOSITED IN THE STATE
18 GENERAL FUND from time to time received from the collection
19 of the strip coal mines license tax payable under the
20 provisions of section 84-1302, or the equivalent provision
21 of any severance tax enacted in lieu of such license tax,
22 and such additional amount thereof, if any, as may be
23 required from time to time to provide sufficient funds for
24 the purposes stated in subsection (2) above.

25 Section 8. Clearance Fund Account. (1) In addition

1 to any funds herein provided for the clearance fund account,
2 the state may by enactment of the legislature or the people
3 levy, impose, assess and pledge and appropriate to the
4 clearance fund account any tax, charge, fee, rental or other
5 income from any source.

6 (2) The state pledges and appropriates and directs to
7 be credited from the general fund to the clearance fund
8 account four hundred thousand dollars (\$400,000) for its
9 initial funding to be used and administered as provided for
10 in this act. WHEN SUFFICIENT FUNDS HAVE BEEN ACCUMULATED IN
11 THE CLEARANCE FUND ACCOUNT FROM BOND PROCEEDS OR AS
12 OTHERWISE PROVIDED FOR IN THIS ACT, THREE HUNDRED
13 SEVENTY-FOUR THOUSAND, FOUR HUNDRED SEVENTY-FOUR DOLLARS
14 (\$374,474) SHALL BE REDEPOSITED IN THE GENERAL FUND.

15 (3) The costs of the board of examiners, the board of
16 natural resources and conservation, the department of
17 natural resources and conservation, and the department of
18 administration incurred in the administration of this act
19 shall be met from the clearance fund account.

20 (4) The board of examiners, the department of natural
21 resources and the department of administration may, within
22 the limits of appropriation made therefore, make necessary
23 expenditures for the purchase or hire of such personnel,
24 facilities, and services as they may from time to time find
25 necessary for the proper administration of this act.

1 (5) THE GENERAL FUND APPROPRIATION PROVIDED FOR BY
2 SUBSECTION (2) OF THIS SECTION AS THE INITIAL FUNDING FOR
3 THE PROGRAMS PROVIDED FOR BY THIS ACT SHALL BE APPROPRIATED
4 AND USED AS FOLLOWS FOR THE BIENNIUM ENDING JUNE 30, 1977:

5 FOR FISCAL YEAR FOR FISCAL YEAR
6 ENDING 6/30/76 ENDING 6/30/77

7 DEPARTMENT OF NATURAL RESOURCES
8 AND CONSERVATION
9 ADMINISTRATIVE EXPENSES FROM
10 THE EARMARKED REVENUE FUND \$103,490 \$102,534

11 DEPARTMENT OF ADMINISTRATION
12 ADMINISTRATIVE EXPENSES FROM
13 THE EARMARKED FUND 30,000 30,950

14 DEPARTMENT OF NATURAL RESOURCES
15 AND CONSERVATION
16 ENGINEERING STUDIES ON EXPANDED
17 WATER STORAGE ON THE TONGUE
18 RIVER FROM THE CLEARANCE FUND
19 ACCOUNT 82,500
20 ENGINEERING STUDIES ON WATER
21 STORAGE ON THE POWDER RIVER FROM
22 THE CLEARANCE FUND ACCOUNT 25,000
23 TOTAL 107,500

24 Section 9. Authorization of bonds. The legislature,
25 through the enactment of this law by a two-thirds (2/3) vote

1 of the members of each house, authorizes the creation of
2 state debt in an amount not to exceed five million dollars
3 (\$5,000,000), and the issuance and sale of natural resource
4 development bonds in this amount, for the purpose of
5 providing funds appropriated to the clearance fund account
6 for developments included in the natural resource
7 development program.

8 SECTION 10. SEVERABILITY. IF A PART OF THIS ACT IS
9 INVALID, ALL VALID PARTS THAT ARE SEVERABLE FROM THE INVALID
10 PART REMAIN IN EFFECT. IF A PART OF THIS ACT IS INVALID IN
11 ONE OR MORE OF ITS APPLICATIONS, THE PART REMAINS IN EFFECT
12 IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE
13 INVALID APPLICATIONS.

-End-

1 HOUSE BILL NO. 642
 2 INTRODUCED BY DRISCOLL, BENGTSON
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO THE
 5 RENEWABLE RESOURCE DEVELOPMENT PROGRAM OF THE STATE,
 6 PROVIDING THE METHOD OF ACCOUNTING FOR FUNDS APPROPRIATED
 7 FOR THE PROGRAM, PROVIDING FOR THE CREATION OF STATE DEBT BY
 8 THE ISSUANCE OF BONDS IN ANTICIPATION OF THE RECEIPT OF SUCH
 9 FUNDS, SUPPORTED BY THE PLEDGE OF THE FULL FAITH AND CREDIT
 10 OF THE STATE, PROVIDING FOR MAKING RENEWABLE RESOURCE
 11 DEVELOPMENT LOANS AND GRANTS, AND APPROPRIATING COAL TAX
 12 REVENUES AND GENERAL FUND MONEY FOR THESE PURPOSES."

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

15 Section 1. Policy. In the development of the natural
 16 resources of the state it is essential to distinguish
 17 between those which are and those which are not renewable;
 18 to make proper charges through taxation and otherwise for
 19 the depreciation of nonrenewable resources; and to invest a
 20 proper proportion of the tax and other revenues from
 21 nonrenewable resources in the replacement thereof with
 22 developments of renewable natural resources that will
 23 preserve for the citizens the benefit of the state's natural
 24 heritage AND TO ENSURE THAT THE QUALITY OF EXISTING PUBLIC
 25 RESOURCES SUCH AS AIR, WATER, FISH, WILDLIFE AND

1 RECREATIONAL OPPORTUNITIES ARE NOT SIGNIFICANTLY DIMINISHED
 2 BY DEVELOPMENTS SUPPORTED BY THIS ACT. In order to finance
 3 such developments it is necessary to borrow in anticipation
 4 of the receipt of the revenues, so that replacement will not
 5 lag behind consumption. The purpose of this act is to
 6 provide a procedure for borrowing in the most economical way
 7 for this purpose, and to authorize the creation of debt to
 8 finance the first stage of the program, and to describe the
 9 types of projects, loans, and grants to be included in the
 10 program.

11 Section 2. Definitions. Unless the context requires
 12 otherwise, in this act:

13 (1) "Renewable resource development program" means
 14 such developments IN THE PUBLIC INTEREST of renewable
 15 natural resources of the state as shall from time to time be
 16 acquired, constructed, and financed from funds appropriated
 17 to the accounts referred to in this section, and from the
 18 proceeds of bonds issued in anticipation of the receipt of
 19 these funds. RENEWABLE RESOURCE DEVELOPMENTS SHALL, WHENEVER
 20 PRACTICABLE, BE MULTIPLE USE PROJECTS, AND SHALL NOT
 21 SIGNIFICANTLY DIMINISH THE QUALITY OF EXISTING PUBLIC
 22 RESOURCES SUCH AS AIR, WATER, FISH, WILDLIFE AND
 23 RECREATIONAL OPPORTUNITIES.

