

CHAPTER NO. 514

HOUSE BILL NO. 787

INTRODUCED BY BRAND, OBERG, E. SMITH, NATHE, B. BROWN,
GALT, DASSINGER, IVERSON, DAY, DOZIER, H. ROBBINS,
MENAHAN, HARRINGTON, MEHRENS, STORY

IN THE HOUSE

February 13, 1979	Introduced and referred to Committee on Highways and Transportation.
February 20, 1979	Committee recommend bill do pass. Report adopted.
February 21, 1979	Second reading, do pass.
February 22, 1979	Considered correctly engrossed. Third reading, passed. 81 Ayes; 17 Naves. Transmitted to second house.

IN THE SENATE

February 23, 1979	Introduced and referred to Committee on Highways and Transportation.
March 9, 1979	Committee recommend bill be concurred in as amended. Report adopted.
March 12, 1979	Second reading, pass consideration. On motion taken from second reading and rereferred to Committee on Judiciary.
March 21, 1979	Committee recommend bill be concurred in as amended. Report adopted.
March 23, 1979	Second reading, concurred in.

March 27, 1979

Third reading, concurred in as amended. 37 Ayes; 11 Nays. According to Article 8, Section 8 of Montana Constitution requiring two-thirds vote of each body of the Legislature.

IN THE HOUSE

March 28, 1979

Returned from second house. Concurred in as amended.

March 31, 1979

Second reading, amendments adopted.

April 2, 1979

Third reading, amendments adopted. Sent to enrolling.

Reported correctly enrolled.

1 *Chen House* BILL NO. *787* *Bob Brown*
 2 INTRODUCED BY ~~Frank~~ *Frank* *Ed Smith* *NATHAN* *Yalt*
 3 *Dasilong* *Juan* *Joy* *Boyer* *Robbin* *Minaka*
 4 *Hamm* *mehem* *Story*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR
 6 REHABILITATION OF CERTAIN RAIL FACILITIES; AUTHORIZING THE
 7 ISSUING OF REVENUE BONDS AND THE MAKING OF LOANS AND
 8 CREATING A BUREAU OF RAIL TRANSPORTATION WITHIN THE
 9 DEPARTMENT OF HIGHWAYS; AND PROVIDING AN EFFECTIVE DATE."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Intent. It is the intent of the legislature
 12 to provide a mechanism for the rehabilitation of railroad
 13 tracks and associated facilities in Montana and thereby to
 14 strengthen the rail transportation system of Montana and the
 15 state's economy.
 16 Section 2. Definitions. As used in [sections 1 through
 17 14], unless the context indicates otherwise, the following
 18 definitions apply:
 19 (1) "Bonds" means railroad rehabilitation revenue
 20 bonds authorized by [section 3].
 21 (2) "Bureau" means the bureau of rail transportation
 22 provided for in [section 15].
 23 (3) "Person" means an individual or a partnership,
 24 association, corporation, or other business entity.
 25 (4) "Project" or "rehabilitation project" means a

1 business undertaking to repair or replace rail facilities to
 2 improve the safety and efficiency of the facilities and to
 3 derive revenue.
 4 (5) "Rail facilities" means the line of track of a
 5 railroad, including spurs and extensions, and associated
 6 facilities, including but not limited to loading platforms,
 7 signal and switching systems, roadbeds, and machinery and
 8 equipment designed for rail maintenance, but the term does
 9 not include engines or rolling stock used for the transport
 10 of goods or passengers.
 11 (6) "Refunding bonds" means railroad rehabilitation
 12 refunding revenue bonds authorized by [section 9].
 13 Section 3. Railroad rehabilitation revenue bonds. (1)
 14 The bureau is authorized to issue and sell railroad
 15 rehabilitation revenue bonds under the provisions of
 16 [sections 1 through 14].
 17 (2) The bonds do not constitute a debt, liability,
 18 obligation, or pledge of the faith and credit of the state
 19 but are payable solely from the revenues or assets of the
 20 bureau.
 21 Section 4. Bond details. (1) The bonds may be issued
 22 as serial bonds payable in annual installments, as term
 23 bonds, or as a combination of serial and term bonds. A bond
 24 may not mature more than 50 years from its date of issue.
 25 The amount to be issued and sold at any one time shall be

1 determined by the bureau. The bonds may be sold at either
2 public or private sale and at prices determined by the
3 bureau.

