January 24, 1979

January 25, 1979

March 15, 1979

March 17, 1979

March 19, 1979
March 20, 1979
March 21, 1979

March 22, 1979

April 16, 1979

April 18, 1979

April 18, 1979

IN THE SENATE

Introduced and referred to Committee on Agriculture, Livestock and Irrigation.

Rereferred to Committee on Taxation.

On motion by chief sponsor Represenative Vicki Johnson was added as an author to the pre-filed bill.

Committee recommend bill, as amended.

Statement of Intent adopted.
Printed and placed on members' desks.

Second reading, do pass.
Considered correctly engrossed.
Third reading, passed.
IN THE HOUSE
Introduced and referred to Committee on Taxation.

Committee recommend bill, as amended.

Second reading, as amended, not concurred.

In THE SENATE
Returned from House, not concurred, as amended.


#### Abstract

introduced by \&ita no. $24 / 8$ a bill for an act entitled: man act to help young farmers get started in agriculture; to create the montana homestead land program for the purposes of mequiring land that might BE PURCHASED BY FOREIGNERS, OUT-OF-STATE CORPORATIONS, OR OYHER LARGE LANDONNERS AND OF LEASING AND SELLING THIS LAND FOR MONTANA FAMILY FARMS; AND AMENDING SECTION 7T-1-202. MCA. be it enacted by the legislature of the state of montana: Section 1. Section 77-1-202, HCA , is amended to read: -7T-1-202. Powers and duties of board. 111 The board shall exercise general authority, direction* and control over the carep management, and disposition of state lands end, subject to the investment authority of the board of investments, the funds arising from the teasing lease, use, sale, and of disposition of those lands or otherwise coning under its administration. In the exercise of these powers. the guiding rule and principle is that these lands and funds are held in trust for the support of education and for the attainment of other worthy objects helpful to the well-being of the people of this state. The board shall adainister this trust to secure the largest eeasure of legitimate and


## reasonable advantage to the state. <br> 121 The board shall also serve as the Hontana nomestead bearde whose povers are enumerated_in_section 21." <br> MEM SEGLIONE Section 2. [Sections 2 through 42] may be cited as the Montana Homestead Land Act". <br> NEM SECIIOH. Section 3. Legislative findings. The legislature finds that the rapldiy increasing cost of agricultural land is preventing many Montanans from becoming farmers and ranchers. In consequence. Montana"s farmiand is being purchased by corporations and foreign investors and Montans's farmers and ranchers are rapldiy beconing hired hands. Recognizing the value of family farms to the economic, social, and political well-being of the state, the legislature tergby establishes a program for the state's acquisition of agricultural land and its lease and eventual sale to eligible Montana citizens. In the belief that increasing the economic opportunities available to Montanans and preserving the family farm are public purposes, the legislature proposes to fund this progran by general obligation bonds, backed by income from the constifutional coal tax trust fund. <br> HEH_SECTIOM, Section 4* Definitionse (1) As used in [sections 2 through 42], the following definitions apply:

(a) "Agricultural land" means land actively devoted to

$$
S B 248
$$

INTRODUCED BILL

```
agricultural use as defined in 15-7-202.
    (b) Boardm means the board of land commissioners
egtablished in Article }x\mathrm{ , section 4, of the Montana
constitution, which serves as the montana homestead board
for the purposes of [sections 2 through 42].
    (c) monds" means bonds or bond anticipation nates
issued by the board under the provisions of [sections 2
through 42}*
    (d) Conveyance" means an instrument in writing by
which any estate or interest in real property is created,
alienated, mortgaged, or encumbered or by which the title to
real property may be affected, except wilis and conveyances
ordered by the court in constructive or resulting trusts.
(e) Department" means the departeent of state (ands.
(f) Homestead land" means land acquired by the board under the provisions of [sections 2 through 42].
(g) Omner" means any individual. partnershipe joint venture, association, or corporation owning agricultural land.
(2) References throughout [sections 2 through 42] to the board apply only to the board of land comissioners acting in its capacity as the Montana homesterd board. References to the board*s property, revenues, or assets apply only to propertyp revenues; and assets qenerated by the montana homestead program, not those owed or generated
```

by any other program or property over which the board of land comissioners exercises general authority, direction, and control.

HEH SECTIONE Section 5. Homestead board -- general powers. The board may:
(1) retain professional consultants and advisors;
(2) rely on the department's staff in its daily functions;
(3) adopt rules governing its procedures;
(4) purchase agricultural land and related real and

(5) upon authorization of an affirmative vote of two-thirds of the members of each house of the legislature or of a majority of the electors voting thereon, issue bonds necessary to provide funds for implementing [sections 2 through 42];
(6) accept applications from those wishing to lease nomestead lands;
(7) evaluate applicants and award lease agreements to qualifited lessees:
(8) sell homestead lands as provided in [sections 2 through 421; and
(9) invest any funds generated by sale of bonds in the permissible investments outlined in 17-6-2ll untif such time as the funds ari needed for land acquisition or any af the
board's other functions.
NEH SECLIONE Section 6. Dffer of sale to board required for land selling for $\$ 2$ million or more. (1) Before conveying in any single conveyance any agricultural land in Montana, including related real or personal propertye offered for 52 million or more, the owner shall offer the land to the board for the same price at which the owner has signed a contract for sale.
(2) Whenever the owner of record signs a contract to sell agricultural land, including related real or personal property, offered for $\mathbf{s 2}$ milion or more, he shall file a homestead land form with the board.
(3) The board shall:
(a) require such information on the form as it may prescribs; and
(b) provide an adequate supply of these forms to each county clerk and recorder in the state.
(4) No conveyance involving agricultural land subject to [sections 2 through 42] is effective until 60 days after the board's receipt of the homestead land fors offering the 1 and
(5) Separate converances designed to evade the provisions of this section are ineffective unless the board has been offered an opportunity to purchase the lande
NEH SECILOAE Section 7. Criteria for purchase of
land. (1) Upon receipt of a momestead land formy the board may within 60 days purchase the land at the same price at which the owner is prepared to sign a contract, provided the following conditions are satisfied:
(a) The land has been appraised by the department.
(b) The land constitutes an agricultural unit or can be divided into agricultural unlts capable of supporting an individual or family.
(c) The board determines that any selling price higher than the appraised value as determined by the department is based on a bond fide offer from a third party and the offer represents true market value.
(d) In the board's estimationg sufficient applicants exist to lease the land within 1 year.
(e) Purchase of the lands will not increase the boardes indebtedness beyond $\$ 200$ million.
(2) Nothing in this section requires the board to purchase any agricultural land.

AEM SECLIOME Section 8. Voluntary sales. Any owner of agricultural land may offer his land to the board before another private offer has been received. The board may purchase the land provided the criteria listed in Isection 7] have been satisfied.

NEH SECEION Section 9. Purchase of land and related property. (1) Whenever the board decides to purchase offered
land and related improvements, it shall adopt a resolution containing a $\ddagger$ egal description of the land to be purchased. the sales price, and the terms of the sale.
(2) The board may at the option of the seller give consideration to the seller for the purchase price in any of the following ways:
(a) periodic payments of cash:
(b) assignments of bonds or securities issued by the board; or
(c) cash payments of the full amount of the purchase price.

HEM SECILOA Section 10. Preparing homestead land for leasing. the board shall lease all homestead lands in agricultural units capable of supporting an individual or family- In determining whether Individual purchases should be divided to secure such units: the board may request advice from the department or other state and federal agencies. The board shall assist the lessee in constructing any capital improvements necessary or desirable for the efficient development or use of nomestead land.

NEH SECIDOHIE Section lle Determining the lessee. (1) The board shall offer homestead land for lease to qualified Mantana citizens.
(2) The board shall by rufe establish a procedure for soliciting and evaluating applications from qualified

Montana citizens to lease the land-
(3) In evaluating the applications, the board shall consider:
(a) the applicant's training and experience in agriculture;
(b) the applicant's prospects for succeeding in an agricultural operation on the homestead land to be leasedi
(c) the applicant's attempts to secure or prospects of securing other types of financing;
(d) the applicant's net worth and prior year's income: and
(e) any other factors it may prescribe.
(4) The board shall select the best qualified and most deserving applicant from among those applying for each unit. However. the board is not required to lease the land to any applicant and may solicit further applications.

HEH SECIIONR Section 12. Qualifications of lessee. (1) To be eligible to lease homestead land, an applicar. aust reside in the state at the time of application and declare his intention to maintain his residence in Montana during the lease.
(2) Applications may be submitted by individuals. partnerships, associations, or joint ventures. All persons involved in the application must meet the requirements of subsection (1). Corporations, as defined in 35-1-102, may
not apply.
NEH SECIIOME Section 13. Lease - terms -conditions. (1) The board shall enter into a lease agreement with the best qualified and most deserving applifant for a period not to exceed 7 years.
(2) The lease agreement shall provide that:
(a) the fessee will make semiannual lease payments in an amount sufficient to pay the costs of the dejt incurred by the state in acquiring the homestead land. The board edy reduce the lease payment in cases of financial hardships provided the lessee agrees to fay a higher lease payment in later years to compensate for the losso
(b) no lessee may sublet or assign the lease without obtaining the written consent of the boardi
(c) a lessee may not encumber homestead land in any Hay during the period of a lease;
(d) the lessee must devote the majority of his time to the active management of hoarstead land and agree to use the land for agricultural purposesp as defined in 15-7-202; and
(e) the board has a lien on all unharvested crops on the leased land as security for lease payments and money due local taxing jurisdictions.

NEH SECIIOHE Section 14. Payment of sum equal to taxes. Each lessee shall pay to the local taxing districts in which the leased homestead land is located an amount
equal to the sum of all real property taxes and other taxes and assessments that would have been levied on the property if it were owned by the lessee. If for any reason a parcel of 1 and is not subject to a lease egreement, the board shall pay the required sum to the local taxing districts.

NEH SEGIIGHA Section 15. Improvements on leased land. During the term of the lease, the lessee may, subject to the approval of the board* make improvements on leased homestead land. The improvements shall be financed by the lessee and shall be his property- If the lease terminates without the lessee purchasing the homestead land, the board shall reimburse the lessee for the appralsed value of the improvements, as determined by three independent appraiserse

NEH SECLIOM. Section 16. Cancellation of lease. (1) The board may cancel a lease at any time if the lessee:
(a) is in default on lease payments:
(b) has failed to pay a local taxing district the sum due under [section 14];
(c) has not eaintained his residence in the state;
(d) has used any portion of the land for nonagricultural purposes without written permission frow the board:
(e) has falled to cultivate the land in accordance with generally accepted agricultural practices in that area or a practice developed for that area under supervision of
any governmental agricultural service agency; or
(f) has otherwise violated or failed to perform the terms of the lease agreement.
(2) If the lessee refuses to vacate the land within 60 days after the lease has been cancelled, the board shall apply for relief to the district court in which the land is situated.