24 (2) "Renewable resource development bonds" mean all
 25 series of bonds authorized by law to be issued pursuant to

1 section [6 of this act] to finance any part of the renewable
2 resource development program, or to refund any such bonds.

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

13 (4) "Renewable resource development bond account," or
14 "sinking fund account", mean a separate account which is
15 created within the sinking fund established in section
16 79-410, and shall be segregated by the treasurer from all
17 other money in that or any other fund in the treasury and
18 used only as provided for herein.

19 (5) "Treasurer" means the state treasurer.

20 Section 3. Renewable resource development loans. (1)
21 The board of natural resources and conservation is
22 authorized upon proper application and upon recommendation
23 of the department of natural resources and conservation to
24 make loans from the renewable resource development account
25 established by this act to farmers and ranchers of the state

1 of Montana who, WITHOUT REGARD TO THEIR FORM OF BUSINESS
2 ORGANIZATION:

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

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

9 (c) are or will become owner-operators of ~~family~~ farms
10 OR RANCHES.

11 (2) THE DEPARTMENT SHALL SOLICIT AND CONSIDER IN ITS
12 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
13 AFFECTED DEPARTMENTS, BOARDS, AGENCIES AND OTHER
14 SUBDIVISIONS OF STATE AND FEDERAL GOVERNMENT AND OF OTHER
15 INTERESTED AND AFFECTED PERSONS.

16 ~~(3)~~ (3) The board may make the renewable resource
17 development loans provided for by this section for any
18 worthwhile project for the conservation, management,
19 utilization, development, or preservation of the land,
20 water, FISH, WILDLIFE, RECREATIONAL, and other renewable
21 resources in the state; and for the refinancing of existing
22 indebtedness incurred in the expansion or rehabilitation of
23 projects for those purposes.

24 ~~(4)~~ (4) The board shall make no renewable resource
25 development loan which exceeds the lesser of one hundred

1 thousand dollars (\$100,000), or eighty percent (80%) of the
 2 fair market value of the security given therefor. In
 3 determining the fair market value for the security given for
 4 any loan, the department shall consider appraisals made by
 5 qualified appraisers and such other factors it considers
 6 important.

7 ~~(4)~~ (5) The period for repayment of loans pursuant to
 8 this act may not exceed thirty (30) years.

9 ~~(5)~~ (6) The board shall from time to time establish by
 10 rule the interest rate at which loans may be made under this
 11 act, provided that in no case may the rate ~~exceed--five~~
 12 ~~percent--(5%)--per--year~~ BE GREATER THAN ONE (1) PERCENTAGE
 13 POINT LESS THAN THE PREVAILLING INTEREST RATE ON THE
 14 RENEWABLE RESOURCE DEVELOPMENT BONDS PROVIDED FOR IN THIS
 15 ACT.

16 ~~(6)~~ (7) The state shall have a lien upon a project
 17 constructed with money from the renewable resource
 18 development account for the amount of the loan, together
 19 with the interest thereon. This lien may attach to all
 20 project facilities, equipment, easements, real property and
 21 property of any kind of nature owned by the debtor,
 22 including all water rights. The board shall file either a
 23 financing statement or a real estate mortgage covering the
 24 loan, its amount terms and a description of the project with
 25 the county recorder of each county in which the project or

1 any part thereof is located. The county recorder shall
 2 record the lien in a book kept for the recording of liens
 3 and it shall be indexed as other liens are required by law
 4 to be indexed. The lien shall be valid until paid in full
 5 or otherwise discharged. The lien shall be foreclosed in
 6 accordance with applicable state law governing foreclosure
 7 of mortgages and liens.

8 ~~(7)~~ (8) The board may adopt rules as required to
 9 govern the terms and conditions for making loans, security
 10 instruments, and agreements pursuant to this act.

11 ~~(8)~~ (9) No member, officer, attorney, or other
 12 employee of the board or the department shall, directly or
 13 indirectly, be the beneficiary of or receive any fee,
 14 commission, gift, or other consideration for or in
 15 connection with any transaction or business under this act
 16 other than such salary, fee, or other compensation; as he
 17 may receive as such member, officer, attorney, or employee.
 18 Any person violating any provision of this section shall,
 19 upon conviction thereof be punished by a fine of not more
 20 than two thousand dollars (\$2,000) or imprisonment for not
 21 more than two (2) years or both.

22 ~~(9)~~ (10) The department shall administer the loans
 23 made by the board pursuant to this act, and may accept and
 24 utilize voluntary and uncompensated services, and, with the
 25 consent of the agency concerned, utilize the officers,

1 employees, equipment, and information of any agency of the
2 federal government, or of any agency of Montana government,
3 or of any political subdivision within Montana.

4 Section 4. State renewable resource development
5 grants. (1) The department of administration may recommend
6 to the Governor that grants from the renewable resource
7 development account provided for by this act be made to any
8 department, agency, board, commission, or other division of
9 state government.

10 (2) THE DEPARTMENT SHALL SOLICIT AND CONSIDER IN ITS
11 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
12 AFFECTED DEPARTMENTS, BOARDS, AGENCIES AND OTHER
13 SUBDIVISIONS OF STATE AND FEDERAL GOVERNMENT AND OF OTHER
14 INTERESTED AND AFFECTED PERSONS.

15 ~~(2)~~ (3) The governor shall submit those grant
16 proposals having his approval to the legislature by the
17 twentieth day of any legislative session. Those grant
18 proposals approved by the legislature shall be administered
19 by the department.

20 ~~(3)~~ (4) The grants provided for by this section may be
21 made for the purchase, lease, or construction of projects
22 for the conservation, management, utilization, development
23 or preservation of the land, water, FISH, WILDLIFE,
24 RECREATIONAL and other renewable resources in the state; for
25 the purpose of feasibility and design studies for such

1 projects; for development of plans for the rehabilitation,
2 expansion or modification of existing projects; and for such
3 other and further similar purposes as the legislature may
4 approve.

5 ~~(4)~~ (5) The department may adopt rules as required to
6 govern the terms and conditions for making grants pursuant
7 to this section.

8 Section 5. State and local renewable resource
9 development loans. (1) The department of administration may
10 recommend to the Governor that loans be made from the
11 renewable resource development account established by this
12 act to any department, agency, board, commission or other
13 division of state government, or to any city, county, or
14 other political subdivision or local government body of the
15 state.