4 (2) At the time of issuance of the bonds, the bureau
5 shall specify the bond details, including but not limited
6 to:

7 (a) whether serial, term, or combination thereof;

8 (b) the interest rate;

9 (c) the denominations;

10 (d) whether coupon or registered bonds;

11 (e) the manner, medium, and place of payment;

12 (f) whether redeemable or not and if redeemable, the
13 manner of redemption;

14 (g) bond covenants.

15 Section 5. Bond limitations. (1) The interest rate on
16 the bonds may not exceed 9%. The bonds may not be sold for
17 less than par. The total amount of bonds outstanding at any
18 one time may not exceed \$25 million.

19 (2) Each bond must have printed on its face a
20 statement that the state is not liable on the bond, the bond
21 is not a debt of the state, and neither the faith and credit
22 nor the taxing power of the state is pledged to the payment
23 of the principal or the interest on the bond.

24 Section 6. Bond covenants. The bureau may enter into
25 covenants with the bondholders to enhance the marketability

1 of the bonds. These covenants may relate to:

2 (1) the purpose to which the bond proceeds are to be
3 applied;

4 (2) the use and disposition of the revenue of a
5 project to which the bond proceeds are to be applied;

6 (3) the issuance of additional bonds to be paid from
7 revenue of a project to which the bond proceeds are to be
8 applied;

9 (4) the insurance to be carried on a project to which
10 bond proceeds are to be applied;

11 (5) the accounting procedures and auditing powers
12 related to a project;

13 (6) the terms and conditions upon which the
14 bondholders are entitled to have a receiver appointed to
15 operate a project to which bond proceeds are to be applied;

16 (7) the maintenance of a required capital reserve.

17 Section 7. Bond accounts -- appropriation. (1) There
18 is a railroad rehabilitation account in the bond proceeds
19 and insurance clearance fund provided for in 17-2-102. All
20 bond proceeds shall be placed in the railroad rehabilitation
21 account, and all money deposited in the account is
22 continuously appropriated to the bureau and may be expended
23 by the bureau for the purposes authorized in [sections 1
24 through 14].

25 (2) There is a railroad rehabilitation reserve account

1 in the sink fund provided for in 17-2-102. Loan
 2 repayments and required capital reserves shall be deposited
 3 in the railroad rehabilitation reserve account, and all
 4 money deposited in the account is continuously appropriated
 5 to the bureau and may be expended for the payment of
 6 principal and interest on the bonds as they become due.

7 Section 8. Financial administration. The bureau shall
 8 institute strict accounting procedures and take whatever
 9 steps are required by the federal government in the
 10 financial administration of bond proceeds and loan accounts.

11 Section 9. Refunding bonds. (1) The bureau may issue
 12 railroad rehabilitation refunding revenue bonds. These
 13 bonds are subject to the same provisions as the railroad
 14 rehabilitation revenue bonds.

15 (2) Refunding bonds may be sold or exchanged for
 16 outstanding bonds. The proceeds may be applied to the
 17 purchase, redemption, or repayment of outstanding bonds, and
 18 if not prevented by agreement with the bondholders, the
 19 proceeds may be invested as provided in Title 17, chapter 6,
 20 pending use of the proceeds for the purchase, redemption, or
 21 repayment of outstanding bonds.

22 Section 10. Tax exemption. Bonds and refunding bonds,
 23 their transfer, and their income (including any profits made
 24 on their sale) are free from taxation by the state or any
 25 political subdivision or instrumentality of the state.

1 except for inheritance and estate taxes.