MEH SECLIOME Section 17. Procedure for cancellation of leases. (1) If the board proposes to cancel a lease, it shall:
(a) send written notice by certified mail to the lessee that the lease will terninate on a specified dater not less than 30 days after the date on which the notice is sente unless the lessee complies with subsection (1)(c) of this section:
(b) set out in writing the reasons for the proposed cancellation of the lease and the provision of law under which the termination is authorizedi
(C) set out in the notice the steps that may be taken by the lessee to remedy the situation giving rise to the possibte termination of the lease.
(2) If the lessee fails to comply with subsection (1)(c) within 30 days after receipt of notice or such period as the board prescribes, the board shall send the lessee written notification by certified mail of the cancellation

## of the lease.

NEH_SECLION Section 18. Application for court order to preserve or protect land. (1) The board may authorize a person, under authority of an order of the district court. to enter upon the land and perform such acts as are set out in the order if:
(a) the lessee has abandoned the land; or
(t) the lessee dies and. in the opinion of the board, adequate arrangoments have not been made for actions consistent with normal agricultural procedures necessary to preserve or protect the crops growing upon the 1 and.
(2) The court order may authorize the board to sell any crop grown or harvested under this section to reimburse itself for any debt due the board by the lessee and authorize any costs incurred by the board in growing, harvesting, or selling the crops to be recovered as a debt due the board from the lessee or, if the lessee is deceased. frow his estate. The balance, if any, shall be paid to th lessee or his estate.

NEH SEGLIONE Section 19. Death of lessee. A lease terminates 30 days after the death of a lessee if death occurs during the month of Sanuary, February, or December or on December 31 of the year of the lessee's death if the event occurs on or after March 1 but before December 1.

MEH SECIION: Section 20. Lease to relative. If a
lessee has expressed an intention in writing before death:
(1) that the spouse continue farming the land the board shall upon application enter into an agreement to lease the land to the spouse for the duration of the lease period; or
(2) that a lineal descendant or the spouse of a lineat descendant continue farming the land, the board shall upon application enter into an agreement to lease the land to such person if the person meets the requirements of [section 121; or
(3) that the land be leased to a specified personp the board shall give such person priority to enter into a lease agrement for the land if the applicant meets the requirements of [section 12].

NEGi SECLIOAR Section 21. Termination of lease. Whenever the board receives written notice from a lessee indicating his intention of terminating the lease, it shall send written notice by certified mail to the lessee that the lease will terminate on a specified date not less than 30 days after the date on which the notice is sent.

NEH SECLIJNE Section 22. Renewal of lease -prohibition. (1) If at the end of a 7 -year lease the lessee has not entered into an agreement with the board to purchase the land, the board may not renew the lease but shall take applications for a new lessee for the property.
(2) Homestead land may not be leased for more than 15 years after its initial purchase under [section 9]. If at the end of this period a lessee of the land has not entered into an agreement to purchase the land, the board shall offer it for sale to anyone wishing to purchasee In sales to nonlessees, the board may negotiate a sales price refiecting the value of the land as productive agricultural land only but sufficient to repay the debt the board incurred in purchasing the lande

MEM SECHIGA Section 23. Sale of leased land. (1) A lessee may apply to purchase homestead land after he has leased the 1 and for 2 or more years.
(2) The board shall sell homestead land to any lessee who has proven mis ability to use the agricultural land productively and wisely.
(3) Any conveyance of homestead land shall contain a covenant running with the land that the land shall be forever used for agricultural purposes, as defined in 15-7-202.
(4) Leased land shall be sold at the price at which the board originally purchased the land under the provisions of [section 9] plus any additional costs of financing Incurred by the board.
(5) Lease payments in excess of the amount needed to pay the interest on the indebtedness incurred in purchasing
the land must be credited toward the sales price of the land if the lessee purchases the land from the boarde
(6) The purchase agreement must require the purchaser to pay the entire purchase price for the land to the board within 6 months after signing the agreement.
(7) Eessees may apply to the board for a foan to finance the purchase of the land.
MEH SECILOME Section 24. Loan programe (1) The board ay establish a loan program: funded by the sale of general obligation bonds, to enable lessees to purchase homestead land.
(2) A Joan agreement must provide for full payment of principal and interest on the homestead land loan within 60 years.
(3) The board shall specify in the agreement the reasonable rate of interest it considers necessary.
(4) Loans made by the board must be secured by any liens or collateral the board considers necessarye
MEH SECILOAL Section 25. Issue of general obligation bonds -- credit of the state pledged. (i) when authorized by an affirmative vote of two-thirds of the members of each house of the legislature or of a majority of the electors voting thereon, the board may issue bonds of the state of Montana in a principal amount it determines necessary to provide sufficient funcs for achieving any of the purposes
of the Montana homestead programp including the payment of interest on bonds, establishment of reserves to secure the bonds; and all other expenditures of the board incident to the programe
(2) Each issue of its bonds is an obligation of the board payable in the first instance out of any revenues, assets, or money generated by the Hontana homestead programe The board shall manage, to the best of its ability, its lease agreements and sales so that the bonds are repaid by the revenue generated by the program- However, the legislature pledges one-half the interest and income produced by the coal tax trust fund established in section 5, Article $I X$; of the Montana constitution to maintain the capital reserve accounts for bonds issued by the board at their minimum requirements. In addition, the full faith and credit and taxing powers of the state are pledged for the payment of bonds issued by the board under the provisions of [sections 2 through 42].
(3) The bonds must be authorized by resolution of the board and bear a date and mature at times as the board determines. A bond may not mature more than 60 years from the date of its issue. The bonds may be issued as seriaf bonds payable in annual installments or as term bonds or as * coabination thereofe The bonds of the board may be sold at pubiic or private sale. at prices determined by ie

```
board.
    (4) The resolution shall specify:
    (a) the rate of interest of the bonds;
    (b) the denomfnation of the bonds;
    (c) whether the bonds shall be in coupon or registered
form and registration privileges, if any;
    (d) the manner and place of execution:
    (e) the manner and place and medium of payment; and
    (f) the terms of redemption.
    (5) The total amount of bonds outstanding at any one
time may not exceed $200 millicne
    NEH SECLIOH: Section 26. Provisions bond
resolutions or trust indentures. A resolution or trust
indenture authorizing any bonds or any issue thereof may
contain srovisions, which shall be a part of the contract or
contracts with the holders thereof, as to:
    (1) pledging all or any part of the revenues or the
property of the board to secure the payment of the bonds or
any issue thereof: subject to existing agreements with bondholders
(2) pledging all or any part of the assets of the board, including mortgages and obligations securing them, to secure the payment of the bonds;
(3) pledging the income and interest from the constitutional coal tax trust fundi
```

(4) pledging the full faith and credit and taxing powers of the state of Montana to secure the payment of the bonds:
(5) specifying the use and disposition of the gross income from mortgages owned by the board and payment of principal of eortgages owned by the board;
(6) the setting aside of reserves or sinking funds in the hands of trustegs. paying agents: or other depositories and the regulation and disposition of the reserves;
17) Iifiting the purpose to which the proceeds of the sale of the bonds may be applied and the pledge of the proceeds to secure the payment of the bonds or of any issue thereof:
(8) Ifmiting the issuance of additional bonds, the terms upon which additional bonds may be issued and secured. and the refunding of outstanding bonds:
(9) specifying the proceduret if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent theretop and the manner in which such consent may be given;
(10) Ifiling the amount of money to be expended by the board for its operating expenses;
(11) vesting in a trustee property, rights, powers. and duties in trust as the board determines;
$S B 248$
$S B 248$
(12) defining the acts or failures to act which will constitute a default in the obligations and duties of the board to the molders of the bonds and providing for the rights and remedies consistent with the taws of the state and the provisions of [section 2 through 421 of the holders of the bonds in the event of such default, including as a matter of right the appointeent of a receiver; and
(13) specifying any other matters of like or different character which in any way affect the security or protection of the holders of the bondse

MEH SECLIOLI Section 27. Validity of piedge. A pledge made by the board is valid and binding from the time the pledge is made. The revenues or property pledged and thereafter received by the board are imediately subject to the lien of the pledge without any physical delivery thereof or further acte and the lien of any pledge is valid and binding against all parties having ciaims of any kind in tort. contract. or otherwise against the board, irrespective of whether such parties have notice thereofe Neither the resolution trust indenture nor any other instrument by which a pledge is created need be recordede

NEL SEGIIDN Section 28. Personal thability. The board members and employees of the department are not personally liable for any debt incurred by the boarde.

NEH SECLIOM Section 29. Purchase of bonds -
canceliation. The board, subject to existing agreements with bondtolders, may out of any funds available for that purpose purchase bonds of the board, which shall thereupon be cancelled, at a price not exceeding:
(1) the current redemption price plus accrued interest to the next interest payment thereon if the bonds are then redeemable; or
(2) the redemption price applicable on the first date after purchase upon which the bonds become subject to redemption plus accrued interest to that date if the bonds are not then redeemable.

MEL SECTIDAL Section 30 . Trust indenture. In the discretion of the board, the bonds may be secured by a trust indenture between the board and a corporate trustee, which as be a trust company or bank having the power of a trust company within or without the state.

HEH_SECIIONE Section 31. Negotiability of bonds. Bonds issued by the board are negotiable instruments unde the Uniform Comercial Code, subject only to the provisions for registration of bonds.

NEM SECILOME Section 32. Continuing validity of board meabers" signatures. If any board member whose signature appears on bonds or coupons ceases to be a member before the delivery of the bonds, his signature continues to be valid and sufficient for all purposes.
NEH SECLIONe Section 33. Accounts of the board. There
is a homestead land financing account in the bonds proceedsand insurance clearance fund provided for in 17-2-102. Allfunds from the proceeds of bonds issued under [sections 2through 42), fees and other money received by the board.money appropriated by the legisiature for the use of theboard in carrying out [sections 2 through 42], and moneyaade available from any other source for the use of theboard must be deposited in the homestead land financingaccount except as otherwise provided by law. All fundsdeposited in the homestea land financing account arecontinuously appropriated to and way be expended by theboard for the purposes authorized in [sections 2 through
42 1.
NEk SECTIOAR Section 34e Reserve funds and
appropriations. (1) The board shall pay into one or more
copital reserve accounts:
(a) any money appropriated and made available by the state for the purpose of the fund;
(b) any proceeds of sale of bonds to the extent provided in the resolutions of the board authorizing their issuance or in any trust indenture securing their repayment; and
(c) any other money which may be available to the board for the purpose of such a fund from any other source.
(2) All amounts held in a capital reserve account must be used solely for the payment of principal, interest, and a redemption prewiun with respect to bonds secured in whole or in part by the account. Funds in an account may not be witharawn at any time in an asount which reduces the amount of the account to lass than the minimum capital reserve requirement established for the account except for the purpose of making, with respect to bonds secured in whole or in part by the account payment, when duep of principal. interest, or redemption premiums for the payment of which other money pledged is not available.