16 (2) THE DEPARTMENT SHALL SOLICIT AND CONSIDER IN ITS
17 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
18 AFFECTED DEPARTMENTS, BOARDS, AGENCIES AND OTHER
19 SUBDIVISIONS OF STATE AND FEDERAL GOVERNMENT AND OF OTHER
20 INTERESTED AND AFFECTED PERSONS.

21 ~~(3)~~ (3) The governor shall submit those loan proposals
22 having his approval to the legislature by the twentieth day
23 of any legislative session. Those loan proposals approved
24 by the legislature shall be administered by the department.

25 ~~(4)~~ (4) The provisions of Section 3, subsection (2)

1 and subsections (4) through (9) of this act shall govern and
 2 apply to the local renewable resource loans herein provided
 3 for.

4 (5) BOTH THE LOANS PROVIDED FOR BY THIS SECTION AND
 5 THE GRANTS PROVIDED FOR BY SECTION 4 OF THIS ACT MAY BE
 6 SUBMITTED TO THE GOVERNOR AND APPROVED BY THE LEGISLATURE AS
 7 MAY BE NECESSARY TO JOINTLY FINANCE ANY PROJECT.

8 Section 6. Renewable resource development bonds. (1)
 9 Within the limits authorized by section [9 of this act], and
 10 within the further limitations in this section, the state
 11 board of examiners may issue and sell bonds of the state in
 12 such manner as it considers necessary and proper to finance
 13 the renewable resource development program. The full faith
 14 and credit and taxing powers of the state shall be pledged
 15 for the prompt and full payment of all bonds so issued and
 16 interest and redemption premiums payable thereon according
 17 to their terms.

18 (2) Each series of such bonds shall be issued by the
 19 state board of examiners upon request of the department of
 20 administration or the board of natural resources and
 21 conservation, in such denominations and forms, whether
 22 payable to bearer with attached interest coupons or
 23 registered as to principal or as to both principal and
 24 interest, with such provisions for conversion or exchange
 25 and for the issuance of notes in anticipation of the

1 issuance of definitive bonds, bearing interest at such rate
 2 or rates, maturing at such time or times not exceeding
 3 thirty (30) years from date of issue, subject to optional or
 4 mandatory redemption at such earlier times and prices and
 5 upon such notice, with such provisions for payment and
 6 discharge by the deposit of funds or securities in escrow
 7 for that purpose, and payable at the office of such banking
 8 institution or institutions within or outside the state, as
 9 the board shall determine subject to the limitations
 10 contained in this section.

11 (3) In the issuance of each series of such bonds the
 12 interest rates and the maturities and any mandatory
 13 redemption provisions thereof shall be established in such
 14 manner that the funds then specifically pledged and
 15 appropriated by law to the sinking fund account will in the
 16 judgment of the board be received in an amount sufficient in
 17 each year to pay all principal, redemption premiums, and
 18 interest due and payable in that year with respect to that
 19 and all prior series of such bonds, except outstanding bonds
 20 as to which the obligation of the state has been discharged
 21 by the deposit of funds or securities sufficient for their
 22 payment in accordance with the terms of the resolutions by
 23 which they are authorized to be issued.

24 (4) In all other respects the state board of examiners
 25 is authorized to prescribe the form and terms of the bonds,

1 and shall do whatever is lawful and necessary for their
 2 issuance and payment. Such bonds and any interest coupons
 3 appurtenant thereto shall be signed by the members of the
 4 state board of examiners, and the bonds shall be issued
 5 under the great seal of the state of Montana. The bonds and
 6 coupons may be executed with facsimile signatures and seal
 7 in the manner and subject to the limitations prescribed by
 8 law. The state treasurer shall keep a record of all such
 9 bonds issued and sold.

10 (5) All proceeds of bonds issued hereunder, other than
 11 refunding bonds, shall be deposited in the clearance fund
 12 account, except that any principal and accrued interest
 13 received in repayment of the loans provided for in this act
 14 shall be deposited in the sinking fund account. All
 15 proceeds of refunding bonds shall be deposited in the
 16 sinking fund account and applied to the payment and
 17 redemption of outstanding bonds issued hereunder as directed
 18 by the board, whether at maturity or on any previous date on
 19 which they may be prepaid according to their terms.

20 (6) The state board of examiners is authorized to
 21 issue refunding bonds at such times and in such amounts, if
 22 any, as may be necessary to pay principal or interest due
 23 which cannot be paid from funds then on hand in the sinking
 24 fund account. It may also issue refunding bonds to refund
 25 outstanding bonds before maturity, for the purpose of

1 extending the maturities thereof so far as determined by the
 2 board to be necessary to assure that the funds then pledged
 3 to the sinking fund account will be sufficient for payment
 4 of principal and interest due in subsequent years. It may
 5 also issue refunding bonds to refund outstanding bonds
 6 before maturity for the purpose of reducing the interest
 7 cost or the total amount of principal and interest payable
 8 thereon.

9 (7) No refunding bonds may be issued and sold more
 10 than three (3) months before all bonds refunded thereby
 11 mature or are called for redemption unless the proceeds
 12 thereof, with any other funds in the sinking fund account
 13 which are needed and available for the purpose, or
 14 securities purchased from such proceeds and other funds, are
 15 deposited with a suitable banking institution within or
 16 outside the state, in escrow for the retirement of the
 17 refunded bonds at maturity or at a prior date or dates on
 18 which they have been called for redemption in accordance
 19 with their terms, in an amount and in a manner sufficient
 20 under the provisions securing the refunded bonds so that the
 21 state's obligation to pay the same, from sources other than
 22 the escrow fund, is discharged.

23 (8) No new debt may be created by the issuance of
 24 refunding bonds in accordance with this section, but such
 25 refunding bonds shall evidence the debt previously created

1 and shall be secured by the pledge of the full faith and
 2 credit and taxing powers of the state and by the further
 3 provisions of this act in the same manner as the bonds
 4 refunded thereby.

5 Section 7. Sinking fund account. (1) The state may
 6 by enactment of the legislature or the people levy, impose,
 7 assess, and pledge and appropriate to the sinking fund
 8 account any tax, charge, fee, rental or other income from
 9 any designated source. The state reserves the right to
 10 modify from time to time the nature and amount of special
 11 taxes and other revenues pledged and appropriated to the
 12 sinking fund account, provided that the aggregate resources
 13 so pledged and appropriated are determined by the
 14 legislature to be sufficient for the prompt and full payment
 15 of the principal of and interest and redemption premiums
 16 when due on all bonds payable from that account, and
 17 provided that the pledge of the full faith and credit and
 18 taxing powers of the state for the security of all such
 19 bonds shall be and remain irrevocable until they are fully
 20 paid.