2 Section 11. Use of bond proceeds. (1) The proceeds of
 3 the bonds shall be used by the bureau to make loans to
 4 persons for financing rehabilitation projects on rail lines
 5 in Montana.

6 (2) The revenue from the project shall be used for
 7 repayment of the loan.

8 Section 12. Loan details. The terms of any loan made
 9 pursuant to [section 11] shall be specified by the bureau
 10 and shall be such as to assure sufficient payments to enable
 11 the bureau to meet its obligations on the bonds. Any terms
 12 required under an agreement with the bondholder must be
 13 included in the loan agreement. The bureau may require the
 14 borrower to secure the loan with property.

15 Section 13. Administration of loans. (1) The bureau
 16 shall develop forms and application procedures to enable a
 17 person to secure a loan authorized by [section 11]. Loans
 18 may only be made to persons the bureau determines to be
 19 capable of repaying the loan. The bureau shall develop
 20 criteria for this determination.

21 (2) Preference in making loans must be given to
 22 persons who intend to use the loan proceeds in such a manner
 23 as to create new jobs in Montana.

24 Section 14. Assistance for rehabilitation projects. In
 25 addition to providing loans to eligible persons for

1 rehabilitation projects, the bureau shall assist such
2 persons in securing financing from other local, state, and
3 federal sources and from private sources by providing
4 technical assistance in the preparation of loan and grant
5 applications. The bureau may provide other assistance to
6 rehabilitation projects to assure a safe and efficient rail
7 transportation system in Montana.

8 Section 15. Bureau of rail transportation. There is a
9 bureau of rail transportation within the department of
10 highways.

11 Section 16. Severability. If a part of this act is
12 invalid, all valid parts that are severable from the invalid
13 part remain in effect. If a part of this act is invalid in
14 one or more of its applications, the part remains in effect
15 in all valid applications that are severable from the
16 invalid applications.

17 Section 17. Effective date. This act is effective on
18 passage and approval.

-End-

STATE OF MONTANA

REQUEST NO. 469-79

FISCAL NOTE

Form BD-15

In compliance with a written request received March 13, 19 79, there is hereby submitted a Fiscal Note or House Bill 787 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:

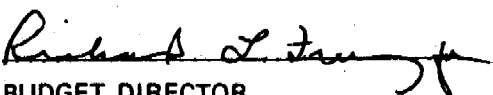
Provides for rehabilitation of certain rail facilities; issuance of revenue bonds; creates a Bureau of Rail Transportation within the Department of Highways.

ASSUMPTION:

House Bill 780 which authorizes the Department of Highways to administer rail planning activities and related funding measure will be enacted.

FISCAL IMPACT:

Minimal.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3/13/79

1 *Ch. House* BILL NO. *787* *Bob Brown*
 2 INTRODUCED BY ~~Frank E. Smith~~ *NATHAN YELT*
 3 *Dasinger* *Juan* *Joy* *David* *Robert* *Mendhar*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR *Story*
 5 REHABILITATION OF CERTAIN RAIL FACILITIES; AUTHORIZING THE
 6 ISSUING OF REVENUE BONDS AND THE MAKING OF LOANS AND
 7 CREATING A BUREAU OF RAIL TRANSPORTATION WITHIN THE
 8 DEPARTMENT OF HIGHWAYS; AND PROVIDING AN EFFECTIVE DATE."

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

11 Section 1. Intent. It is the intent of the legislature
12 to provide a mechanism for the rehabilitation of railroad
13 tracks and associated facilities in Montana and thereby to
14 strengthen the rail transportation system of Montana and the
15 state's economy.

16 Section 2. Definitions. As used in [sections 1 through
17 14], unless the context indicates otherwise, the following
18 definitions apply:

19 (1) "Bonds" means railroad rehabilitation revenue
20 bonds authorized by [section 3].

21 (2) "Bureau" means the bureau of rail transportation
22 provided for in [section 15].

23 (3) "Person" means an individual or a partnership,
24 association, corporation, or other business entity.