HEM SECLIOHa Section 35. Maintenance of capital reserve account. In order to assure the maintenance of the capital reserve accounts, the governor shall inform the director of the department of administration when the accounts fall below the minimu capital reserve requirement. The director shall transfer the sum necessary to restore this minimum from an earmarked revenue account containing income from the constitutional coal tax trust funde

NEi SECLIOM, Section 36. Refunding obligations -sale. Refunding obligations issued as provided in 90-6-121 may be sold or exchanged for outstanding obligations issued under [sections 2 through 42]. The proceeds may be appiied to the purchase, redemption, or payment of outstanding obligations. Pending the application of the proceeds to the
-22-
SB 248
payment of outstanding obligations, the proceeds may be
invested as provided in ritle 17, chapter 6, if permitted in
the resolution authorizing the issuance of the refunding
oblijations or in the trust aqreement securing them.
ney sechlone section 37. Refunding obligations --
issuance. The board may provide for the issuance of
refunding obligations for refunding any obligations then
outstanding which have been issued under [sections 2 through
42 j , including the payment of any redemption premium and any
interest accrued or to accrue to the date of redemption of
the obligations. The issuance of obligations, the maturities
and other details, the rights of the nolders, and the
rights, duties, and obligations of the board are governed by
the appropriate provisions of [sections 2 through 42] which
relate to the issuance of obligations.
HEE SECLIAAE Section 38. Tax exemption of bonds. Bonds issued by the board under [sections 2 through 421 and their transfer and income, including any profits made on their sale, are exempt from taxation by the state or any political subdivision or other instrumentality of the state, except for inheritance, estate, and gift taxes. The board is not required to pay recording or transfer fees or taxes on instruments recorded by it.
MEH SECLIONe Section 39. Pledge against iapairment of contracts. In accordance with the constitutions of the

United States and the state of Montana, the state pledges that it will in no way impair the obligations of any agreement between the board and the holders of notes and bonds issued by the board.

MEY SECIIOMe Section 40. Annual audite (1) The board's books and records must be audited by an independent certified public accountant at least once each fiscal year-
(2) The legislative auditor may conduct an audit at the request of the legislative audit committee.

NEH SECIIONE Section 4l. Report. The department shall transmit to the governor and to each member of the leglslature 30 days before the meeting of the legislature a report:
(1) detailing the operations of the howestead progran since the adjournment of the last legislature, and
(2) containing a financial statement showing the program"s assets and liabilities.

HEL SECILANE Section 42. Powers to be interpreted broadiy. The powers enumerated in [sections 2 through 42] shall be interpreted broadly to effectuate the purposes of the board and mar not be construed as a limitation of powers.

Section 43. Severability. If a portion of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in

LC 0082/01

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-

## STATEMENT OF INTENT RE: S8 248

Section 1: This statement of intent is required by the rulemaking authority granted to the Department of Agriculture in Section $\mathbf{7}(2)(c)$ and Section 11111.

Section 2: It is the intent of the legislature that the Department of Agriculture would adopt rules for the orderiy handiing and processing of applications under the homestead loan program and for the second loan prograes. The rules under section $11(1)$ are intended to be sufficiently specific to allow for an objective determination by the department of which applicant should recelve a loan from the homestead loan program. The same criterla should be established by rule for the second loan program with special emphasis on need of the applicant and the applicantes prospects for success.

Section 3: It is the specific intent of the legislature that the programs set forth in $S B 248$ be implemented during the 1979-di biennium without the sale bonds from whatever appropriation as may be appropriated by the 46 th Legislative Assembly.

Section 4: It is the specific intent of the legisiature that the Department of Agriculture shall coordinate all loans made pursuant to 58248 for the 1979-81
bienniun through the Farmers Home Administration. The state director of the Farmers thome Administration has indicated to the Senate Taxation Combitee that the fHA could screen worthy applicants, participate with a subordinated loan of its own and fully service the loan. By coordinating the SB 248 proqrams with the Farmers Mom Administration the state would assist the FHA in assisting Montana farmers who may not otherwise obtain assistance because of a critical shortage of federal funds.

Section 5: Based on the representations of both the Olrector of the Department of Agriculture and the state Director of the Farmers Home Administration, the legislature specifically intends no more than $1 / 2$ of one FTE to be devoted to enis program by the Department of Agriculture for the 1979-81 biennium.

## Aplroved by Committee

 on taxationSENATE BILL NO. 248<br>InTRODUCEO BY TONE

trast-ta--secure--the--7orgest--measure--of--tegitimate--and reasonable-arantege-to-the-steter

 2.1"

SECIIOS_1*_SECIION_BO-1-102ع_MAE_1S_AMENQER_IO_SEAD:
"80-1-1J2. Duties of departwent. The department shall:
(1) encourage and promote the interests of dgriculture, inciuding horticulture and apiculture, and all otner allied industries;
(2) collect and publish statistics relating to the production and marketing of crops and other agricultural products so far, as the information may be of value to the agricultural and allied interests of the state;
(3) assist, encourage, and promote the organization of farmers $\quad$ institutes. horticultural and aqricultural societies, the nclding of fairs, livestock showsp or other exhiuits of the profucts of agriculture:
(4) adopt standards for open and closed receptacies for farm products and standorts for the arade ind other classification of farm products;
(s) cooperate with prouncers and consumers in fevising and mantaining economical and efficient systems of distribution and aidin the reduction of waste and expense incidental to marketing;
(6) have the duthority to mintain a market news service, including information as to crops, freight rates, commission rates, ond other matters as way be of service to producers and consumers, and act ds a clearinghouse for information of value to producers and consumers;
(7) yather and diffuse information concerning the supply, demand, prevailinn prices, and cobsercial movement of farm products;
(8) investigate the practices and methors of factors. commission merchants. and others who receive, solicite buy, selly handle on commission or otherwiseq or deal in grain. vegetables. or other farm products, so that distribution of the commodities is accomplished efficiently, economically. and without hardship, wastep or fraud:
(9) cooperate with montana stite universityp the aoricultural experiment station, and the federal government for the vetterment of the aquicultural iotustries of the stute, the improvement of rural lit? init promotion of equality of opportunity for the farmers of the state;
(10) take and hoid in the name nf the state of montana property, real and personaly acquired by gifts, suoscriptions, donations, and Dequests;
(11) sell and dispose of personal property owned by it in a manner the department may provide, when in the judgment of the departrant the sale or disposal test promotes the
purposes for which the department is established;
(12) contract in respect to any matter within the scope of its authority;
(13) enforce this title and all other lews for the protection and regulation of agriculturevi_and
[141_estanlist_ang_operate_d__lean_oprearam_to__enable eligivle_tentana_farnecs_to_purchase_agricultural_lande"

MEH_SECIIDN: Section 2. SHRBI_CILILEA [Sections 2 through 42 309 may be cited as the montana Homestead tend LOAN Act".
 7egis ature--finds--thet--the-ropidty--inereasing--cost--of eqpieateurat-7and-is-preventing-many-Montenens-from-becominq formers--and-rancherso-In-eonsequencer-Montonoss-formyand-is being-purehased-by-corporations-and--foreign--investors--and
 handst--Recogntizing--the--vatre--of--famity--farms--to---the economiev-societv-and-potiticat-wet+-heine-of-the-stoter-the Fegisłotare--heroby--estob+ishes--s--progrom-for-the-stotess aequisition-of-asrientturat-tand-and-its-teese-and--eventuef sote--to--etigible--Montona--eitizens.--fn--the--hetief-that increasing-the-economie-opportunities-avaitebte-to-montenans ond-presefving-the-fanity--form--are--pubtie--parposesw--the tegrstetare---proposes--to--fand--this--program--by--aenerał obtigetion-bondsp-baeked-by-ineome-from--the--constitutionst

eoot-tax-trust-fundv
ions 2 through $4 z$ 30l, the followiny definitions opply:
cultural use as defined in 15-7-202.

constitutionf-which-serves-as-the--Montana--homesteod-bonrd
-the-purposes-of-tsections-z-through-4zju
tgi--menner--means--thy-Tndividuetr-partnershipr-joint venturef-nssoeiationt-or--corporntion--omitng--ogriettiapat tondv
(2) Aeferenees--throughout--fsections-z-through-4Zj-to the-beard-apply-onty-to--the--boapd--of--tond--eamin+3stoneps beting--in--its--eanecity--as--the--Montann-honestead-board= References to the boordns aEpARLAEMI:S property, revenues, or assets apply only to property. revenuest and assets generated by the montana homestead Ligy prociame not those awed dHAED or genefated by 3ny other program or property over which the board--of--tand--eomisstoners DERABIMEMI exercises general authority, direction and control.
 powersw--Fhe-board-meyt
tit--retain-professionat-consuttants-and-adptsorst
 fonetionst
t3\}--adont-rutes-governing-its-procedurest
t4t--parehese--onrieatearot--tand--and-petnted-reat-end personet-property-under-the-provistions-of-fsection-9if
t54--abon--authorifation--of--an--aff+rmntive--vote--of two-thirts--of--the-members-of-each-house-of-the-tegistuture or-of-a-mojority-of-the-eteetors-voting-thereant-issue-bonds neeessory-to-proride--funds--for--imptementine--fsections--z througn-42jt
tht－－aceept－－apptieetions－－from－－those－mishing－to－tease nomesteed－tendst
f7y－－evatuste－apptieants－and－award－tease－streements－－to quatified－tesseest
fAt－－set7－－homestesd－tends－－os－provided－in－fgeetions－z throuqh－4zit－and
f母チ－－invest－any－funds－aenerated－by－sełe－of－bonds－in－the permissibte－investments－outtinet－in－t7－h－ztt－tuntit－sueh－time as－the－funds－are－needed－for－tand－acquistitan－or－ony－－of－the boardss－other－funetions：
 required－for－7and－sething－－for－－sz－－nit＋ion－－or－－mores－－－tit Before－－eanvering－－in－any－stnete－converance－any－ogrieuteopat Hand－－in－－Montanar－－inetuding－－petated－－reat－－－or－－－persenat propertyp－－offered－－for－－sz－at＋7ion－or－morop－the－ownar－shott offer－the－tond－to－the－board－for－the－same－price－ot－mhteh－－the owner－nos－gigned－s－contrect－for－sater
fZチ－－Whenever－－the－－owner－of－recort－signs－n－eontract－tn sett－egrieuteuret－7andr－inetuding－reteted－rent－－or－－personet propertyp－－offeref－－for－－sz－mitfron－or－mor－v－ma－shett－fitr－ homesteed－tond－form－with－thr－boerde

43t－－Fhe－bourd－shał7t
tot－－require－sueh－information－on－the－－form－－ns－itt－－mey preseribet－and
tby－－provide－－an－adequate－suppty－of－＊h－se－forms－to－enem
countr－eterk－and－reeorder－in－the－states
t4t－－No－eonverance－invotving－agrieutturat－7and－－subjeet to－－tsections－z－through－4złts－effeetive－untit－6日－dors－efter the－bourd ${ }^{2}$－receipt－of－the－homestead－7end－form－offering－the Fand＊
t5t－－5eporate－－－eonveranees－－－designed－－－to－－erade－－the provisions－of－this－section－are－ineffective－untess－the－－bospd has－been－offerted－en－opportuntty－to－purehese－the－tenn．