21 (2) Money in the sinking fund account shall be used
 22 first to pay interest, principal and redemption premiums
 23 when due and payable with respect to natural resource
 24 development bonds; second to accumulate a reserve for the
 25 further security of such payments, to the amount required

1 each month to meet those payments due within twelve (12)
 2 months thereafter; and third to restore the reserve to this
 3 amount after each payment.

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

15 (4) The state pledges and appropriates and directs to
 16 be credited to the sinking fund account as received ten
 17 percent (10%) of all money THAT IS DEPOSITED IN THE STATE
 18 GENERAL FUND from time to time received from the collection
 19 of the strip coal mines license tax payable under the
 20 provisions of section 84-1302, or the equivalent provision
 21 of any severance tax enacted in lieu of such license tax,
 22 and such additional amount thereof, if any, as may be
 23 required from time to time to provide sufficient funds for
 24 the purposes stated in subsection (2) above.

25 Section 8. Clearance Fund Account. (1) In addition

1 to any funds herein provided for the clearance fund account,
2 the state may by enactment of the legislature or the people
3 levy, impose, assess and pledge and appropriate to the
4 clearance fund account any tax, charge, fee, rental or other
5 income from any source.

6 (2) The state pledges and appropriates and directs to
7 be credited from the general fund to the clearance fund
8 account four hundred thousand dollars (\$400,000) for its
9 initial funding to be used and administered as provided for
10 in this act. WHEN SUFFICIENT FUNDS HAVE BEEN ACCUMULATED IN
11 THE CLEARANCE FUND ACCOUNT FROM BOND PROCEEDS OR AS
12 OTHERWISE PROVIDED FOR IN THIS ACT, THREE HUNDRED
13 SEVENTY-FOUR THOUSAND, FOUR HUNDRED SEVENTY-FOUR DOLLARS
14 (\$374,474) SHALL BE REDEPOSITED IN THE GENERAL FUND.

15 (3) The costs of the board of examiners, the board of
16 natural resources and conservation, the department of
17 natural resources and conservation, and the department of
18 administration incurred in the administration of this act
19 shall be met from the clearance fund account.

20 (4) The board of examiners, the department of natural
21 resources and the department of administration may, within
22 the limits of appropriation made therefore, make necessary
23 expenditures for the purchase or hire of such personnel,
24 facilities, and services as they may from time to time find
25 necessary for the proper administration of this act.

1 (5) THE GENERAL FUND APPROPRIATION PROVIDED FOR BY
2 SUBSECTION (2) OF THIS SECTION AS THE INITIAL FUNDING FOR
3 THE PROGRAMS PROVIDED FOR BY THIS ACT SHALL BE APPROPRIATED
4 AND USED AS FOLLOWS FOR THE BIENNIUM ENDING JUNE 30, 1977:

5 FOR FISCAL YEAR FOR FISCAL YEAR
6 ENDING 6/30/76 ENDING 6/30/77

7 DEPARTMENT OF NATURAL RESOURCES

8 AND CONSERVATION

9 ADMINISTRATIVE EXPENSES FROM

10 THE EARMARKED REVENUE FUND \$103,490 \$102,534

11 DEPARTMENT OF ADMINISTRATION

12 ADMINISTRATIVE EXPENSES FROM

13 THE EARMARKED FUND 30,000 30,950

14 DEPARTMENT OF NATURAL RESOURCES

15 AND CONSERVATION

16 ENGINEERING STUDIES ON EXPANDED

17 WATER STORAGE ON THE TONGUE

18 RIVER FROM THE CLEARANCE FUND

19 ACCOUNT 82,500

20 ENGINEERING STUDIES ON WATER

21 STORAGE ON THE POWDER RIVER FROM

22 THE CLEARANCE FUND ACCOUNT 25,000

23 TOTAL 107,500

24 Section 9. Authorization of bonds. The legislature,
25 through the enactment of this law by a two-thirds (2/3) vote

1 of the members of each house, authorizes the creation of
2 state debt in an amount not to exceed five million dollars
3 (\$5,000,000), and the issuance and sale of natural resource
4 development bonds in this amount, for the purpose of
5 providing funds appropriated to the clearance fund account
6 for developments included in the natural resource
7 development program.

8 SECTION 10. SEVERABILITY. IF A PART OF THIS ACT IS
9 INVALID, ALL VALID PARTS THAT ARE SEVERABLE FROM THE INVALID
10 PART REMAIN IN EFFECT. IF A PART OF THIS ACT IS INVALID IN
11 ONE OR MORE OF ITS APPLICATIONS, THE PART REMAINS IN EFFECT
12 IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE
13 INVALID APPLICATIONS.

-End-

March 29, 1975

SENATE COMMITTEE ON TAXATION

AMENDMENTS TO HOUSE BILL NO. 642

That House Bill No. 642, third reading, be amended as follows:

1. Amend page 5, section 3, line 13.
Following: "POINT"
Strike: "LESS"
Insert: "greater"
2. Amend page 13, section 7, line 23.
Following: "to"
Strike: "natural"
Insert: "renewable"
3. Amend page 14, section 7, line 4.
Following: "subsection:"
Strike: "(a)"
Insert: "(2)"
4. Amend page 14, section 7, lines 16 and 17.
Following: "received"
Strike: "ten percent (10%)"
Insert: "two and one half percent (2 1/2%)"
5. Amend page 14, section 7, lines 17 and 18.
Following: "money"
Strike: "THAT IS DEPOSITED IN THE STATE GENERAL FUND"
6. Amend page 14, section 7, line 24.
Following: "above"
Insert: "; provided that no more than two and one half percent (2 1/2%) of such tax collections shall be deemed to be pledged for the purpose of section 6, subsection (3)"
7. Amend page 15, section 8, line 8.
Following: "account"
Strike: "four hundred thousand dollars (\$400,000)"
Insert: "three hundred seventy-four thousand, four hundred seventy-four dollars (\$374,474)"
8. Amend page 15, section 8, line 12.
Following: "ACT,"
Insert: "the legislature directs that"
9. Amend page 15, section 8, line 14.
Following: "(\$374,474)"
Strike: "SHALL BE REDEPOSITED IN"
Insert: "be appropriated from the clearance fund account and credited to"

10. Amend page 15, section 8, line 19.
Following: "account"
Insert: "monies which shall from time to time as needed be transferred to an earmarked revenue fund established for that purpose"

11. Amend page 16, section 8, line 23.
Following: line 23
Insert: "(6) The monies deposited in the clearance fund account as provided for in section 6 of this act shall be appropriated and used as follows for the biennium ending June 30, 1977:

	For Fiscal Year Ending 6/30/76	For Fiscal Year Ending 6/30/77
--	-----------------------------------	-----------------------------------

Department of Natural Resources
and Conservation

Implementation of the renewable
resource development loan program
authorized by section 3 of this act
from the clearance fund account

1,000,000

2,000,000

(7) In case of necessity, an appropriation not expended during the first fiscal year of the biennium may be expended during the second fiscal year by approved budget amendment submitted through the budget director by the governor, or his designated representative."