25 (4) "Project" or "rehabilitation project" means a

1 business undertaking to repair or replace rail facilities to
2 improve the safety and efficiency of the facilities and to
3 derive revenue.

4 (5) "Rail facilities" means the line of track of a
5 railroad, including spurs and extensions, and associated
6 facilities, including but not limited to loading platforms,
7 signal and switching systems, roadbeds, and machinery and
8 equipment designed for rail maintenance, but the term does
9 not include engines or rolling stock used for the transport
10 of goods or passengers.

11 (6) "Refunding bonds" means railroad rehabilitation
12 refunding revenue bonds authorized by [section 9].

13 Section 3. Railroad rehabilitation revenue bonds. (1)
14 The bureau is authorized to issue and sell railroad
15 rehabilitation revenue bonds under the provisions of
16 [sections 1 through 14].

17 (2) The bonds do not constitute a debt, liability,
18 obligation, or pledge of the faith and credit of the state
19 but are payable solely from the revenues or assets of the
20 bureau.

21 Section 4. Bond details. (1) The bonds may be issued
22 as serial bonds payable in annual installments, as term
23 bonds, or as a combination of serial and term bonds. A bond
24 may not mature more than 50 years from its date of issue.
25 The amount to be issued and sold at any one time shall be

1 determined by the bureau. The bonds may be sold at either
2 public or private sale and at prices determined by the
3 bureau.

4 (2) At the time of issuance of the bonds, the bureau
5 shall specify the bond details, including but not limited
6 to:

7 (a) whether serial, term, or combination thereof;

8 (b) the interest rate;

9 (c) the denominations;

10 (d) whether coupon or registered bonds;

11 (e) the manner, medium, and place of payment;

12 (f) whether redeemable or not and if redeemable, the
13 manner of redemption;

14 (g) bond covenants.

15 Section 5. Bond limitations. (1) The interest rate on
16 the bonds may not exceed 9%. The bonds may not be sold for
17 less than par. The total amount of bonds outstanding at any
18 one time may not exceed \$25 million.

19 (2) Each bond must have printed on its face a
20 statement that the state is not liable on the bond, the bond
21 is not a debt of the state, and neither the faith and credit
22 nor the taxing power of the state is pledged to the payment
23 of the principal or the interest on the bond.

24 Section 6. Bond covenants. The bureau may enter into
25 covenants with the bondholders to enhance the marketability

1 of the bonds. These covenants may relate to:

2 (1) the purpose to which the bond proceeds are to be
3 applied;

4 (2) the use and disposition of the revenue of a
5 project to which the bond proceeds are to be applied;

6 (3) the issuance of additional bonds to be paid from
7 revenue of a project to which the bond proceeds are to be
8 applied;

9 (4) the insurance to be carried on a project to which
10 bond proceeds are to be applied;

11 (5) the accounting procedures and auditing powers
12 related to a project;

13 (6) the terms and conditions upon which the
14 bondholders are entitled to have a receiver appointed to
15 operate a project to which bond proceeds are to be applied;

16 (7) the maintenance of a required capital reserve.

17 Section 7. Bond accounts -- appropriation. (1) There
18 is a railroad rehabilitation account in the bond proceeds
19 and insurance clearance fund provided for in 17-2-102. All
20 bond proceeds shall be placed in the railroad rehabilitation
21 account, and all money deposited in the account is
22 continuously appropriated to the bureau and may be expended
23 by the bureau for the purposes authorized in [sections 1
24 through 14].

25 (2) There is a railroad rehabilitation reserve account

1 in the sinking fund provided for in 17-2-102. Loan
 2 repayments and required capital reserves shall be deposited
 3 in the railroad rehabilitation reserve account, and all
 4 money deposited in the account is continuously appropriated
 5 to the bureau and may be expended for the payment of
 6 principal and interest on the bonds as they become due.

7 Section 8. Financial administration. The bureau shall
 8 institute strict accounting procedures and take whatever
 9 steps are required by the federal government in the
 10 financial administration of bond proceeds and loan accounts.