МEH＝5EEEx日Hi－－Seetion－7v－Eriteria－－－for－－－purehase－－of tand－－ftt－bpen－receipt－of－b－homestead－7and－form－the－－board may－－within－－60－dars－purchase－the－tand－at－the－same－price－at Whith－the－owner－is－propered－to－stgn－a－eontreetv－prorided－the fottowing－condteions－are－satisfiedt
tot－－Fhe－tend－has－been－approised－by－the－department．
tbt－－Fhe－tand－eonstitutes－an－agrieufturat－unit－－or－－ean be－－divided－inte－agrieutturat－untts－eapabte－of－supporting－an

tet－－Fhe－beard－determines－that－any－setting－priee－higher than－the－appratsed－vatue－as－determined－by－the－department－－is bosed－－on－e－bone－fide－offer－from－a－thirfiparty－and－the－offer represents－trae－market－vatue．
fot－－tn－the－board＊s－estirationt－－sufficient－－apptiernt＊ extst－to－teaze－the－Hand－within－t－yenry
tet－－Pureinnse－－of－－the－－tands－－wit7－－not－－inerease－－the Bnords－indebtedness－beyond－tzee－mitziont

$$
-7-\quad 50248
$$

```
eost-tex-trust-fundy
    NEW_SECIION& Section 3. Definitions. (1) As used in
[sections 2 through tz 30], the following definitions apply:
    (a) "Agricultural land" means land actively devoted to
agricultural use as defined in 15-7-202.
    tot--"Aoorfm-means--the--bosrt--of--tang--commissioners
estabtished---in--Artiefe--**--section--4v--of--the--Montano
constitutiony-whieh-serves-os-the--Montana--homesteat--bonrd
for-the-purposes-of-Esections-z-through-4z}z
    tet(B) "Bonds" means bonds or bond anticipation notes
issued by the board RERARIMENI under the provisions of
[sections 2 through 42 30].
    tdf--mGonveyancem--meons-- en--instrument--in-writifng-by
whien-any-estate-or-interest-tn-reat--property--is-- ereatedv
atienatedv-mortqugedv-or-eneumbered-or-by-whreh-the-t;tte-to
pfat--property-may-be-affectedv-exeept-witts-and-conveyanees
orderea-by-the-eourt-in-construet+ve-or-resutt+nf-trustsw
    16)__mCOUNCIL"_MEANS_IHE_EASILY_EABA__SDYISORY__CDUACLL
GEEAIEQ_IN_[SECIION_4]:
```



```
AGBICULIURE*
    (e) DDepartment* means the department of stote-tanis
AGBICULIURE.
    fft--MHomestead-7and=-means-7and-acquired-by-the--honrd
ander-the-provisions-of--fsections-z-through-4zf%
```




``` +ond.
(द) References--throughout--tsections-z-through-4zj-to the-board-apply-onty-to--the-beard--of--łand--eammtss+aners Eethnģ--in--its--enacity--Bs--the-Hontena-monesteat-beardy References to the boards QEPARIMENItS property. revenues* or assets apply only to property, revenues, and assets generated by the montana homestead Lusy procram. not those owed HHED or generated by any other program or property over which the board--of--tand--comisstoners QERABIAEMF exercises general authority, direction, and control.
```



``` powersw--Fine-bonrd-moy*
t+t--retain-professionat-consuttants-and-advisorst
t2t--rety--on--the--departmentes--staff--in--its--det+y funetionst
tłt--afont-rates-governing-its-procedurest
t4t--purehase--agrieutturat--tand--ans-reteted-reat-end personat-property-ander-the-provisions-of-tsection-9ft
f5t--bpon--antharifation--of--an--gftrrintive--vote--of two-thirds--of--the-wembers-of-each-mouse-of-the-tegrstature or-of-a-nejority-of-the-teltors-voting-thereonv-issue-bonds necessary-to-provide--funds--far--imptementinģ-fsections--through-42jt
```

tht－－aeeept－－applieetions－－from－those－wishing－to－teose nomesteed－tendst
t7t－－evołuste－applieants－and－awara－fease－sqreements－－to quatified－tesseest
fot－－set＋－－inomestead－－tands－－es－provided－in－fsections－z through－4zif－and
t9f－－invest－ony－funds－aenerated－by－sote－of－bonds－in－the permissibte－investments－outtineA－in－t7－6－złt－antit－sueh－time os－the－fonds－are－nected－for－tand－acquisitian－or－ony－－of－－the boordas－other－functionsv
 requifed－for－7 and－setting－－for－－sz－－mittion－－or－－morer－－－ttt Before－－convering－－in－any－stnote－conveyance－any－agricutturet fand－－in－－Mantanap－－inetuding－－petated－－reat－－－－or－－－persenat propertyp－－offored－－for－－s2－athtion－or－morep－the－owner－shot7 offer－the－7ond－to－eme－board－fer－the－state－price－at－whieh－the owner－hes－signed－s－contract－for－snter
 sett－agrieutturet－7andy－inetuding－retotes－rent－－or－－persanat propertyp－－offerec－－for－－sz－mittron－or－mor－v－me－shatt－fite－t homestead－tend－form－with－the－board＊

## t3t－－7he－board－shat＋4

tat－－require－gueh－informstion－om－the－－form－－os－－itt－mey preseribet－and
tot－－provide－－an－adequate－sumpty－of－an－se－forms－to－anem

$$
-7-
$$

eounty－eterk－and－recorder－in－the－state．
t4t－－Mo－eonveyence－invotving－agrieutturat－tend－－subject to－－fsections－z－through－42f－ts－effective－untit－6日－doys－ofter the－boards－receipt－of－the－homestead－7and－form－offering－－the tende
t 5 t－－5eparate－－－eonvernnces－－－dest gned－－－to－－evede－－the provisions－of－this－section－are－ineffective－untess－the－bosrd hos－been－offared－an－opportunity－to－pufehase－the－tantw
 tend＝－ttt－ypon－reeetpt－of－a－howestead－tand－formp－the－－bsord mer－－within－－6e－－days－purehese－the－tand－at－the－same－price－at Whieh－the－owner－is－prapared－te－stgn－a－contraet－prorided－the fot＋owing－eondtetons－ore－sotisfiedt
tet－－Fhe－tend－hes－been－approtset－by－the－tepartment．
tbt－－The－tand－eonstitutes－an－agrieutturot－unitz－or－－ean be－－divtded－into－agrteutturat－unite－eapoble－af－supporting－an TMdividuct－or－femłサy
tet－－Fhe－boers－determines－thot－any－getting－ppite－mijher than－the－bpproised－vatue－as－determined－by－the－depertment－－is besed－－on－a－bons－fide－offer－from－a－thtri－porty－and－the－off＝r represents－true－market－votuet
fat－－tn－the－boerdis－estinatronr－－suffierent－spptieant＊ exist－to－tease－the－Hand－wttmin－ま－yenry
tet－－Purehnse－－of－－the－－7ands－－wit＋－－not－－inerense－－the onoraty－indebtedness－beyond－hze日－mittion．
tE゙－－Nothing－in－this－－seetion－－requires－－the－－board－te purehese－ony－eqriettturat－tandy
 of－ogrienttarat－tand－may－offer－his－tand－to－the－board－－before another－－private－－offer－－hes－－been－receivedv－－Fhe－beard－may purenase－the－tand－provided－tine－epiterin－tisted－－in－－tsection 7j－have－been－satisfiedv
 propertyw－－－fti－－Whenever－－the－－board－－dect tes－－to－－purehose offered－－tand－－and－－refated－－improvementsr－－it－shol7－adept－o resotution－eontoining－d－tegot－deseription－of－the－tond－to－－be purchasedr－the－sates－pritep－and－the－terms－of－the－saten
f2t－－Fhe－－board－－mayp－at－the－option－of－the－set＋erv－give consititation－to－the－setter－for－the－purchose－ptice－in－any－of the－fottowing－wayst

## tat－periodie－porments－of－easht

tbi－－assignments－of－bonds－or－securities－is9ced－－hy－－the boardt－or
tef－－eash－－payments－－of－the－futt－omount－of－the－purehose priees

NEH二SEEfigur－－Section－t日v－－prephring－homestrnd－tond－for teasingr－－Fhe－boord－－shett－－7eese－－att－－nomesteed－－tonds－in agrieatturał－－anits－－eapabte－of－supporting－on－indivitant－or famtty－－tn－determining－whether－individubt－－purchases－－shouta be－－diptded－－to－－seeure－－sueh－－untesp－the－board－may－request
adviee－from－－the－－deportment－－or－－other－－stste－－and－－federat aqenefes：－Fhe－boord－sha77－0ssigt－the－tessee－in－construeting ony－eoptent－improvements－－necessery－－or－－destrathe－for－－the －fficient－deve topment－or－use－of－Momestend－tandw
 Fhe－－hoart－shatt－offer－homestead－tand－for－tease－te－quottfied Moneanc－ertitens．
tzt－－7he－boart－shatt－by－rate－estabtish－s－preeedare－－for setieiting－－－and－－－evatueting－－apptientions－－from－－quetified Montana－ettrens－to－tease－the－tand：
t3t－－in－evatwating－the－apptieationst－－the－－board－－shatt eonsidert
tot－－the－－－appticants－－－troining－－－omd－－experience－－in ogricutturet
fbt－－the－appticont²s－prospects－－for－－suceeding－in－－on eyrieutturat－－operation－－on－the－homestead－tend－to－be－tetsedt
fet－－the－apptieant＊s－attempts－to－secure－or－prospeets－of securing－other－types－of－financingt
tdt－－the－apptreants－net－worth－and－prior－yearss－ineomet snd
tet－－any－otner－fnetors－ite－may－preseriben
tht－－Fhe－boord－shatt－setect－the－best－quatified－and－mast deserving－apptieant－from－nmong－those－apptying－for－ench－onitv Howevery－the－bonid－is－net－required－to－tease－the－tend－to－－ony opptreant－ana－may－sotiett－farther－apptieotions＝

 must－－reside－－in－－the－－state－－nt－the－trne－of－mppticotion－mnd deetare－his－intention－to－matntain－his－residenee－－in－Montona during－the－teeset
tzi－－Appiteatians－－mor－－be－－subnittet－by－－individuatsy partnershipsi－nssoetationsy－or－joint－venturasu－－tht－－promons invotved－－in－－the－－apptieation－mast－weet－the－requirements－of sobseetion－ttł＝－Eorporotionsp－os－defined－－in－－35－t－tezv－－mor not－appty $y$
 Conditionsw－－－tift－－Fhe－－boerd－－shoti－－enter－－into－－s－－7eese agreement－－－with－－the－－best－－quałffied－－and－－most－－deserving opptieant－for－a－period－not－to－execed－7－yeersu