12. Amend page 17, section 9, line 3.
Following: "of"
Strike: "natural"
Insert: "renewable"

13. Amend page 17, section 9, line 6.
Following: "the"
Strike: "natural"
Insert: "renewable"

April 2, 1975

SENATE COMMITTEE ON FINANCE AND CLAIMS

AMENDMENTS TO HOUSE BILL NO. 642

That House Bill No. 642, be amended as follows:

Amend Senate Committee on Taxation Amendments dated March 29, 1975, as follows:

1. Amend amendment No. 7.

Strike: amendment No. 7 in its entirety

And amend House Bill 642, third reading bill, as follows:

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

Following: "AS"

Insert: "land,"

3. Amend page 2, section 2, line 22.

Following: "AS"

Insert: "land,"

4. Amend page 15, section 8, line 8.

Following: "account"

Strike: "four hundred thousand dollars (\$400,000)"

Insert: "three hundred ninety thousand, nine hundred seventy-four dollars (\$390,974)"

5. Amend page 15, section 8, lines 12 through 13 and line 14.

Following: "ACT,"

Strike: "THREE HUNDRED SEVENTY-FOUR THOUSAND, FOUR HUNDRED SEVENTY-FOUR DOLLARS (\$374,479)"

Insert: "three hundred ninety thousand, nine hundred seventy-four dollars (\$390,974)"

6. Amend page 16, section 8, line 19.

Following: "ACCOUNT"

Strike: "82,500"

Insert: "49,000"

7. Amend page 16, section 8, line 23.

Following: line 22

Strike: "TOTAL 107,500"

Insert: "Study of the diversion of water into the Milk River, from the clearance fund account 50,000"

AND AS SO AMENDED, BE CONCURRED IN

April 3, 1975

SENATE COMMITTEE OF THE WHOLE
AMENDMENTS TO HOUSE BILL NO. 642

That House Bill No. 642, third reading, be amended as follows:

1. Amend page 7, section 4, line 9.

Following: "government."

Insert: "Unless specifically authorized by the legislature, no bond proceeds shall be used for the purpose of making grants; grants may only be made in such sums as may be deposited in the sinking fund account from the collection of the strip coal mines license tax payable under the provisions of section 84-1302 as provided in section 7 of this act."

1 HOUSE BILL NO. 642

2 INTRODUCED BY DRISCOLL, BENGTSON

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO THE
5 RENEWABLE RESOURCE DEVELOPMENT PROGRAM OF THE STATE,
6 PROVIDING THE METHOD OF ACCOUNTING FOR FUNDS APPROPRIATED
7 FOR THE PROGRAM, PROVIDING FOR THE CREATION OF STATE DEBT BY
8 THE ISSUANCE OF BONDS IN ANTICIPATION OF THE RECEIPT OF SUCH
9 FUNDS, SUPPORTED BY THE PLEDGE OF THE FULL FAITH AND CREDIT
10 OF THE STATE, PROVIDING FOR MAKING RENEWABLE RESOURCE
11 DEVELOPMENT LOANS AND GRANTS, AND APPROPRIATING COAL TAX
12 REVENUES AND GENERAL FUND MONEY FOR THESE PURPOSES."

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

15 Section 1. Policy. In the development of the natural
16 resources of the state it is essential to distinguish
17 between those which are and those which are not renewable;
18 to make proper charges through taxation and otherwise for
19 the depreciation of nonrenewable resources; and to invest a
20 proper proportion of the tax and other revenues from
21 nonrenewable resources in the replacement thereof with
22 developments of renewable natural resources that will
23 preserve for the citizens the benefit of the state's natural
24 heritage AND TO ENSURE THAT THE QUALITY OF EXISTING PUBLIC
25 RESOURCES SUCH AS LAND, AIR, WATER, FISH, WILDLIFE AND

1 RECREATIONAL OPPORTUNITIES ARE NOT SIGNIFICANTLY DIMINISHED
2 BY DEVELOPMENTS SUPPORTED BY THIS ACT. In order to finance
3 such developments it is necessary to borrow in anticipation
4 of the receipt of the revenues, so that replacement will not
5 lag behind consumption. The purpose of this act is to
6 provide a procedure for borrowing in the most economical way
7 for this purpose, and to authorize the creation of debt to
8 finance the first stage of the program, and to describe the
9 types of projects, loans, and grants to be included in the
10 program.

11 Section 2. Definitions. Unless the context requires
12 otherwise, in this act:

13 (1) "Renewable resource development program" means
14 such developments IN THE PUBLIC INTEREST of renewable
15 natural resources of the state as shall from time to time be
16 acquired, constructed, and financed from funds appropriated
17 to the accounts referred to in this section, and from the
18 proceeds of bonds issued in anticipation of the receipt of
19 these funds. RENEWABLE RESOURCE DEVELOPMENTS SHALL, WHENEVER
20 PRACTICABLE, BE MULTIPLE USE PROJECTS, AND SHALL NOT
21 SIGNIFICANTLY DIMINISH THE QUALITY OF EXISTING PUBLIC
22 RESOURCES SUCH AS LAND, AIR, WATER, FISH, WILDLIFE AND
23 RECREATIONAL OPPORTUNITIES.

24 (2) "Renewable resource development bonds" mean all
25 series of bonds authorized by law to be issued pursuant to

1 section [6 of this act] to finance any part of the renewable
2 resource development program, or to refund any such bonds.

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

13 (4) "Renewable resource development bond account", or
14 "sinking fund account", mean a separate account which is
15 created within the sinking fund established in section
16 79-410, and shall be segregated by the treasurer from all
17 other money in that or any other fund in the treasury and
18 used only as provided for herein.

19 (5) "Treasurer" means the state treasurer.

20 Section 3. Renewable resource development loans. (1)
21 The board of natural resources and conservation is
22 authorized upon proper application and upon recommendation
23 of the department of natural resources and conservation to
24 make loans from the renewable resource development account
25 established by this act to farmers and ranchers of the state

1 of Montana who, WITHOUT REGARD TO THEIR FORM OF BUSINESS
2 ORGANIZATION:

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

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

9 (c) are or will become owner-operators of family farms
10 OR RANCHES.

