

CHAPTER NO. 565.

HOUSE BILL NO. 788

INTRODUCED BY IVERSON, JERGESON, SCULLY, KOLSTAD,
JOHNSON, COONEY, SCHULTZ, MARKS, CONROY, KEYSER,
DAY, VINCENT, ROSKIE, SIVERTSEN, REGAN, FASBENDER,
BLAYLOCK, E. SMITH, CONOVER, HAGER, R. SMITH,
MANLEY, BRAND, GALT, H. ROBBINS, S. BROWN,
DUSSAULT, SOUTH, MANUEL, LOWE, DOVER, STORY, RYAN

IN THE HOUSE

February 13, 1979	Introduced and referred to Committee on Highways and Transportation.
February 22, 1979	On motion, taken from Committee on Highways and Transportation and referred to second reading.
February 23, 1979	Second reading, do pass. Considered correctly engrossed. Third reading, passed. 88 Ayes; 9 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 19, 1979	Committee recommend bill be concurred in as amended. Report adopted.

March 21, 1979 Motion pass consideration until March 23, 1979.

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.

House BILL NO. 788

*Skinner
Loshie
Aylock*

INTRODUCED BY *James Jergin* *Seilly Kates* *VINCENT*
Conroy Schmitt *Mark Conroy* *Heysen Day*

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FINANCIAL ASSISTANCE FOR THE MANUFACTURE, PURCHASE, OR LEASE OF CERTAIN RAILROAD ROLLING STOCK; AUTHORIZING THE ISSUING OF REVENUE BONDS AND THE MAKING OF LOANS AND CREATING A BUREAU OF RAIL TRANSPORTATION WITHIN THE DEPARTMENT OF HIGHWAYS; PROVIDING AN EFFECTIVE DATE."
J. Brown *Alvans* *Sevin*

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

Section 1. Intent. It is the intent of the legislature to provide a mechanism to alleviate the shortage of railroad rolling stock in Montana and to stimulate the economy of the state by strengthening the rail transportation system and by providing jobs for more Montanans.

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

- (1) "Bonds" means railroad rolling stock revenue bonds authorized by [section 3].
- (2) "Bureau" means the bureau of rail transportation provided for in [section 15].
- (3) "Person" means an individual or a partnership, association, corporation, or other business entity.

(4) "Project" or "rolling stock project" means a business undertaking to manufacture, purchase, or lease rolling stock and to subsequently use, sell, or lease the rolling stock to derive revenue.

(5) "Railroad rolling stock" or "rolling stock" means railroad cargo carriers used to transport natural and processed resources and products, including but not limited to grain hopper cars, coal cars, flatcars, and boxcars.

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

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

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

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

1 bureau.

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

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

6 (b) the interest rate;

7 (c) the denominations;

8 (d) whether coupon or registered bonds;

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

10 (f) whether redeemable or not and if redeemable, the
11 manner of redemption;

12 (g) bond covenants.

13 Section 5. Bond limitations. (1) The interest rate on
14 the bonds may not exceed 9%. The bonds may not be sold for
15 less than par. The total amount of bonds outstanding at any
16 one time may not exceed \$75 million.

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

22 Section 6. Bond covenants. The bureau may enter into
23 covenants with the bondholders to enhance the marketability
24 of the bonds. These covenants may relate to:

25 (1) the purpose to which the bond proceeds are to be

1 applied;

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

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

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

9 (5) the accounting procedures and auditing powers
10 related to a project;

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

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

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

23 (2) There is a railroad rolling stock reserve account
24 in the sinking fund provided for in 17-2-102. Loan
25 repayments and required capital reserves shall be deposited

1 in the railroad rolling stock reserve account, and all money
2 deposited in the account is continuously appropriated to the
3 bureau and may be expended for the payment of principal and
4 interest on the bonds as they become due.

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

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

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

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

25 Section 11. Use of bond proceeds. (1) The proceeds of

1 the bonds shall be used by the bureau to make loans to
2 persons doing business or resident in Montana for financing
3 rolling stock projects when the rolling stock is to be used
4 primarily in Montana and primarily for the transport of
5 natural resources produced or processed in Montana,
6 including but not limited to agricultural products,
7 livestock, timber or other wood products, and coal or other
8 minerals.

9 (2) The revenue from the sale or use of the rolling
10 stock shall be used for repayment of the loans.

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

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

25 (2) Preference in making loans shall be given to

HB 788

1 persons who intend to use the loan proceeds in such a manner
2 as to create new jobs in Montana.

3 (3) The loan agreement may provide for a reduction in
4 loan interest with the reduction proportional to the amount
5 of time the rolling stock is located in Montana. The
6 interest rate may not be reduced below the level required to
7 meet obligations on the bonds or required by agreement with
8 the bondholders.