## t2；－－Fhe－tease－sgreement－shoti－provide－that t

fat－－the－tessee－witi－make－seminnnaot－tease－poyments－－in on－－amount－－sufficient－to－pay－the－costs－of－the－debt－ineurred by－the－state－in－aequiring－the－homestesd－tinne－fhe－bonrd－－mny reducr－－the－－7ease－－payment－－in－eoses－of－finaneiot－hardshipt provided－thr－tessee－anrees－zo－pny－9－mithef－tense－payment－－in toter－years－to－compensate－for－the－tossi
tot－－no－－tessee－－may－subtet－or－assign－the－teose－withoot obtaining－the－written－consent－of－the－hoardt
tet－－a－tessee－mar－not－encamber－nonestent－－7and－in－－Any way－during－the－pertac－of－t－teasef
tdf－－the－tessee－mast－devote－the－majority－of－his－time－to the－aetive－management－of－homestead－7and－and－agree－to－tye－tha tand－－for－agrieutturat－purposesf－os－definey－in－75－7－zAz＊－and
tef－－the－boord－hes－a－tien－on－att－unharvested－erops－on the－teased－t and－as－seetrity－for－leese－payments－and－money－due teeat－taxing－jupisdietionsw
 taxesp－－E日eh－Hessee－shat＋－poy－to－the－tocot－taxing－－distriets in－－whieh－－the－－7eased－－homestead－－Hand－is－Hocated－an－amount squat－to－the－sum－of－ath－reat－property－taxes－and－other－－taxes ond－－ossessments－thet－wootd－have－been－tevied－on－the－property if－tt－mere－ownad－by－the－fesseev－if－for－any－reason－－a－－pareet of－tand－is－not－subject－to－e－tease－agreementr－the－board－sha子t per－the－required－sum－to－the－tocat－toxing－distirietsy
 Ouping－the－term－of－the－teasev－the－tessee－marp－subjeet－to－the approvat－of－the－beardi－make－improvements－on－teased－homestead tend－－Fne－－improvements－shat子－be－finaneed－by－the－tessee－and shatt－be－his－property－if－the－7ease－terminates－without－－the tessee－－purchesing－－the－－homestead－－7ondy－－the－－board－－sinot＋ retmburse－－tne－tessee－－for－－the－－approised－－vatue－－of－－－the improvementspas－determined－by－three－independent－sppreisertw
 Fhe－boord－may－caneet－a－tease－at－any－time－if－the－tesseet
tot－－is－in－defoult－on－feese－parmentat
fot--hns-faited-to-poy-a-toeat-toxing-distriet-the-sum dre-under-Eseetion-t4f*
tet--mas-not-maintained-his-residence-in-the-statet
tet--hes---used---Eny---portion---of---the---tand---for nonagrieatturat-purposes-without-written-permtssion-from-the beerat
fef--has-faited-to-eattivate--the--tand--in--aceardance with--generatiy-acepted-agricuttarat-proctiees-in-thet-afee or-a-praetiee-devełoped-for-that-area-under--superviston-ef ony-governmentat-agrienteurat-serviet-egeneyt-or
fft--has-othermise--viotated--or-fotied-to-perform-the terms-of-the-tease-agreement.
tZt--tf-the-tessee-refoses-to-voeate-the-7end-wit:htn-6e days-ofter-the-tease-has-been--cancethedy--the--boapd--shett apply--for-refief-to-the-distriet-court-in-whieh-the-land-is situeted.
 of--teasesw--tt†-łf-the-board-proposes-to-cancel-teaser-it shat+t
tat--send-wfitten--notiee--by--eeftified--mott--to--the tessee--that--the--łease-wift-terminate-on-o-speeified-det-not-4ess-then-30-doys-ofter-the-date-on-whteh-the-notite-it sentr-bittess-the-tessee-eompties-with-subsection-ttitet-of this-seetiont
tbi--set-out-in-writing-the-ressons--far--the--proposed
eaneettotion--of--the--tease--and-the-orovision-of-tev-ander whien-the-terminotion-is-outhorizedt
fef--set-out-in-the-notiee-the-steps-that-may-be-taken by--the--tessee--to--remedy-the-sitostion-giving-rise-to-the possibte-termination~of-the-teasex
fzt--tf-tne-tessee--fatys--to--compty--with--subsection tittet-mithin-3日-days-after-receipt-of-notice-or-suem-period as--the--boord--preseribesp-the-bourd-shat+-send-the-tessee mritten-notiftestion-by-eertified-mitt-of--the--eencettetion of-the-tease:
 to-preserve-or-protect-7 ande--fit-Fhe-board-nay-authorize--a persont--under--outhority-of-an-order-of-the-distriet-courty to-enter-upon-the-tond-and-perform-sueh-oets-as-are-set--out in-the-order-ift
fat--the-tessee-has-abandoned-the-7an-ty-or
tbt--the--tegsee-dies-andy-in-the-opiniten-ef-the-boardy - fequate--arrantements--hove--net--been--mane--for---nctions consistent--with-normat-agrteytturat-procedures-neeessary-to preserve-or-proteet-the-trops-growing-upon-the-tandw
tit--fhe-coupt-order-mby-authorife-the-bonrd-te--set7 ony--erop-grown-or-horvested-under-this-section-te-retmburse itse 7 f-for--any--debt--due-the--boerd-by-the-tessee--and outhorife--anr--costg--ineurrea--by--the--bospd-in-growingr horvestingr-or-sefting-the-erops-te-be-recovered-ng--n--debt
due－the－board－from－the－tessee－orp－if－the－tossee－is－decensedy from－Mis－estoter－－Fhe－batancer－if－Any－sthat－be－paid－to－the Hessee－or－his－estoter
 terainates－－38－－deys－－after－－the－desth－of－a－tessee－if－deoth oceurs－during－the－month－of－January－Febraspy－or－fecember－or on－Aecember－3t－of－the－year－of－－the－－tesseens－－deoth－－if－－the event－ocears－on－or－after－Mareh－t－but－before－Becenher－ity
 tessee－hos－expressed－on－intention－in－writinq－－before－－destht
tit－－that－－the－－spouse－－eantinue－－farming－the－tandw－the board－shatt－upon－apptication－－anter－－into－－an－－agreement－－to tesse－－the－－tand－to－the－spouse－for－the－daration－of－the－tense periodt－or
tzf－－thot－o－tineet－deseendent－or－the－spouse－of－o－tinest descendant－continte－forming－the－tanty－the－board－－shatt－－apan apptieation－－enter－－inte－－an－－sgreemant－te－tease－the－tand－to such－person－if－the－person－meets－the－requorements－of－tspetion tぎ」－or
t34－－that－the－tant－br－4－ased－tn－n－apecified－nersint－the bnord－shatt－give－suen－person－priartty－to－enter－into－o－teese agreement－－－for－－－the－－－tand－－if－－the－－apptieant－－meets－－the requirements－of－fsection－t2才．
 Whenever－－the－－honrd－－reeeives－－written－notice－from－o－testee
indteeting－his－intention－of－terminating－the－tensev－it－－－hnaty send－written－notice－by－eertified－moit－to－the－lessee－thot－the tease－－witt－－terminote－－on－a－gpecified－date－not－tess－than－zan dars－ofter－the－date－on－which－the－notice－is－sent．
 pronibitiont－－tti－if－ot－the－end－of－a－7－rear－tesse－the－tessee hes－not－entered－into－an－agreement－with－the－board－to－parehnse the－－tandy－－the－board－may－not－fenew－the－teese－but－shati－take eppticetions－for－t－mew－7essee－for－the－property．
tzf－－Homestead－7and－may－not－be－7eased－for－more－thon－－ 15 rears－－after－－ites－－initiat－purchase－under－Eseetion－9ju－まf－at the－end－of－this－period－a－tessee－of－the－7and－has－not－entered inte－－an－－egreement－－to－purehase－－the－7andy－the－board－shott offer－it－for－sele－to－anyone－wishing－to－purchasev－Fn－setes－to nontesseesp－the－bourd－may－negotrate－o－sates－price－refteeting the－vatue－of－the－tand－as－productive－agrieutturat－－tand－－onty but－－suffieient－－to－－repay－－the－－detut－－the－bonrd－incurred－in purehasing－the－tond：
 tessee－－may－－bppty－－to－－purehase－homesteat－tand－efter－he－hss teased－the－tane－for－z－or－more－yearsy
tat－－Fhe－Doard－shatt－sett－homestend－tand－to－any－－tesse＝ Who－－has－－proven－－inis－－ebitity－－to－nse－the－agrieutturgt－tana productivet $y$－end－wisety $=$
t3t－－Any－canveronce－of－homestend－tand－sinatt－－enntatn－－e

```
eovenant--punning--with--the--7and--that--the--+end-shat+-be
forever--uged--for--agrieutturat--purposes--03--defined--in
15-7-z日z=
    t4t--teased--7and--sho+7--be-setd-at-the-priet-at-whien
the-boerd-original7y-purehased-the-tand-under-the-provitfons
of-f section--9}--ptus--eny--addttonot--eosts--of--finoneing
ineurred-by-the-beards
    t5+--tease--parments--tn-exeest-of-the-omount-neaded-to
pey-the-tntepest-on-the-indebtednegs-incerred-tn--purehowtng
the-tand-mast-be-eredtted-tewart-tme-astes-pritee-of-the-tand
if-the-+essee-purehases -the-7end-frem-the-boerdv
    f6t--Fhe--purehase-agreement-must-requtre-the-purehoser
to-poy-the-entire-purehese-ppter-for-the-tand-to--the--boerd
withtn-6-months-after-3+gntng-the-agreement*
    +7+--tessees-mer--epply--te-the--beord--for-e-7ecn-te
finance-the-purehase-of-the-7end*
    SECIION_4e_THERE_IS_A_UEV_MCA_SECIIDN_IHAI_BEADS:
    Family farm advisory council created. (1) If the funds
    available for the Montana homestead loan program exceeds
$5,000,000 for any biennium: there shall be created a family
farm advisory council.
    (2) The council shall consist of seven members
appointed by the departmant, as follows:
    (a) One officer from a commercial lending institution;
    (b) one fruit or vegetable farmer;
```

(c) two livestock farmers;
(d) two grain farmers; and
(e) one officer from a farm credit association.
(3) Each member must be a resident of the state.
(4) Each member shall serve for a term of 6 years. The department shall appoint members to fill any vacancy that may occur.
(5) One nember of the council shali be a legislatore
(6) The council is allocated to the department of agriculture for adeinistrative purposes only as prescribed in 2-15-122.

SECLION_5e_IHERE IS_A MEH BRA SEGIIOM_IHAI_BEADS:
Duties of famity faris advisory council. The council shall:
(1) consider applications for nomestead loans and make recommendations to the department; and
(2) advise and assist the department on other matters as the department may request.

MEH_SECLIONL Section 6. Loan = ARAIMLSIRAIIOM. (1) The bobrd-mey DERABIMENI SHALL establish a HOUESIEAD loan programp-funded-by--the--sete--of--generat obtigetton--bondsy to enable tessees APPLIfANIS to purchase homesterd agricultural land.