11 (2) THE DEPARTMENT SHALL SOLICIT AND CONSIDER IN ITS
12 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
13 AFFECTED DEPARTMENTS, BOARDS, AGENCIES AND OTHER
14 SUBDIVISIONS OF STATE AND FEDERAL GOVERNMENT AND OF OTHER
15 INTERESTED AND AFFECTED PERSONS.

16 ~~(2)~~ (3) The board may make the renewable resource
17 development loans provided for by this section for any
18 worthwhile project for the conservation, management,
19 utilization, development, or preservation of the land,
20 water, FISH, WILDLIFE, RECREATIONAL, and other renewable
21 resources in the state; and for the refinancing of existing
22 indebtedness incurred in the expansion or rehabilitation of
23 projects for those purposes.

24 ~~(3)~~ (4) The board shall make no renewable resource
25 development loan which exceeds the lesser of one hundred

1 thousand dollars (\$100,000), or eighty percent (80%) of the
 2 fair market value of the security given therefor. In
 3 determining the fair market value for the security given for
 4 any loan, the department shall consider appraisals made by
 5 qualified appraisers and such other factors it considers
 6 important.

7 ~~(4)~~ (5) The period for repayment of loans pursuant to
 8 this act may not exceed thirty (30) years.

9 ~~(5)~~ (6) The board shall from time to time establish by
 10 rule the interest rate at which loans may be made under this
 11 act, provided that in no case may the rate ~~exceed--five~~
 12 ~~percent--(5%)--per--year~~ BE GREATER THAN ONE (1) PERCENTAGE
 13 POINT ~~LESS~~ GREATER THAN THE PREVAILING INTEREST RATE ON THE
 14 RENEWABLE RESOURCE DEVELOPMENT BONDS PROVIDED FOR IN THIS
 15 ACT.

16 ~~(6)~~ (7) The state shall have a lien upon a project
 17 constructed with money from the renewable resource
 18 development account for the amount of the loan, together
 19 with the interest thereon. This lien may attach to all
 20 project facilities, equipment, easements, real property and
 21 property of any kind of nature owned by the debtor,
 22 including all water rights. The board shall file either a
 23 financing statement or a real estate mortgage covering the
 24 loan, its amount terms and a description of the project with
 25 the county recorder of each county in which the project or

1 any part thereof is located. The county recorder shall
 2 record the lien in a book kept for the recording of liens
 3 and it shall be indexed as other liens are required by law
 4 to be indexed. The lien shall be valid until paid in full
 5 or otherwise discharged. The lien shall be foreclosed in
 6 accordance with applicable state law governing foreclosure
 7 of mortgages and liens.

8 ~~(7)~~ (8) The board may adopt rules as required to
 9 govern the terms and conditions for making loans, security
 10 instruments, and agreements pursuant to this act.

11 ~~(8)~~ (9) No member, officer, attorney, or other
 12 employee of the board or the department shall, directly or
 13 indirectly, be the beneficiary of or receive any fee,
 14 commission, gift, or other consideration for or in
 15 connection with any transaction or business under this act
 16 other than such salary, fee, or other compensation; as he
 17 may receive as such member, officer, attorney, or employee.
 18 Any person violating any provision of this section shall,
 19 upon conviction thereof be punished by a fine of not more
 20 than two thousand dollars (\$2,000) or imprisonment for not
 21 more than two (2) years or both.

22 ~~(9)~~ (10) The department shall administer the loans
 23 made by the board pursuant to this act, and may accept and
 24 utilize voluntary and uncompensated services, and, with the
 25 consent of the agency concerned, utilize the officers,

1 employees, equipment, and information of any agency of the
 2 federal government, or of any agency of Montana government,
 3 or of any political subdivision within Montana.

4 Section 4. State renewable resource development
 5 grants. (1) The department of administration may recommend
 6 to the governor that grants from the renewable resource
 7 development account provided for by this act be made to any
 8 department, agency, board, commission, or other division of
 9 state government. UNLESS SPECIFICALLY AUTHORIZED BY THE
 10 LEGISLATURE, NO BOND PROCEEDS SHALL BE USED FOR THE PURPOSE
 11 OF MAKING GRANTS; GRANTS MAY ONLY BE MADE IN SUCH SUMS AS
 12 MAY BE DEPOSITED IN THE SINKING FUND ACCOUNT FROM THE
 13 COLLECTION OF THE STRIP COAL MINES LICENSE TAX PAYABLE UNDER
 14 THE PROVISIONS OF SECTION 84-1302 AS PROVIDED IN SECTION 7
 15 OF THIS ACT.

16 (2) THE DEPARTMENT SHALL SOLICIT AND CONSIDER IN ITS
 17 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
 18 AFFECTED DEPARTMENTS, BOARDS, AGENCIES AND OTHER
 19 SUBDIVISIONS OF STATE AND FEDERAL GOVERNMENT AND OF OTHER
 20 INTERESTED AND AFFECTED PERSONS.

21 ~~(2)~~ (3) The governor shall submit those grant
 22 proposals having his approval to the legislature by the
 23 twentieth day of any legislative session. Those grant
 24 proposals approved by the legislature shall be administered
 25 by the department.

1 ~~(3)~~ (4) The grants provided for by this section may be
 2 made for the purchase, lease, or construction of projects
 3 for the conservation, management, utilization, development
 4 or preservation of the land, water, FISH, WILDLIFE,
 5 RECREATIONAL and other renewable resources in the state; for
 6 the purpose of feasibility and design studies for such
 7 projects; for development of plans for the rehabilitation,
 8 expansion or modification of existing projects; and for such
 9 other and further similar purposes as the legislature may
 10 approve.

11 ~~(4)~~ (5) The department may adopt rules as required to
 12 govern the terms and conditions for making grants pursuant
 13 to this section.

14 Section 5. State and local renewable resource
 15 development loans. (1) The department of administration may
 16 recommend to the governor that loans be made from the
 17 renewable resource development account established by this
 18 act to any department, agency, board, commission or other
 19 division of state government, or to any city, county, or
 20 other political subdivision or local government body of the
 21 state.

22 (2) THE DEPARTMENT SHALL SOLICIT AND CONSIDER IN ITS
 23 EVALUATION OF PROPOSED PROJECTS THE VIEWS OF INTERESTED AND
 24 AFFECTED DEPARTMENTS, BOARDS, AGENCIES AND OTHER
 25 SUBDIVISIONS OF STATE AND FEDERAL GOVERNMENT AND OF OTHER

1 INTERESTED AND AFFECTED PERSONS.

2 ~~†2†~~ (3) The governor shall submit those loan proposals
3 having his approval to the legislature by the twentieth day
4 of any legislative session. Those loan proposals approved
5 by the legislature shall be administered by the department.