9 Section 14. Assistance for rolling stock projects. In
10 addition to providing loans to eligible persons for rolling
11 stock projects, the bureau shall assist such persons in
12 securing financing from other local, state, and federal
13 sources and from private sources by providing technical
14 assistance in the preparation of loan and grant
15 applications. The bureau may provide other assistance to
16 rolling stock projects to assure a dependable supply of
17 rolling stock in Montana.

18 Section 15. Bureau of rail transportation. There is a
19 bureau of rail transportation within the department of
20 highways.

21 Section 16. Severability. If a part of this act is
22 invalid, all valid parts that are severable from the invalid
23 part remain in effect. If a part of this act is invalid in
24 one or more of its applications, the part remains in effect
25 in all valid applications that are severable from the

1 invalid applications.

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

-End-

STATE OF MONTANA

REQUEST NO. 470-79

FISCAL NOTE

Form BD-15

In compliance with a written request received March 13, 19 79, there is hereby submitted a Fiscal Note for House Bill 788 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:

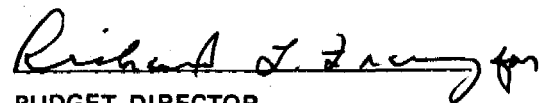
Provides financial assistance for manufacture, purchase or lease of certain railroad rolling stock; issuance of bonds; etc.

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: 3/15/78

1 bureau.

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3 shall specify the bond details, including but not limited
4 to:

- 5 (a) whether serial, term, or combination thereof;
- 6 (b) the interest rate;
- 7 (c) the denominations;
- 8 (d) whether coupon or registered bonds;
- 9 (e) the manner, medium, and place of payment;
- 10 (f) whether redeemable or not and if redeemable, the
11 manner of redemption;
- 12 (g) bond covenants.

13 Section 5. Bond limitations. (1) The interest rate on
14 the bonds may not exceed 9%. The bonds may not be sold for
15 less than par. The total amount of bonds outstanding at any
16 one time may not exceed \$75 million.

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

22 Section 6. Bond covenants. The bureau may enter into
23 covenants with the bondholders to enhance the marketability
24 of the bonds. These covenants may relate to:

- 25 (1) the purpose to which the bond proceeds are to be

1 applied;

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

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

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

9 (5) the accounting procedures and auditing powers
10 related to a project;

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

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

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

23 (2) There is a railroad rolling stock reserve account
24 in the sinking fund provided for in 17-2-102. Loan
25 repayments and required capital reserves shall be deposited

1 in the railroad rolling stock reserve account, and all money
2 deposited in the account is continuously appropriated to the
3 bureau and may be expended for the payment of principal and
4 interest on the bonds as they become due.

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

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

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

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

25 Section 11. Use of bond proceeds. (1) The proceeds of

1 the bonds shall be used by the bureau to make loans to
2 persons doing business or resident in Montana for financing
3 rolling stock projects when the rolling stock is to be used
4 primarily in Montana and primarily for the transport of
5 natural resources produced or processed in Montana,
6 including but not limited to agricultural products,
7 livestock, timber or other wood products, and coal or other
8 minerals.

9 (2) The revenue from the sale or use of the rolling
10 stock shall be used for repayment of the loans.

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

19 Section 13. Administration of loans. (1) The bureau
20 shall develop forms and application procedures to enable a
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23 capable of repaying the loan. The bureau shall develop
24 criteria for this determination.

25 (2) Preference in making loans shall be given to

1 persons who intend to use the loan proceeds in such a manner
2 as to create new jobs in Montana.

3 (3) The loan agreement may provide for a reduction in
4 loan interest with the reduction proportional to the amount
5 of time the rolling stock is located in Montana. The
6 interest rate may not be reduced below the level required to
7 meet obligations on the bonds or required by agreement with
8 the bondholders.

9 Section 14. Assistance for rolling stock projects. In
10 addition to providing loans to eligible persons for rolling
11 stock projects, the bureau shall assist such persons in
12 securing financing from other local, state, and federal
13 sources and from private sources by providing technical
14 assistance in the preparation of loan and grant
15 applications. The bureau may provide other assistance to
16 rolling stock projects to assure a dependable supply of
17 rolling stock in Montana.

18 Section 15. Bureau of rail transportation. There is a
19 bureau of rail transportation within the department of
20 highways.