121_-IO_AOULNISIER_IHLS_PROGRAB__IHE QERABIHEAI_HAY:
(A)_BEIAIB_PROEESSIONAL_GOMSHLIANIS_AND_ADYISOBS:

```
    CB1_RELY_OH_IIS_SIAEE_IN_IIS_DALHY_EUMCILONS:
    1C)_ADORL_BULES GOXERMING_IIS_PROCEDURES:
    101__URON__UULOORLIALION__OE_SN__AEELBHAIIYE__YOLE_OE
TMO_IHLROS_DE_IHE GEMBERS_DE_EACH_HOUSE_OF IHELEGLSLALURE
OR OE A HAJORIIT OE IHE ELECIORS YOLING IHEBEON2 LSSUE BONOS
```



```
IH&OuGH_30]:
    LEL_ACCEPI__APPLICALIOUS_EROW_IHOSE_UISHIMG_IO_SECURE
HOGESIEAD LOAMS:
    IE1_LNXESI_ANY_EUNDS GENERAIEO_GY_SALE_OE BONOS_IN_IGE
PERHLSSIALE_LNYESIBEMIS_DULLIMED_1H_11-6-211_UMIL_SUCH_ILME
AS_IHE_EUALSSARE_MEEDED_EOR_ANY_OE_IHE_DEPARIMENL:S_OTHER
EUNCLIONS: AND
    LGL_WAKE GOAMS_ERON_IHE HOHESIEAD_GOAM ACGOUNI_IO
ELLGIBLE_MOMIANA_EABAERS_EOR_IHE_PUBCHASE_OE_AGRICILLIURAL
LANDI
    tzi(3) A loan agreement wast-provide-for-fatt-poyment
of-primeipot-ond-interest-on-the-homesteed-tand-toan--within
SHALL_LMCLUOE_A_PAYAENI_SCHEQULE_IHAI_MAY_WOI_EXGEEO 60
years.
43flis The beort DERABIDENI shall specify in the agreament the reasonable rate of interest it considers necessary.
t4TLSA Loans made by the boory LERARIMENI must be secured by any liens or collateral the beard UEPABTMEMI
(A) REGY_ON_IISSIAEE_IN_IIS_DALYEUAGLIONS:
```

2

```
considers necessary.
SECILQN_工__IHEBE_IS_A_NEH_甘CA_SECTIOH_THAI_BEADS:
Second loan program. (1) The department may, upon application by a borromer under its loan program and upon the advice of the council, if in existence, enter into a second loan agreement with a borrower for an annual payment equal to not more than 42 of the outstanding balance due each yedr for not more than 5 years on a loan agreement signed under the provisions of [section 6]. The department may, upon the recommendation of the councily extend the second loan for another 5 years; but it may not renew the second loan after this period. Interest on the amount of the loan shall be at the department"s bond rate plus administrative expenses.
(2) The second lioan becomes payable:
(a) in installments to commence not later than 20 years after the initial purchase of homestead landi or (b) immediately and in full upon the sale of land on which it was loaned.
Immediate repayment. If an applicant who has secured a loan from the department under the program createdin [sections 6 and 7 ] sells the land for which the 1 oan was made to any person, firmp or corporation other than his spouse, children, or corporation wholly owned by them, the
    SECILON_I__IHEBE_IS_A_NEH_HCA_SECILON_IHAI_READS:
    Second loan program. (1) The department mar, upon
application by a borromer under its loan program and upon
the advice of the council, if in existence, enter into a
second loan agreement with a borrower for an annual payment
```




## SECIIOH_Be_CIHERE IS_A_NEH_MCA_SEGILON_IHAI_BEADS:




```
loan shall be repaid in full.
    SEELION q. IHERE_1S_A_MEH HCA_SECILON_IHAL_GEADS:
    Qualifications of applicants. (1) ro be eligible for a
homestead loan, an applicant must:
    (a) reside in the state at the time of application;
    (b) declare his intention to maintain his residence in
Montana during the length of the loan; and
    (c) have been approved by a local comittee of the
farmers home administration for a loan from the farmers home
administration in connection with the same land purchaste.
(2) Applications may be subaited by individualse partnerships, associations, or joint venturese All persons involved in the application must meet the requirements of subsection (1). Corporations, as defined in 35-1-102, may not apply.
```



```
Evaluation of applicantso (1) The department shall by rule establish:
(a) rules for soliciting and evaluating applications from qualified Montana citizens; and
(b) a point system for evaluating the applicantsp considering the following eriteria:
(i) the applicant"s net worth, which may not exceed \(\$ 100,000\);
(ii) the applicant's access to livestock and machinery;
```

(iii) the applicant's inability to secure financing for purchese of agricultural land from other sources;
(iv) the applicant's training and experience in agriculture:
(v) the applicant's prospects for succeeding in an agricultural operation on the land proposed for purchase; and
(vi) any other factors it eay prescribe.
(2) After consulting with and obtaining the recommendation of the councli, the department shall select the best qualified and most deserving applicant from among those applying for loans.
(3) The departeent may seek the advice of the state director of the farmers home adminlstration in montma and coordinate its loan program through the farmers home administration including assistance in screening applicants and servicing the loan.

NEH SECLIGNE Section 11. Issue of general obligation bonds -- credit of the state pledged. (1) when authorized by an affirmative vote of two-thirds of the members of each house of the legislature of of ajajorty of the electors voting thereon, the boerd OLAECIOR may issue bonds of the state of Montand in a principal amount it determines necessary to provide sufficient funds for achieving any of the purposes of the Montana homestead LOAN progran:
-22-
B 248
including the payment of interest on Donds, establishment of reserves to secure the bonds, ano all other expenditures of the board DEPABIBEAI incident to the program.
(2) Each issue of its bonds is an obligation of the beard pERARLMEMI payable in the first instance out of any revenues, assets, or moner generated by the Montana homestead LoAk program. The board DEPARIMEMI shall manage. to the best of its ability, its lease agreewents and sales so that the bonds are repaid by the revenue generated oy the proqram. However. the legislature pledges one-half the interest and income produced by the coal tax trust fund established in section 5 , article $I X_{\text {p }}$ of the Montana constitution to maintain the capital reserve accounts for bonds issued by the boerd QERARIAENI dt their minimum requirements. In addition, the fupl faith and credit and taxing powers of the state are pledged for the payment of bonds issued by the beert REPABIBEMI under the provisions of [sactions 2 throuqh 4230 ].
(3) The bonds must be authorized by resolution of the band DEPABIHEMI and bear a date and mature at times as the boord DEPAgIAENI determines. A bonc may not mature more than 60 years from the date of its issue. The bonds may be issued as serial bonds payable in annual installments or as term bonds $o$ as a combination thereof. The bonds of the bonrt DERABIMENT may De sold at public or private sale, at prices

```
determined by the boord RERARIHEAI.
    (4) The resolution shall specify:
    (a) the rate of interest of the bonds;
    (b) the denomination of the bonds;
    (c) whether the bonds shall be in coupon or registered
form and registration privileges, if any;
    (d) the manner and place of execution;
    (e) the manner and place and medium of payment; and
    (f) the terms of redemptione
    (5) The total amount of bonds outstanding at any one
time may not exceed $200 millione
    MEH SECILONe Section 12. Provisions of bond
resolutions or trust indenturese A resolution or trust
indenture authorizing any bonds or any issue thereof may
contain provisions, which shall be a part of the contract or
contracts with the holders thereof, as to:
    (a) pledging all of any part of the revenues or the
property of the boerd REPARIMENE to secure the payment of
the bonas or any issue thereof, subject to existing
agreements with bondhoiders;
    (2) pledging all or any part of the assets of the
board DEPARIMENI* including mortgages and obligations
securing thew, to secure the payment of the bonds;
    (3) pledging the income and interest from the
constitutional coal tax trust fund;
```

(4) pledging the full faith and credit and taxing powers of the state of Montana to secure the payment of the bonds:
(5) specifying the use and disposition of the gross incoune from sortgages owned by the board QEPABIBEMI and payment of principal of mortgages omed by the beerd DERARIGENI:
(6) the setting aside of reserves or sinking funds in the hands of trustees, paying agents: or other depositories and the regulation and disposition of the reserves;
(7) 1 initing the purpase to which the proceeds of the sale of the bonds may be applied and the pledge of the proceeds to secure the payment of the bonds or of any issue thereof;
(8) Iimiting the issuance of additional bondst the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bands;
(9) specifying the procedure, if any, by which the terms of any contract with bondhoiders may be amended or abrogated, the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given:
(10) 7 imiting the amount of money to be expended by the board QEPARIMENI for its operating expenses:
(11) vesting in a trustee property, rights, powers, and
duties in trust as the baord DEPABIMENI determines;
(12) defining the acts or fallures to act wich will constitute a default in the obligations and duties of the Boerd REPABIBENI to the holders of the bonds and providing for the rights and reseaies consistent with the laws of the state and the provisions of [section SECLLONS 2 through $4 z$ 30) of the holders of the bonds in the event of such default. including as a mater of right the appointment of a receiver; and
(13) specifying any other matters of like or different character which in any way affect the securlty or protection of the nolders of the bonds.

MEH SECLIOLAE Section 13. Validity of pledge. A pledge made by the boerd bLBELIOR is valid and binding from the time the pledge is made. The revenues or property pledged and thereafter received by the boord oERABLMENI are immediately subject to the lien of the pledge without any physical delivery thereof or further act and the lien of any pledge is valid and binding against all parties having claims of any kind in tort. contracte or otherwise against the beord DERARIGEGI, irrespective of whether such parties have notice thereof. Neither the resolution trust indenture, nor any other instrument by which a pledge is created need be recorded.

NEY SECLIOM, Section 14. Personal liability. The $-26-$

S8 248

[^0]to the provisions for registration of bonds.
NEH_SECLIOAE Section 18. Continuing validity of boerd memberst--signatures DIBECIORES SLGNALUBE. If anr--boord member A DIRECIOR whose signature appears on bonds or coupons ceases to be a member DLBECIOB before the delivery of the bondst his signature continues to be valid and sufficient for all purposes.

HEMSEGIDME Section 19. Accounts of the board DEPARIMENI. There is a homestead tand LOAN finaneing account in the bonds proceeds and insurance clearance fund provided for in 17-2-102. All funds from the proceeds of bonds issued under [sections 2 through 4z 30]. fees and other Goney received by the boerd DERABIHENI, money appropriated by the legislature for the use of the board DEPARIMENI in carrying out [sections 2 through 42 30], and money made available from any other source for the use of the board QERABIAENI must be deposited in the homestead tond LOAN finaneing account except as otherwise provided by law. All funds deposited in the nomestead tand hoAN financing account are continuousiy appropriated to and may be expended by the beard DEPABIHENI for the purposes authorized in [sections ? through 4z 30].

MEH SECLIOALR Section 20. Reserve funds and appropriations. (1) The board DERARIHENI shall pay into one or more capital reserve accounts:
(a) any money appropriated and made avallable by the state for the purpose of the fund;
(D) any proceeds of sale of bands to the extent provided th the resolutions of the beard REPABIMEMI authorizing their issuance or in any trust indenture securing their repayment; and
(c) any other money which may be available to the board DERARIMEMI for the purpose of such a fund from any other source
(2) All amounts held in a capital reserve account must be used solely for the payment of principal, interest, and a redemption premilum with respect to bonds secured in whole or in part by the account. Funds in an account may not be withdrawn at any time in an amount which reduces the amount of the account to less than the minimum capital reserve requirement established for the account except for the purpose of making, with respect to bonds secured in whole or in part by the account, payment, when due, of principal. interesty or redemption premiums for the payment of which other money pledged is not available.

NEH SECLIONe Section 21. Maintenance of capital reserve account. in order to assure the malntenance of the capital reserve accounts, the governor shall inform the director of the department of administration when the accounts fall below the minimum capital reserve requirement.

The director shall transfer the sum necessary to restore this minimum from an earmarked revenue account containing income from the constitutional coal tax trust fund.