11 Section 9. Refunding bonds. (1) The bureau may issue
 12 railroad rehabilitation refunding revenue bonds. These
 13 bonds are subject to the same provisions as the railroad
 14 rehabilitation revenue bonds.

15 (2) Refunding bonds may be sold or exchanged for
 16 outstanding bonds. The proceeds may be applied to the
 17 purchase, redemption, or repayment of outstanding bonds, and
 18 if not prevented by agreement with the bondholders, the
 19 proceeds may be invested as provided in Title 17, chapter 6,
 20 pending use of the proceeds for the purchase, redemption, or
 21 repayment of outstanding bonds.

22 Section 10. Tax exemption. Bonds and refunding bonds,
 23 their transfer, and their income (including any profits made
 24 on their sale) are free from taxation by the state or any
 25 political subdivision or instrumentality of the state,

1 except for inheritance and estate taxes.

2 Section 11. Use of bond proceeds. (1) The proceeds of
 3 the bonds shall be used by the bureau to make loans to
 4 persons for financing rehabilitation projects on rail lines
 5 in Montana.

6 (2) The revenue from the project shall be used for
 7 repayment of the loan.

8 Section 12. Loan details. The terms of any loan made
 9 pursuant to [section 11] shall be specified by the bureau
 10 and shall be such as to assure sufficient payments to enable
 11 the bureau to meet its obligations on the bonds. Any terms
 12 required under an agreement with the bondholder must be
 13 included in the loan agreement. The bureau may require the
 14 borrower to secure the loan with property.

15 Section 13. Administration of loans. (1) The bureau
 16 shall develop forms and application procedures to enable a
 17 person to secure a loan authorized by [section 11]. Loans
 18 may only be made to persons the bureau determines to be
 19 capable of repaying the loan. The bureau shall develop
 20 criteria for this determination.

21 (2) Preference in making loans must be given to
 22 persons who intend to use the loan proceeds in such a manner
 23 as to create new jobs in Montana.

24 Section 14. Assistance for rehabilitation projects. In
 25 addition to providing loans to eligible persons for

1 rehabilitation projects, the bureau shall assist such
2 persons in securing financing from other local, state, and
3 federal sources and from private sources by providing
4 technical assistance in the preparation of loan and grant
5 applications. The bureau may provide other assistance to
6 rehabilitation projects to assure a safe and efficient rail
7 transportation system in Montana.

8 Section 15. Bureau of rail transportation. There is a
9 bureau of rail transportation within the department of
10 highways.

11 Section 16. Severability. If a part of this act is
12 invalid, all valid parts that are severable from the invalid
13 part remain in effect. If a part of this act is invalid in
14 one or more of its applications, the part remains in effect
15 in all valid applications that are severable from the
16 invalid applications.

17 Section 17. Effective date. This act is effective on
18 passage and approval.

-End-

HOUSE BILL NO. 787

INTRODUCED BY BRAND, OBERG, E. SMITH, NATHE, B. BROWN, GALT, DASSINGER, IVERSON, DAY, DOZIER, H. ROBBINS, MENAHAN, HARRINGTON, MEHRENS, STORY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR REHABILITATION OF CERTAIN RAIL FACILITIES; AUTHORIZING THE ISSUING OF REVENUE BONDS AND THE MAKING OF LOANS AND CREATING A BUREAU OF RAIL TRANSPORTATION WITHIN THE DEPARTMENT OF HIGHWAYS BY THE DEPARTMENT OF HIGHWAYS; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Intent. It is the intent of the legislature to provide a mechanism for the rehabilitation of railroad tracks and associated facilities in Montana and thereby to strengthen the rail transportation system of Montana and the state's economy.

Section 2. Definitions. As used in [sections 1 through 14 13], unless the context indicates otherwise, the following definitions apply:

(1) "Bonds" means railroad rehabilitation revenue bonds authorized by [section 3].