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22 invalid, all valid parts that are severable from the invalid
23 part remain in effect. If a part of this act is invalid in
24 one or more of its applications, the part remains in effect
25 in all valid applications that are severable from the

1 Invalid applications.

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

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9 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FINANCIAL
10 ASSISTANCE FOR THE MANUFACTURE, PURCHASE, OR LEASE OF
11 CERTAIN RAILROAD ROLLING STOCK; AUTHORIZING THE ISSUING OF
12 REVENUE BONDS AND THE MAKING OF LOANS--AND-CREATING-A-BUREAU
13 OF-RAIL-TRANSPORTATION-WITHIN-THE--DEPARTMENT--OF--HIGHWAYS;
14 PROVIDING AN EFFECTIVE DATE."

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

17 Section 1. Intent. It is the intent of the legislature
18 to provide a mechanism to alleviate the shortage of railroad
19 rolling stock in Montana and to stimulate the economy of the
20 state by strengthening the rail transportation system and by
21 providing jobs for more Montanans.

22 Section 2. Definitions. As used in [sections 1 through
23 14 13], unless the context indicates otherwise, the
24 following definitions apply:

25 (1) "Bonds" means railroad rolling stock revenue bonds

1 authorized by [section 3].

2 (2) "Bureau" means the bureau of--rail--transportation
3 provided---for---in---[section--15]; "DEPARTMENT" MEANS THE
4 DEPARTMENT OF HIGHWAYS.

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

7 (4) "Project" or "rolling stock project" means a
8 business undertaking to manufacture, purchase, or lease
9 rolling stock and to subsequently use, sell, or lease the
10 rolling stock to derive revenue.

11 (5) "Railroad rolling stock" or "rolling stock" means
12 railroad cargo carriers used to transport natural--and
13 processed-resources-and-products--including-but-not--limited
14 to--grain--hopper--cars--coal--cars--flatcars--and--boxcars
15 GRAIN.

16 (6) "Refunding bonds" means railroad rolling stock
17 refunding revenue bonds authorized by [section 9].

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

24 (2) The bonds do not constitute a debt, liability,
25 obligation, or pledge of the faith and credit of the state

1 but are payable solely from the revenues or assets of the
2 bureau DEPARTMENT ACQUIRED OR HELD IN CONNECTION WITH
3 ROLLING STOCK PROJECTS.

4 Section 4. Bond details. (1) The bonds may be issued
5 as serial bonds payable in annual installments, as term
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11 the bureau DEPARTMENT.

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14 limited to:

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

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 4 account, and all money deposited in the account is
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8 (2) There is a railroad rolling stock reserve account
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12 railroad cargo carriers used to transport ~~nature and~~
13 ~~processed resources and products, including but not limited~~
14 ~~to grain hopper cars, coal cars, flatcars, and boxcars~~
15 GRAIN.

16 (6) "Refunding bonds" means railroad rolling stock
17 refunding revenue bonds authorized by [section 9].

18 Section 3. Railroad rolling stock revenue bonds. (1)
19 ~~The bureau~~ DEPARTMENT ACQUIRED OR HELD IN CONNECTION WITH
20 ROLLING STOCK PROJECTS is authorized to issue and sell
21 railroad rolling stock revenue bonds under the provisions of
22 [sections 1 through 14 13]. THE DEPARTMENT OF ADMINISTRATION
23 SHALL ASSIST THE DEPARTMENT OF HIGHWAYS IN THE ISSUANCE AND
24 SALE OF THE BONDS.

25 (2) The bonds do not constitute a debt, liability,

1 obligation or pledge of the faith and credit of the state
 2 but are payable solely from the revenues or assets of the
 3 bureau DEPARTMENT ACQUIRED OR HELD IN CONNECTION WITH
 4 ROLLING STOCK PROJECTS.

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

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

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

24 Section 5. Bond limitations. (1) The interest rate on
 25 the bonds may not exceed 9%. The bonds may not be sold for

1 less than par. The total amount of bonds outstanding at any
 2 one time may not exceed \$75 million.

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

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

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

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

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

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

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

25 (2) Refunding bonds may be sold or exchanged for

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

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

12 Section 11. Use of bond proceeds. (1) The proceeds of
 13 the bonds shall be used by the bureau DEPARTMENT to make
 14 loans to persons doing business or resident in Montana for
 15 financing rolling stock projects when the rolling stock is
 16 to be used primarily in Montana and primarily for the
 17 transport of natural resources GRAIN produced or processed
 18 in Montana, ~~including but not limited to agricultural~~
 19 ~~products, livestock, timber or other wood products, and coal~~
 20 ~~or other minerals.~~

21 (2) The revenue from the sale or use of the rolling
 22 stock shall be used for repayment of the loans.

23 Section 12. Loan details. The terms of any loan made
 24 pursuant to [section 11] shall be specified by the bureau
 25 DEPARTMENT and shall be such as to assure sufficient

1 payments to enable the bureau DEPARTMENT to meet its
 2 obligations on the bonds. Any terms required under an
 3 agreement with the bondholder must be included in the loan
 4 agreement. The bureau DEPARTMENT may require the borrower to
 5 secure the loan with the rolling stock or other property.

