

HOUSE BILL 667

IN THE HOUSE

February 8, 1979

Introduced and referred to Committee  
on Business and Industry.

February 15, 1979

Committee recommend bill, do pass.

February 17, 1979

Second reading, do not pass.

HOUSE BILL NO. 667

INTRODUCED BY Kammis Norman Flegg Spelden

Atchey Manning Richard Fied Robert  
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A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE BOARD OF INVESTMENTS TO GIVE PREFERENCE TO MONTANA SECURITIES AND OTHER INVESTMENTS THAT CONTRIBUTE TO A STABLE STATE ECONOMY WHEN INVESTING THE COAL SEVERANCE TAX TRUST FUND WHILE AT THE SAME TIME INSURING THE SAFETY OF THE TRUST'S PRINCIPAL; AMENDING SECTION 17-6-203, MCA."

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

Section 1. Section 17-6-203, MCA, is amended to read:

"17-6-203. Separate investment funds. Separate investment funds shall be maintained as follows:

(1) the trust and legacy fund, including all public school funds and funds of the Montana university system and other state institutions of learning referred to in sections 2 and 10, Article X, of the 1972 Montana constitution and all money referred to in 17-2-102(8). The principal and any part thereof of each and every subfund constituting the Montana trust and legacy fund shall be subject to payment at any time when due under the statutory provisions applicable thereto and according to the provisions of the gift, donation, grant, legacy, bequest, or devise through or from which the particular subfund arises.

(2) a separate investment fund, which may not be held jointly with other funds, for money pertaining to each retirement or insurance system now or hereafter maintained by the state, including those now maintained under the following statutes:

(a) the highway patrolmen's retirement system described in Title 19, chapter 6;

(b) the public employees' retirement system described in Title 19, chapter 3;

(c) the game wardens' retirement system described in Title 19, chapter 8;

(d) the teachers' retirement system described in Title 19, chapter 4; and

(e) the industrial accident insurance program described in Title 39, chapter 71, part 23;

(3) a pooled investment fund, including all other accounts within the treasury fund structure established by 17-2-102;

(4) a fund consisting of gifts, donations, grants, legacies, bequests, devises, and other contributions made or given for a specific purpose or under conditions expressed in the gift, donation, grant, legacy, bequest, devise, or contribution on the part of the state of Montana to be observed. If such gift, donation, grant, legacy, bequest, devise, or contribution permits investment and is not

1 otherwise restricted by its terms, it may be treated jointly  
2 with other such gifts, donations, grants, legacies,  
3 bequests, devises, or contributions.

4 (5) a fund consisting of coal severance taxes  
5 allocated thereto under section 5, Article IX, of the  
6 Montana constitution; ~~the principal of this trust fund shall~~  
7 ~~be permanent and invested in the permissible investments~~  
8 ~~enumerated in 17-6-211 in the event the legislature~~  
9 ~~appropriates any part of the principal of this fund by vote~~  
10 ~~of three-fourths of the members of each house; such~~  
11 ~~liquidation may create a gain or loss in the principal; and~~

12 (6) such additional investment funds as may be  
13 expressly required by law or may be determined by the board  
14 of investments to be necessary to fulfill fiduciary  
15 responsibilities of the state with respect to funds from a  
16 particular source."

17 NEW SECTION. Section 2. Investment of constitutional  
18 coal severance tax trust fund. (1) The principal of the coal  
19 severance tax trust fund created under section 5, Article  
20 IX, of the Montana constitution is permanent and shall be  
21 invested in the permissible investments enumerated in  
22 17-6-211. However, if the legislature appropriates any part  
23 of the principal of this fund by a vote of three-fourths of  
24 the members of each house, the liquidation may create a gain  
25 or loss in the principal.

1 (2) In choosing among the permissible investments, the  
2 board of investments may give preference to securities:

3 (a) issued by Montana corporations or political  
4 subdivisions of the state even if the investment will  
5 produce less interest than investment in comparable  
6 out-of-state securities;

7 (b) that will encourage local industries;

8 (c) that will increase the state economy's  
9 independence from national and international economic  
10 fluctuations; and

11 (d) that will otherwise contribute to the long-term  
12 stability of Montana's economy.

13 (3) The board's policy for investing the coal  
14 severance tax trust fund must be designed to protect the  
15 safety of its principal.

-End-

STATE OF MONTANA

REQUEST NO. 305-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 9, 19 79, there is hereby submitted a Fiscal Note for HB 667 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.

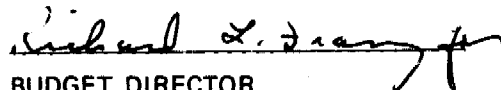
Description of Proposed Legislation:

To allow the Board of Investments to give preference to Montana securities even though they may yield less than other securities.

Fiscal Impact:

The fiscal impact cannot be estimated because the bill states the Board of Investments may invest.

There would be a definite loss of revenues to the trust fund should the Board make investments under the bill.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/13/78