(2) "Bureau" means the bureau of rail transportation provided for in [section 15]. "DEPARTMENT" MEANS THE

DEPARTMENT OF HIGHWAYS PROVIDED FOR IN 2-15-2501 MCA (2) "BUREAU" MEANS THE BUREAU OF RAIL TRANSPORTATION PROVIDED FOR IN [SECTION 15] "DEPARTMENT" MEANS THE DEPARTMENT OF HIGHWAYS.

(3) "Person" means an individual or a partnership, association, corporation, or other business entity.

(4) "Project" or "rehabilitation project" means a business undertaking to repair or replace rail facilities to improve the safety and efficiency of the facilities and to derive revenue.

(5) "Rail facilities" means the line of track of a railroad, including spurs and extensions, and associated facilities, including but not limited to loading platforms, signal and switching systems, roadbeds, and machinery and equipment designed for rail maintenance, but the term does not include engines or rolling stock used for the transport of goods or passengers.

(6) "Refunding bonds" means railroad rehabilitation refunding revenue bonds authorized by [section 9].

Section 3. Railroad rehabilitation revenue bonds. (1) The bureau DEPARTMENT is authorized to issue and sell railroad rehabilitation revenue bonds under the provisions of [sections 1 through 14 13]. THE DEPARTMENT OF ADMINISTRATION SHALL ASSIST THE DEPARTMENT OF HIGHWAYS IN THE ISSUANCE AND SALE OF THE BONDS.

1 (2) The bonds do not constitute a debt, liability,
 2 ~~ORRAE~~ obligation, or pledge of the faith and credit of the
 3 state ~~but are payable solely from the revenues or assets of~~
 4 ~~the bureau OR ANY OF ITS SUBDIVISIONS, BUT ARE PAYABLE~~
 5 SOLELY FROM THE REVENUES OR ASSETS OF THE BUREAU DEPARTMENT
 6 ACQUIRED OR HELD IN CONNECTION WITH REHABILITATION PROJECTS.

7 Section 4. Bond details. (1) The bonds may be issued
 8 as serial bonds payable in annual installments, as term
 9 bonds, or as a combination of serial and term bonds. A bond
 10 may not mature more than 50 years from its date of issue.
 11 The amount to be issued and sold at any one time shall be
 12 determined by the bureau DEPARTMENT. The bonds may be sold
 13 at either public or private sale and at prices determined by
 14 the bureau DEPARTMENT.

15 (2) At the time of issuance of the bonds, the bureau
 16 DEPARTMENT shall specify the bond details, including but not
 17 limited to:

- 18 (a) whether serial, term, or combination thereof;
- 19 (b) the interest rate;
- 20 (c) the denominations;
- 21 (d) whether coupon or registered bonds;
- 22 (e) the manner, medium, and place of payment;
- 23 (f) whether redeemable or not and if redeemable, the
 24 manner of redemption;
- 25 (g) bond covenants.

1 Section 5. Bond limitations. (1) The interest rate on
 2 the bonds may not exceed 9%. The bonds may not be sold for
 3 less than par. The total amount of bonds outstanding at any
 4 one time may not exceed \$25 million.

5 (2) Each bond must have printed on its face a
 6 statement that the state is not liable on the bond, the bond
 7 is not a debt of the state, and neither the faith and credit
 8 nor the taxing power of the state is pledged to the payment
 9 of the principal or the interest on the bond.

10 Section 6. Bond covenants. The bureau DEPARTMENT may
 11 enter into covenants with the bondholders to enhance the
 12 marketability of the bonds. These covenants may relate to:

- 13 (1) the purpose to which the bond proceeds are to be
 14 applied;
- 15 (2) the use and disposition of the revenue of a
 16 project to which the bond proceeds are to be applied;
- 17 (3) the issuance of additional bonds to be paid from
 18 revenue of a project to which the bond proceeds are to be
 19 applied;
- 20 (4) the insurance to be carried on a project to which
 21 bond proceeds are to be applied;
- 22 (5) the accounting procedures and auditing powers
 23 related to a project;
- 24 (6) the terms and conditions upon which the
 25 bondholders are entitled to have a receiver appointed to

1 operate a project to which bond proceeds are to be applied;

2 (7) the maintenance of a required capital reserve.