HEH_SELLIONe Section 22. Refunding obligations -sale. Refunding obligations issued as provided in 90-6-121 may be sold or exchanged for outstanding obligations issued under [sections 2 through 42 30]. The proceeds may be applied to the purchase, redemptions or payment of outstanding obligations. Pending the application of the proceeds to the payment of outstanding obligationsp the proceeds may be invested as provided in Title 17, chapter 6. if permitted in the resolution authorizing the issuance of the refunding obligations or in the trust agreement securing them.

WEH_SECYIOME Section 23. Refunding obligations -issuance. The beard REPARIGEMI may provide for the issuance of refunding obligations for refunding any obligations then outstanding which have been lssued under [sections 2 through 4Z 30], including the payment of any redemption premitu and any interest accrued or to accrue to the date of redemption of the obligations. The issuance of obligations, the maturities and other detalls, the rights of the holders, and the rights: duties, and obligations of the beord DEPARIHEMI are governed by the appropriate provisions of [sections 2 through 4230$]$ which relate to the issuance of obligations.

HEY SEGILIVA Section 24. Tax exemption of bonds. Bonds issued by the boord QEPARIBEMI under [sections 2 through te 301 and their transfer and income, including any profits made on their sale, are exempt from taxation by the state or any political subdivision or other instrumentality of the stater except for inheritance, estate, and gift taxes. The boerd DEPABLAENL is not required to pay recording or transfer fees or taxes on instrueents recorded by it.

UEH_SECLIONe Section 25. Pledge against impairment of contracts. In accordance with the constitutions of the United States and the state of Montanap the state pledges that it will in no way impair the obligations of any agreement between the boord DEPARIMEMI and the nolders of notes and bonds issued by the boord DEPARLBEAI.

HEH SEEILDHE Section 26. Annual audit. (1) The bearth DERARIGEMISS books and records wust be audited by an independent certified public accountant at least once each fiscal year.
(2) The legislative auditor may conduct an audit at the request of the legislative audit comatitee.

HEM_SECILOHE Section 27. Report. The department shall transmit to the governor and to each member of the legislature 30 days before the maeting of the legislature a report:
(1) detailing the operations of the hosestead LDAN
program since the adjournment of the last legislature: ans
(2) containing a financial statement showing the progran's assets and liabilities.

MEM SESIIOMA Section 28. Powers to be interpreted broadly. The powers enumerated in [sections 2 through $4 z$ 20] shall be interpreted broadly to effectuate the purposes of the beord EEPABIGEMI and may not be construed as a limitation of powers.

## SEGIDOH22e_IHERE_IS_A_HEY_MCA_SECIIOM_IHAI_BEADS:

Legislative review required. The homestead foan program shall be reviewed by the legislature at the third legislative session fallowing the first sale of bonds under the provision of [section 1i] to determine whether the program should continue. However, any existing commitments incurred by the departeent are not affected by this reviewe

Section 30. Severability. If a portion of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applicationsy the part remains in effect in all valid applications that are severable from the invalid applications.
-End-

STATEMENT OF INTENT RE: SB 248

Section 1: This statement of Intent is required by the rulemaking authority granted to the Deparement of Agriculture in section $\mathbf{T}(2)(\mathrm{c})$ and Section 11(1).

Section 2: It is the intent of the legisiature that the Department of Agriculture would adopt rules for the orderly handing and processing of applications under the homestead loan progrem and for the second loan programe The rules under section $11(1)$ are intended to be sufficientiy specific to allow for an objective determination by the departent of which applicant should receive a loan frow the homestead loan programe The same criteria should be established by rute for the second loan program with special emphasis on need of the applicant and the applicant's prospects for success.

Section 3: It is the specific intent of the legisiature that the prograss set forth in 58248 be implemented during the 1979-81 biennlum without the sale bonds from whatever appropriation as ay be appropriated by the 46 th Legislative assembly.

Section 4: It is the specific intent of the legislature that the Department of Agriculture shall coordinate all loans made pursuant to $5 B 248$ for the 1979-81

```
biennium through the Farmers Home Administration. The state director of the Farmers Home Administration has indicated to the Senate Taxation Comittee that the fHA could screen worthy epplicants. participate with a subordinated loan of its own and fully service the loan. By coordinating the \(5 B\) 248 prograes with the Farmers Home Administration the state would assist the fMA in essisting Montens farmers who may not otherwise obtain assistance because of a critical shortage of federal fundse
Section 5: Based on the representations of both the Director of the Departeent of Agriculture and the state Director of the Farmers Hoee Administration, the legisiature specificaliy intends no eore than \(1 / 2\) of one fTE to be devoted to this progran by the Department of Agriculture for the 1979-81 biennium.
biennium through the farmers Home Administration. The state
Irector of the Depertment of Agriculture and the state
irector of the farmers Hoee mdministration, the leglslature
pecifically intends no more than \(1 / 2\) of one fit to be
evoted to this program by the Department of Agriculture for
1979-8i biennium.
```

$$
-2-
$$

4 A BILL FOR AN ACT ENTITLEO：＊AN ACT TO HELP YOUNG FARMERS

## SENATE BILL NO． 248

introduced by towe get Started in agriculture；to create the montana homestead tang Loal program for the purposes of atobiafng helelng YOUNG＿EABMERS＿ACOULRE LANO FHAF－－MF6HF－－RE－－P甘AEHASE日－BF


 AND AMENDING SECTION $77-\ddagger-20 Z$ BO－1－102．MCA．＊ be it enacted by the legislature of the state of montana：

Seetion－z＝－－5eetion－－77－t－2日RT－MEAF－is－amended－to－read＊
 shat＋－－exereise－－genarat－－anthbrityv－－dipeetionv－ond－eantroz over－the－earev－managenentp－ond－disposition－of－－state－－tands andr－－subject－－to－－the－－investment－anthority－of－the－boord－of investmentsp－the－funds－arising－from－tha－teasing－tegser－uset satep－－and－oc－disposition－of－those－tands－er－otherwise－comtnr under－its－administrattonv－玉n－the－exeretse－of－－these－－pewerst the－quiding－rute－and－prinetpte－fg－that－these－tands－and－fands ort－hetd－－in－trust－for－the－support－of－educetton－man－for－the ottninment－of－other－worthy－objects－hetpfat－to－the－wett－beinn of－the－people－of－this－statew－fhe－board－shnt7－adminigter－this
trist－ta－－secure－－the－－targest－－measure－－of－－7egitimate－－and Feasonabte－advontage－to－the－steter

 218＊

＊80－1－102．Duties of department．The department shall：
（1）encourage and pramote the interests of agriculture：including morticulture and apiculturep and all other allied industries：
（2）collect and publish statistics relating to the production and marketing of crops and other agricultural products so far ，as the information may be of value to the agricultural and allied interests of the state；
（3）assist：encourage，and promote the organization of farmers＂institutes，horticultural and agricultural societies，the holding of fairs，livestock shows，or other exnivits of the products of agriculture：
（4）adopt standards for open and closed receptacles for farm products and standards for the grade and other classification of farm products；
（5）cooperate with proutcers and consumers in devising and mantaining economical and efficient systems of distribution and aid in the rofluction of waste and expense incidental to marketing；

59 24

THIRD READING
(6) have the duthority to maintain a market news
service, including fifformation as to crops, freight rates, commission ratest and other matters as may be of service to producers and consumerse and act as a clearinghouse for information of value to producers and consumers:
(7) gather and diffuse information concerning the supply, demande prevailing prices; and commercial movenent of farm products;
(8) investigate the practices and methods of factors, comission merchants, and others who receive, solicit, buy, sell. handle on comission or otherwise: or deal in grain. vegetables, or other farm products, so that distribution of the comodities is accomplished efficiently, economically, and without nardship, waste. or fraud
(9) cooperate with Montana state university. the acpicultural experiment station, and the feferal government for the betterment of the agricultural industries of the state, the improvement of rural lifa, and promotion of equality of opportunity for the farmers of the state:
(10) take and hold in the name of thas state of montana property, real and personal. acquired by giftst subscriptions, donations, and bequests;
(11) sell and dispose of personal property ownen by it in a manner the department may provide, when in the judgment of the department the sale or disposal hest promotes the