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

12 (2) Preference in making loans shall be given to
 13 persons who intend to use the loan proceeds in such a manner
 14 as to create new jobs in Montana.

15 (3) The loan agreement may provide for a reduction in
 16 loan interest with the reduction proportional to the amount
 17 of time the rolling stock is located in Montana. The
 18 interest rate may not be reduced below the level required to
 19 meet obligations on the bonds or required by agreement with
 20 the bondholders.

21 ~~Section 14. Assistance for rolling stock projects. In~~
 22 ~~addition to providing loans to eligible persons for rolling~~
 23 ~~stock projects, the bureau shall assist such persons in~~
 24 ~~securing financing from other local, state, and federal~~
 25 ~~sources and from private sources by providing technical~~

1 assistance in the preparation of loan and grant
 2 applications. The bureau may provide other assistance to
 3 rolling stock projects to assure a dependable supply of
 4 rolling stock in Montana.

5 ~~Section 15. Bureau of rail transportation. There is a~~
 6 ~~bureau of rail transportation within the department of~~
 7 ~~highways.~~

8 Section 14. 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.

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

-End-

March 9, 1979

SENATE STANDING COMMITTEE REPORT
(Highways and Transportation)

That House Bill No. 788 be amended as follows:

1. Title, lines 7 and 8.
Strike: "AND CREATING A BUREAU OF RAIL TRANSPORTATION WITHIN THE DEPARTMENT OF HIGHWAYS"
2. Page 1, line 18.
Following: line 17
Strike: "14"
Insert: "13"
3. Page 1, lines 22 and 23.
Following: "(2)"
Strike: the remainder of line 22 through line 23 in their entirety.
Insert: "Department" means the department of highways."
4. Page 2, lines 6 through 8.
Following: "transport"
Strike: the remainder of line 6 through line 8 in their entirety
Insert: "grain."
5. Page 2, line 12.
Following: "The"
Strike: "bureau"
Insert: "department"
6. Page 2, line 14.
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."
7. Page 2, line 18.
Following: line 17
Strike: "bureau"
Insert: "department"
8. Page 2, line 24.
Following: "by the"
Strike: "bureau"
Insert: "department"
9. Page 3, line 1.
Following: line 25, page 2.
Strike: "bureau"
Insert: "department"
10. Page 3, line 2.
Following: "bonds, the"
Strike: "bureau"
Insert: "department"

11. Page 3, line 22.
Following: "The"
Strike: "bureau"
Insert: "department"

12. Page 4, line 20.
Following: "the"
Strike: "bureau"
Insert: "department"

13. Page 4, line 21.
Following: "by the"
Strike: "bureau"
Insert: "department"

14. Page 4, line 22.
Following: "through"
Strike: "14"
Insert: "13"

15. Page 5, line 3.
Following: line 2
Strike: "bureau"
Insert: "department"

16. Page 5, line 5.
Following: "The"
Strike: "bureau"
Insert: "department"

17. Page 5, line 9.
Following: "The"
Strike: "bureau"
Insert: "department"

18. Page 6, line 1.
Following: "by the"
Strike: "bureau"
Insert: "department"

19. Page 6, line 5.
Following: line 4
Strike: "natural resources"
Insert: "grain"
Following: "produced"
Strike: "or processed"
Following: "Montana"
Strike: ", "
Insert: "."

20. Page 6, lines 6 through 8.
Strike: lines 6 through 8 in their entirety.

21. Page 6, line 12.
Following: "the"
Strike: "bureau"
Insert: "department"

22. Page 6, line 14.
Following: "the"
Strike: "bureau"
Insert: "department"

23. Page 6, line 16.
Following: "The"
Strike: "bureau"
Insert: "department"

24. Page 6, line 19.
Following: "The"
Strike: "bureau"
Insert: "department"

25. Page 6, line 22.
Following: "the"
Strike: "bureau"
Insert: "department"

26. Page 6, line 23.
Following: "The"
Strike: "bureau"
Insert: "department"

27. Page 7, lines 9 through 20.
Strike: sections 14 and 15 in their entirety.
Re-number: subsequent sections

March 19, 1979

SENATE STANDING COMMITTEE REPORT
(Judiciary)

That House Bill No. 788, third reading bill, be amended as follows:

1. Senate Committee Amendment #7. Amend to read:
Page 2, line 18.
Following: line 17
Strike: "bureau"
Insert: "department acquired or held in connection with
rolling stock projects"

Instructions to LSD: This amendment is a substitute for
Amendment # 7 by the Highways and Transportation Committee