3 Section 7. Bond accounts -- appropriation. (1) There
4 is a railroad rehabilitation account in the bond proceeds
5 and insurance clearance fund provided for in 17-2-102. All
6 bond proceeds shall be placed in the railroad rehabilitation
7 account, and all money deposited in the account is
8 continuously appropriated to the bureau DEPARTMENT and may
9 be expended by the bureau DEPARTMENT for the purposes
10 authorized in [sections 1 through ~~14~~ 13].

11 (2) There is a railroad rehabilitation reserve account
12 in the sinking fund provided for in 17-2-102. Loan
13 repayments and required capital reserves shall be deposited
14 in the railroad rehabilitation reserve account, and all
15 money deposited in the account is continuously appropriated
16 to the bureau DEPARTMENT and may be expended for the payment
17 of principal and interest on the bonds as they become due.

18 Section 8. Financial administration. The bureau
19 DEPARTMENT shall institute strict accounting procedures and
20 take whatever steps are required by the federal government
21 in the financial administration of bond proceeds and loan
22 accounts.

23 Section 9. Refunding bonds. (1) The bureau DEPARTMENT
24 may issue railroad rehabilitation refunding revenue bonds.
25 These bonds are subject to the same provisions as the

1 railroad rehabilitation revenue bonds.

2 (2) Refunding bonds may be sold or exchanged for
3 outstanding bonds. The proceeds may be applied to the
4 purchase, redemption, or repayment of outstanding bonds, and
5 if not prevented by agreement with the bondholders, the
6 proceeds may be invested as provided in Title 17, chapter 6,
7 pending use of the proceeds for the purchase, redemption, or
8 repayment of outstanding bonds.

9 Section 10. Tax exemption. Bonds and refunding bonds,
10 their transfer, and their income (including any profits made
11 on their sale) are free from taxation by the state or any
12 political subdivision or instrumentality of the state,
13 except for inheritance and estate taxes.

14 Section 11. Use of bond proceeds. (1) The proceeds of
15 the bonds shall be used by the bureau DEPARTMENT to make
16 loans to persons for financing rehabilitation projects on
17 rail lines in Montana.

18 (2) The revenue from the project shall be used for
19 repayment of the loan.

20 Section 12. Loan details. The terms of any loan made
21 pursuant to [section 11] shall be specified by the bureau
22 DEPARTMENT and shall be such as to assure sufficient
23 payments to--enable--the--bureau--to--meet--its IO_MEEI_The
24 obligations on the bonds. Any terms required under an
25 agreement with the bondholder must be included in the loan

1 agreement. The bureau DEPARTMENT may require the borrower to
2 secure the loan with property.

3 Section 13. Administration of loans. (1) The bureau
4 DEPARTMENT shall develop forms and application procedures to
5 enable a person to secure a loan authorized by [section 11].
6 Loans may only be made to persons the bureau DEPARTMENT
7 determines to be capable of repaying the loan. The bureau
8 DEPARTMENT shall develop criteria for this determination.

9 (2) Preference in making loans must be given to
10 persons who intend to use the loan proceeds in such a manner
11 as to create new jobs in Montana.

12 ~~Section 14--Assistance--for--rehabilitation--projects--
13 in--addition--to--providing--loans--to--eligible--persons--for
14 rehabilitation--projects--the--bureau DEPARTMENT shall--assist
15 such--persons--in--securing--financing--from--other--local--state
16 and--federal--sources--and--from--private--sources--by--providing
17 technical--assistance--in--the--preparation--of--loan--and--grant
18 applications--The--bureau DEPARTMENT may--provide--other
19 assistance--to--rehabilitation--projects--to--assure--a--safe--and
20 efficient--rail--transportation--system--in--Montana~~

21 ~~Section 15--Bureau--of--rail--transportation--There--is--a
22 bureau--of--rail--transportation--within--the--department--of
23 highways--~~

24 Section 14. Severability. If a part of this act is
25 invalid, all valid parts that are severable from the invalid

1 part remain in effect. If a part of this act is invalid in
2 one or more of its applications, the part remains in effect
3 in all valid applications that are severable from the
4 invalid applications.