6 ~~†3†~~ (4) The provisions of section 3, subsection (2)
7 and subsections (4) through (9) of this act shall govern and
8 apply to the local renewable resource loans herein provided
9 for.

10 (5) BOTH THE LOANS PROVIDED FOR BY THIS SECTION AND
11 THE GRANTS PROVIDED FOR BY SECTION 4 OF THIS ACT MAY BE
12 SUBMITTED TO THE GOVERNOR AND APPROVED BY THE LEGISLATURE AS
13 MAY BE NECESSARY TO JOINTLY FINANCE ANY PROJECT.

14 Section 6. Renewable resource development bonds. (1)
15 Within the limits authorized by section [9 of this act], and
16 within the further limitations in this section, the state
17 board of examiners may issue and sell bonds of the state in
18 such manner as it considers necessary and proper to finance
19 the renewable resource development program. The full faith
20 and credit and taxing powers of the state shall be pledged
21 for the prompt and full payment of all bonds so issued and
22 interest and redemption premiums payable thereon according
23 to their terms.

24 (2) Each series of such bonds shall be issued by the
25 state board of examiners upon request of the department of

1 administration or the board of natural resources and
2 conservation, in such denominations and forms, whether
3 payable to bearer with attached interest coupons or
4 registered as to principal or as to both principal and
5 interest, with such provisions for conversion or exchange
6 and for the issuance of notes in anticipation of the
7 issuance of definitive bonds, bearing interest at such rate
8 or rates, maturing at such time or times not exceeding
9 thirty (30) years from date of issue, subject to optional or
10 mandatory redemption at such earlier times and prices and
11 upon such notice, with such provisions for payment and
12 discharge by the deposit of funds or securities in escrow
13 for that purpose, and payable at the office of such banking
14 institution or institutions within or outside the state, as
15 the board shall determine subject to the limitations
16 contained in this section.

17 (3) In the issuance of each series of such bonds the
18 interest rates and the maturities and any mandatory
19 redemption provisions thereof shall be established in such
20 manner that the funds then specifically pledged and
21 appropriated by law to the sinking fund account will in the
22 judgment of the board be received in an amount sufficient in
23 each year to pay all principal, redemption premiums, and
24 interest due and payable in that year with respect to that
25 and all prior series of such bonds, except outstanding bonds

1 as to which the obligation of the state has been discharged
 2 by the deposit of funds or securities sufficient for their
 3 payment in accordance with the terms of the resolutions by
 4 which they are authorized to be issued.

5 (4) In all other respects the state board of examiners
 6 is authorized to prescribe the form and terms of the bonds,
 7 and shall do whatever is lawful and necessary for their
 8 issuance and payment. Such bonds and any interest coupons
 9 appurtenant thereto shall be signed by the members of the
 10 state board of examiners, and the bonds shall be issued
 11 under the great seal of the state of Montana. The bonds and
 12 coupons may be executed with facsimile signatures and seal
 13 in the manner and subject to the limitations prescribed by
 14 law. The state treasurer shall keep a record of all such
 15 bonds issued and sold.

16 (5) All proceeds of bonds issued hereunder, other than
 17 refunding bonds, shall be deposited in the clearance fund
 18 account, except that any principal and accrued interest
 19 received in repayment of the loans provided for in this act
 20 shall be deposited in the sinking fund account. All
 21 proceeds of refunding bonds shall be deposited in the
 22 sinking fund account and applied to the payment and
 23 redemption of outstanding bonds issued hereunder as directed
 24 by the board, whether at maturity or on any previous date on
 25 which they may be prepaid according to their terms.

1 (6) The state board of examiners is authorized to
 2 issue refunding bonds at such times and in such amounts, if
 3 any, as may be necessary to pay principal or interest due
 4 which cannot be paid from funds then on hand in the sinking
 5 fund account. It may also issue refunding bonds to refund
 6 outstanding bonds before maturity, for the purpose of
 7 extending the maturities thereof so far as determined by the
 8 board to be necessary to assure that the funds then pledged
 9 to the sinking fund account will be sufficient for payment
 10 of principal and interest due in subsequent years. It may
 11 also issue refunding bonds to refund outstanding bonds
 12 before maturity for the purpose of reducing the interest
 13 cost or the total amount of principal and interest payable
 14 thereon.

15 (7) No refunding bonds may be issued and sold more
 16 than three (3) months before all bonds refunded thereby
 17 mature or are called for redemption unless the proceeds
 18 thereof, with any other funds in the sinking fund account
 19 which are needed and available for the purpose, or
 20 securities purchased from such proceeds and other funds, are
 21 deposited with a suitable banking institution within or
 22 outside the state, in escrow for the retirement of the
 23 refunded bonds at maturity or at a prior date or dates on
 24 which they have been called for redemption in accordance
 25 with their terms, in an amount and in a manner sufficient

1 under the provisions securing the refunded bonds so that the
 2 state's obligation to pay the same, from sources other than
 3 the escrow fund, is discharged.

4 (8) No new debt may be created by the issuance of
 5 refunding bonds in accordance with this section, but such
 6 refunding bonds shall evidence the debt previously created
 7 and shall be secured by the pledge of the full faith and
 8 credit and taxing powers of the state and by the further
 9 provisions of this act in the same manner as the bonds
 10 refunded thereby.

11 Section 7. Sinking fund account. (1) The state may
 12 by enactment of the legislature or the people levy, impose,
 13 assess, and pledge and appropriate to the sinking fund
 14 account any tax, charge, fee, rental or other income from
 15 any designated source. The state reserves the right to
 16 modify from time to time the nature and amount of special
 17 taxes and other revenues pledged and appropriated to the
 18 sinking fund account, provided that the aggregate resources
 19 so pledged and appropriated are determined by the
 20 legislature to be sufficient for the prompt and full payment
 21 of the principal of and interest and redemption premiums
 22 when due on all bonds payable from that account, and
 23 provided that the pledge of the full faith and credit and
 24 taxing powers of the state for the security of all such
 25 bonds shall be and remain irrevocable until they are fully

1 paid.

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

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

21 (4) The state pledges and appropriates and directs to
 22 be credited to the sinking fund account as received ~~ten~~
 23 percent--(10%) TWO AND ONE-HALF PERCENT (2 1/2%) of all money
 24 THAT--IS--DEPOSITED--IN--THE--STATE--GENERAL--FUND from time to
 25 time received from the collection of the strip coal mines

1 license tax payable under the provisions of section 84-1302,
 2 or the equivalent provision of any severance tax enacted in
 3 lieu of such license tax, and such additional amount
 4 thereof, if any, as may be required from time to time to
 5 provide sufficient funds for the purposes stated in
 6 subsection (2) above; PROVIDED THAT NO MORE THAN TWO AND
 7 ONE-HALF PERCENT (2 1/2%) OF SUCH TAX COLLECTIONS SHALL BE
 8 DEEMED TO BE PLEDGED FOR THE PURPOSE OF SECTION 6,
 9 SUBSECTION (3).