5 Section 15. Effective date. This act is effective on
6 passage and approval.

-End-

March 9, 1979

SENATE STANDING COMMITTEE REPORT
(Highways and Transportation)

That House Bill No. 787 be amended as follows:

1. Page 1, lines 21-22.
Strike: subsection (2) in its entirety
Insert: "Department" means the department of highways provided for in 2-15-2501 M.C.A."
2. Page 2, line 14.
Strike: "bureau"
Insert: "department"
3. Page 2, line 17.
Following: "liability,"
Insert: "moral"
4. Page 2, line 18.
Following: "state"
Strike: "line 19 and 20 in their entirety"
Insert: "or any of its subdivisions"
5. Page 3, line 1.
Strike: "bureau"
Insert: "department"
6. Page 3, line 3.
Strike: "bureau"
Insert: "department"
7. Page 3, line 4.
Strike: "bureau"
Insert: "department"
8. Page 3, line 24.
Strike: "bureau"
Insert: "department"
9. Page 4, line 22.
Strike: "bureau"
Insert: "department"
10. Page 4, line 23.
Strike: "bureau"
Insert: "department"
11. Page 5, line 5.
Strike: "bureau"
Insert: "department"
12. Page 5, line 7.
Strike: "bureau"
Insert: "department"

13. Page 5, line 11.
Strike: "bureau"
Insert: "department"

14. Page 6, line 3.
Strike: "bureau"
Insert: "department"

15. Page 6, line 9.
Strike: "bureau"
Insert: "department"

16. Page 6, line 10.
Following: "payments"
Strike: "to enable the bureau to meet its"
Insert: "To meet the"

17. Page 6, line 13.
Strike: "bureau"
Insert: "department"

18. Page 6, line 15.
Strike: "bureau"
Insert: "department"

19. Page 6, line 18.
Strike: "bureau"
Insert: "department"

20. Page 6, line 19.
Strike: "bureau"
Insert: "department"

21. Page 7, line 1.
Strike: "bureau"
Insert: "department"

22. Page 7, line 5.
Strike: "bureau"
Insert: "department"

23. Page 7, lines 8 through 10.
Strike: Section 15 in its entirety
Renumber: all subsequent sections

24. Title, lines 6 through 8.
Strike: "and creating a bureau of rail transportation within the
department of highways"
Insert: "by the department of highways"

March 21, 1979

SENATE STANDING COMMITTEE REPORT
(Judiciary)

That House Bill No. 787, third reading bill, be amended as follows:

1. Page 1, line 17.

Following: line 16

Strike: "14"

Insert: "13"

2. Senate Committee Amendment #1.

Amend to read:

"Page 1, lines 21 and 22.

Following: "(2)" on line 21

Strike: remainder of line 21 through "15]" on line 22

Insert: "'Department" means the department of highways"'

3. Page 2, line 16.

Following: "through"

Strike: "14"

Insert: "13"

Following: "."

Insert: "The department of administration shall assist the department of highways in the issuance and sale of the bonds."

4. Senate Committee Amendment #3.

Strike: the amendment in its entirety

5. Senate Committee Amendment #4.

Amend to read:

"Page 2, line 20.

Following: line 19

Strike: "bureau"

Insert: "department acquired or held in connection with rehabilitation projects"

6. Page 4, line 24.

Following: "through"

Strike: "14"

Insert: "13"

7. Senate Committee Amendment #16.

Amend to read:

"Page 6, lines 10 and 11.

Following: "payments" on line 10

Strike: "to enable the bureau to meet its"

Insert: "to meet the"

8. Page 6, line 24 through line 7 on page 7.

Strike: section 14 in its entirety

Renumber: all subsequent sections