10 Section 8. Clearance Fund Account. (1) In addition
 11 to any funds herein provided for the clearance fund account,
 12 the state may by enactment of the legislature or the people
 13 levy, impose, assess and pledge and appropriate to the
 14 clearance fund account any tax, charge, fee, rental or other
 15 income from any source.

16 (2) The state pledges and appropriates and directs to
 17 be credited from the general fund to the clearance fund
 18 account ~~four--hundred--thousand--dollars--(\$400,000)~~ THREE
 19 HUNDRED--SEVENTY--FOUR--THOUSAND--FOUR--HUNDRED--SEVENTY--FOUR
 20 DOLLARS--(\$374,474) THREE HUNDRED NINETY THOUSAND, NINE
 21 HUNDRED SEVENTY-FOUR DOLLARS (\$390,974) for its initial
 22 funding to be used and administered as provided for in this
 23 act. WHEN SUFFICIENT FUNDS HAVE BEEN ACCUMULATED IN THE
 24 CLEARANCE FUND ACCOUNT FROM BOND PROCEEDS OR AS OTHERWISE
 25 PROVIDED FOR IN THIS ACT, THE LEGISLATURE DIRECTS THAT ~~THREE~~

1 ~~HUNDRED--SEVENTY--FOUR--THOUSAND,--FOUR--HUNDRED--SEVENTY--FOUR~~
 2 ~~DOLLARS--(\$374,474)~~ THREE HUNDRED NINETY THOUSAND, NINE
 3 HUNDRED SEVENTY-FOUR DOLLARS (\$390,974) ~~SHALL--BE~~
 4 ~~REDEPOSITED--IN~~ BE APPROPRIATED FROM THE CLEARANCE FUND
 5 ACCOUNT AND CREDITED TO THE GENERAL FUND.

6 (3) The costs of the board of examiners, the board of
 7 natural resources and conservation, the department of
 8 natural resources and conservation, and the department of
 9 administration incurred in the administration of this act
 10 shall be met from the clearance fund account MONIES WHICH
 11 SHALL FROM TIME TO TIME AS NEEDED BE TRANSFERRED TO AN
 12 earmarked revenue fund established for that purpose.

13 (4) The board of examiners, the department of natural
 14 resources and the department of administration may, within
 15 the limits of appropriation made therefore, make necessary
 16 expenditures for the purchase or hire of such personnel,
 17 facilities, and services as they may from time to time find
 18 necessary for the proper administration of this act.

19 (5) THE GENERAL FUND APPROPRIATION PROVIDED FOR BY
 20 SUBSECTION (2) OF THIS SECTION AS THE INITIAL FUNDING FOR
 21 THE PROGRAMS PROVIDED FOR BY THIS ACT SHALL BE APPROPRIATED
 22 AND USED AS FOLLOWS FOR THE BIENNIUM ENDING JUNE 30, 1977:

	<u>FOR FISCAL YEAR</u>	<u>FOR FISCAL YEAR</u>
	<u>ENDING 6/30/76</u>	<u>ENDING 6/30/77</u>
23		
24		
25	<u>DEPARTMENT OF NATURAL RESOURCES</u>	

1 AND CONSERVATION

2 ADMINISTRATIVE EXPENSES FROM

3 THE EARMARKED REVENUE FUND \$103,490 \$102,534

4 DEPARTMENT OF ADMINISTRATION

5 ADMINISTRATIVE EXPENSES FROM

6 THE EARMARKED FUND 30,000 30,950

7 DEPARTMENT OF NATURAL RESOURCES

8 AND CONSERVATION

9 ENGINEERING STUDIES ON EXPANDED

10 WATER STORAGE ON THE TONGUE

11 RIVER FROM THE CLEARANCE FUND

12 ACCOUNT ~~92,500~~ 49,000

13 ENGINEERING STUDIES ON WATER

14 STORAGE ON THE POWDER RIVER FROM

15 THE CLEARANCE FUND ACCOUNT 25,000

16 TOTAL ~~107,500~~

17 STUDY OF THE DIVERSION OF WATER

18 INTO THE MILK RIVER FROM THE

19 CLEARANCE FUND ACCOUNT 50,000

20 (6) THE MONIES DEPOSITED IN THE CLEARANCE FUND ACCOUNT

21 AS PROVIDED FOR IN SECTION 6 OF THIS ACT SHALL BE

22 APPROPRIATED AND USED AS FOLLOWS FOR THE BIENNIUM ENDING

23 JUNE 30, 1977:

24 FOR FISCAL YEAR FOR FISCAL YEAR

25 ENDING 6/30/76 ENDING 6/30/77

1 DEPARTMENT OF NATURAL RESOURCES

2 AND CONSERVATION

3 IMPLEMENTATION OF THE RENEWABLE

4 RESOURCE DEVELOPMENT LOAN PROGRAM

5 AUTHORIZED BY SECTION 3 OF

6 THIS ACT

7 FROM THE CLEARANCE FUND

8 ACCOUNT 1,000,000 2,000,000

9 (7) IN CASE OF NECESSITY, AN APPROPRIATION NOT

10 EXPENDED DURING THE FIRST FISCAL YEAR OF THE BIENNIUM MAY BE

11 EXPENDED DURING THE SECOND FISCAL YEAR BY APPROVED BUDGET

12 AMENDMENT SUBMITTED THROUGH THE BUDGET DIRECTOR BY THE

13 GOVERNOR, OR HIS DESIGNATED REPRESENTATIVE.

14 Section 9. Authorization of bonds. The legislature,

15 through the enactment of this law by a two-thirds (2/3) vote

16 of the members of each house, authorizes the creation of

17 state debt in an amount not to exceed five million dollars

18 (\$5,000,000), and the issuance and sale of ~~natural~~ RENEWABLE

19 resource development bonds in this amount, for the purpose

20 of providing funds appropriated to the clearance fund

21 account for developments included in the ~~natural~~ RENEWABLE

22 resource development program.

23 SECTION 10. SEVERABILITY. IF A PART OF THIS ACT IS

24 INVALID, ALL VALID PARTS THAT ARE SEVERABLE FROM THE INVALID

25 PART REMAIN IN EFFECT. IF A PART OF THIS ACT IS INVALID IN

1 ONE OR MORE OF ITS APPLICATIONS, THE PART REMAINS IN EFFECT
2 IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE
3 INVALID APPLICATIONS.

-End-