[^1]```
emat-tex-trust-fund=
    NEH_SECILON: Section 3. Definitions. (1) As used in
[seceioris 2 through 42 30]* the following definitions upply:
    (a) "Agricultural land" means land actively devoted to
agricultural use as defined in 15-7-202.
    tbt--MBoardm-meons--the--board--of--tond--eommissioners
estabtished---in--Artiefe--Kv--geetfon--4v--of---the--Montang
constitutionp-which-serves-as-the--Montano--honestest--boapd
for-the-purposes-of-Fgections-z-through-4zf=
    fet[B] mzonds" means bonds or bond anticipation notes
issued by the board DEPARIMEAI under the provisions of
[sections 2 through 42 30].
    tdf--EOnveranealm--meens---0N--instrument--in-writing-by
whieh-any-estate-or-interest-in-metz--property--is--epebtedy
afienntedy-mortqegedp-or-eneambered-or-by-whieh-the-titte-te
ree7--property-may-be-affeetedv-exeept-mi+4s-and-conveyanees
ordered-by-the-court-in-eonatruetive-or-fegutting-trustg*
    CC1_OCOUNCLLE_HEANS_IHE_FAMLLY_EARM_ADYISORY_COUHCIL
CBEAIED_IN_[SEGIIOH_A]
    LDL_ODIRECIORE_MEANS_IHE_DLRECTRR_OE THE_DERARTMENI OE
AGBICULIUBEA
    (e) Department" means the department of stete-tands
AGEICULIURE.
    tft--Momestead-7and"-means-7and-aequired-by-the--hoard
under-the-provtsions-of--fsections-z-through-4zj*
```

tgt--@日ner"--mesns--any-individuetp-pertnershipv-joint venturev-associetionv--or--corporetion--omining-agrietttaret tens.
(2) References--throughout-fsections-z-through-4z\}-te the-board-appty-onty-to--the--beard--af--7and-commtsotoners art+ng--in--its--eapecity--as--the--Montene-nowestead-boarde References to the beards DERARIMEMISS property revenues. or assets apply only to property, revenues, and assets generated by the montana homestead lasy programe not those owed 乌UEQ or generdted by any other program or property over which the board--of--7and--comissioners QERABIAENI exercises general authority. directions and control.
 powers:--Fne-board-may*
tit--retain-professionet-consułtents-and-adytsorst
 furettonst
tㅋ--ardopt-rutes-governing-its-proeedurest
tht--purenase--agriegttarat--tant--and-retoted-rest-and personat-property-under-the-provisions-of-Esection-9jt
f5;--uDon--authorization--of--an--affirmntive--vote--of tws-thirds--of--the-members-of-each-hovse-of-the-tegiststure or-of-0-mejortty-of-the-efectors-voting-thereonv-tssue-bonds necessory-to-proyide--funds--for--imptementing--fsections--z through-42j4
f6t－－eceept－－opptifetiona－－4fom－－those－wishtng－to－tease
howestead－7ondst
tFt－－evałubte－apptieents－and－oward－tease－agreements－－to quatified－fesseest ${ }^{\circ}$
fBt－－set＋－－homesteed－－7endg－－as－provided－in－fseetions－z through－4ztt－and
f9t－－invest－any－funds－generoted－by－sate－of－bonds－in－the permisstote－investmente－outhined－in－t7－6－zth－uneit－sveh－time es－the－funds－are－needed－far－tond－acqutsitfon－or－any－of－－the beerdsy－other－funettons：
 required－for－tand－setting－－for－－sz－－m＋7tion－－or－－morev－－－tit Gefore－centeying－－tn－ony－stngte－eonverance－any－egriethturot tand－－in－－Montaner－－ineteding－－retated－－reat－－－or－－－personot prepertyp－－effered－－for－－\＆z－mithton－or－morev－theowner－shot＋ offer－the－tend－te－the－bcord－for－the－s ome－price－at－whieh－－the ownom－hes－ $2+$ gned－a－contpect－for－satev
t24－－Whenever－－the－－owner－of－record－signs－a－contraet－te teth－agriettlup at－tondr－inctuding－reteted－rebt－－or－－personet propertyr－offered－－fep－－tz－mbtition－or－mofer－he－shoti－fite－n hamestesd－7 end－form－with－the－beordt
tアナ－－7ne－boerd－shot7＊
tat－－require－sueh－tnformotion－on－the－－form－－os－－it－－mey prosertbet－and
tot－－provide－－on－edeguete－suppty－of－these－forms－te－edeh
eountr－eterk－and－recorder－in－the－stetet
t4t－－Ne－cenveyance－invotving－agpfeuteupat－7and－－subject to－－［3setions－z－thporgh－427－ts－effectre－untif－68－deys－after the－beardas－reetipt－of－the－homested－tand－form－offering－－the tond：
tst－－5eporate－－－converonces－－－destigned－－－te－－evade－－the provistons－of－thts－setthen－are－theffective－untess－the－－boord hes－been－offered－en－epportentty－te－purehese－the－tend．
 tondr－－ttt－Upen－receipt－of－e－honeyteod－tond－form－the－－boerd mey－－within－－40－－deye－purehnse－the－4end－de－the－seme－prtee－at which－the－owner－is－prepoped－te－otgm－e－controctv－provided－the fottowing－eondttions－are－settofiede
tet－－Fhe－tand－has－been－approtaed－by－the－deportment．
tb\}-Fhe-t and-constttetes-an-agrieutturat-untt--or--ean be－－divided－into－Bgrteyteurat－untte－eepobte－of－supporting－om －ndividact－ar－fantty＂
tet－－Fine－board－determ＋nes－that－any－set＋ing－priee－higher than－the－oppreted－watwe－ea－determined－by－the－department－is besed－on－a－bone－fide－offer－from－a－thirt－perty－ond－the－offer represente－trwe－morket－vetwet
tdf－－tn－the－boarda－stimotiont－suffietent－opptieants exist－to－teese－the－tant－within－t－respy
tet－－Purchase－－of－the－－7ends－－wit7－－not－－inerease－－the boartas－indebtedness－beyond－\＄2日0－mittiont
trt－－Nothing－in－this－－section－－requires－－the－－bard－－te purehase－any－egrieutturat－7andy
 of－agrieutturat－tand－may－offor－his－tand－to－the－board－before enother－－privete－－offer－－has－been－Peetvedv－－7me－board－may purchese－the－tand－provided－the－ertterie－tisted－－in－－tsection 7子－heve－been－setisfiede
 property＝－－－tty－－Whenever－－the－－beord－－decideg－－to－－purehase offered－－7and－－and－－retated－－improvementsv－－it－shalt－adopt－a resotation－containing－a－tegot－deseription－of－the－tend－to－be purchasedy－the－sates－priees－and－the－terms－of－the－sater
t2t－－Fhe－－board－－woyp－at－the－optron－of－the－set＋ery－give constderetion－to－the－setter－for－the－purchase－prtee－in－any－of the－fottowing－mayat
tot－－periodie－payments－of－easht
tbf－－assignments－of－bonds－op－seevrities－issued－by－－the beardt－or
tet－－esth－porments－－of－the－fut＋－smount－of－the－purehose priee：

HEH＝SEffitinm－Seetton－t日v－－Prepering－homestead－tond－for Heasing．－－Fhe－board－－shatz－－tease－－at＋－－nomesteat－－tands－－in agricutturat－－units－－eopobte－－of－supporting－an－individuat－or famityp－in－determining－whether－individuat－－poreheses－－shouth be－－dipided－－ta－－secure－－sueh－－unitsp－－the－hoard－mar－request
atvice－from－－tne－－tepartment－－or－－other－－state－－and－－federai egenctosy－－Fhe－boord－shot＋－assist－the－tessee－in－eonstructing any－eopitet－improvements－－neeessary－－or－－desirabte－－for－－the ffifetent－devetopment－or－use－of－homestead－tendv
 The－－board－ghat＋－offer－howesteod－tand－for－teese－te－qua7＋fted montenc－ctetrens－
f己t－－Fhe－board－9hat7－by－rute－estebtish－a－preeedare－for settetting－－－ond－－－vatueting－opptieotions－－frow－－quetified Montona－ettirens－te－tease－the－tands
t3y－－tn－evateating－the－applteotionsy－－the－－boerd－－shott consteapt
tot－－the－－－applteant²s－－－training－－－snd－－experience－－in oqricutturet
tbt－－the－apptreantas－prospeets－－for－－suceeeding－th－－on agrieutturat－－operation－on－the－homestead－7end－to－be－teesedt
fef－－the－applieont＂s－attempts－to－secure－or－prospects－of securting－other－types－of－finsneingt
tdy－－the－appiteant＂s－net－worth－and－ptior－rearss－ineomet and
tef－－any－othar－faetors－ite－may－preseribev
t4t－Fhe－boord－shatt－setect－the－best－quatifited－and－most deserving－appticant－from－among－those－opptying－for－each－unitw Howevery－the－bonrd－is－not－required－to－tease－the－tend－to－－nny apptreant－and－mey－soticit－further－applieationso
 tit-Fo-be-etigtbte-to-tease-- homestead--tandr--an--apptteont most--reside--in--the--gtete--at-the-time-of-apptteatton-and dectare-his-intention-to-meintatn-his-residence--in--Montonn during-the-teesen
tzt--Apptications--may--be--submitted--by--individuetsy partnershipsp-agseciationsp-or-joint-venturesw--Att--persons invotved--in--the--apptieation-mast-meet-the-requtrawents-of subsection-ttif-Garporotionsv-as-defines--in--35-t-iezy--mer not-epptyo
 condttions----ttt--Fhe--beard--shott--enter--inte--e---7eese ogreament--with-the--best--autiffed--ond-most--deserving opptietont-for-o-period-not-to-ureed-7-yeersi
tet--7he-tease-agr cement-shati-provide-that
fot--the-tessee-witt-make-semionnuot-tease-perments--in an--socunt--suffietent-to-par-the-costz-of-the-tebt-inearred br-the-state-in-cequiring-the-momestead-tandw-Fhe-bourd--moy redwee--the--temse--payment--in-esset-of-finanetut-herdshipt provided-the-tesset-agreen-te-par-a-ntgher-tease-nayment--in tnter-years-to-campensste-for-the-tosse
fby-no-flespec-mar-subtet-or-assign-the-t eese-without -bterning-thewfitten-constent-of-the-boardt
tet--a-tessee-may-not-encumber-nomestend--t ond--in--any way-doring-the-period-of-a-teaset
tdt--the-tessea-must-devote-the-mejortey-af-nts-time-to the-sethe-manogemont-ef-homestend-tand-and-agret-te-use-the 7nnd--for-agriant wret-purposenv-ea-deftned-tn-75-7-zezt-and
tef--the-boarf-has-a-tien-m-aty-unharvested--eraps--on
 toent-taxing-furisedfetionsw
 taxesp-Each-teseve-shati-per-to-the-toent-taxing-ditetrtets th--whteh--the--iensed-hemevetea--iond-it-teceted-an-mount equot-to-the-sum-of-at+-reat-property-tomes-and-other--taxes snd--assessmenty-that-weuz-h-hye-both-teyted-on-the-property tf-tt-werf-owhed-by-the-tescetw-ff-for-any-pecson--o-parcet
 per-the-required-sum-te-the-tocth-texing-distifietsir
 Buring-the-term-of-the-teasev-the-tessee-moy-subjeet-to-the approvet-of-the-boards-make-iaprovements-on-teased-namestead tondy--Fhe--tmprovemente-mo47-be-financed-by-the-tessee-and shatt-be-his-propertyt-if-the-tease-termbnatet--without--the tessee--purchesing--the--hemettead--7 ondr--che--beard--shitit reinburse--the--testet--fop--the--tppfotsed--vatue--of---the improvements-az-doterałned-by-khree-tridepemdent-spprofserst

Fhe-board-may-cancet-a-tease-ot-ony-time-if-the-testeet
tat--is-in-defautt-en-leese-poymentet
tht--hes-faited-to-pay-a-focat-taxing-aistriet-the--sum due-under-feection-4474
tet--has-not-maintained-his-residenee-in-the-stetet
tdf--has---Esed---ony---portion---ef---the---7ond---for nonagrieutturat-purposes-without-written-permisston-from-the bourat
tet--nes-faited-to-euttivate--the--hend-in--becordance with--generatfy-acepted-agricuttarat-prnetices-in-that-oren or-a-practice-devetoped-for-that-area-under--supervision--of any-governmentat-agrieqtturat-serviee-ageneyt-or
ffi--has--otherwise--viototed--or-faited-to-perform-the terms-of-the-tease-agreement.
$t z+-$-if-the-7essee-refuses-to-vacate-the-7 and-withtn-68 days-after-the-tease-hes-been--eancettedy--the-beard--shatt opply-for-retief-to-the-distriet-cotrt-in-which-the-7and-: s situatedr

 shat+4
tat-send-written-notree--by--efrtified--mait--to--the tessee--that--the--tease-wi+7-terminete-on-a-specified-datev not-tess-than-3e-deys-ofter-the-date-on-whieh-the-notiee--is senty--untess--the-7essee-eompties-wth-subseetion-titfet-of this-sectiont
fbt--set-out-in-wrtting-the-reasons--for--the--proposed
cancettation--of--the--tease--and-the-provtsion-of-tam-under whien-the-terminetion-is-buthorixedt
fet--set-out-in-the-notiee-the-steps-that-may-be-taken by--tine--tessee--to-remedy-the-situetion-giving-rise-to-the possibte-termination-of-the-teasen
tZ引--ff-the-tessee--faits--to--comptr--with--subsection tittet-within-34-days-after-pecetpt-of-notice-or-suen-period os--the--board--preseribest--the-bourd-shat+-send-the-tessee written-notificetion-by-eertified-meit-of--the--eoneettotion of-the-tease.
 to-preserve-or-protett-7andv--ft\}-7he-bened-mer-authorize-g persont--under--authority-of-an-arder-of-the-distriet-courty to-enter-bpon-the-tand-ond-perform-sueh-aets-as-are-set--out in-the-order-if.
tat--thetetsee-has-obendoned-the-tondt-or
tot-the--tessee-dies-andr-in-the-opinion-of-the-boardy adequate--arrangements--have--not--been--mete--for---setions consistent--with-normat-agrieutturot-procedures-neessary-to preserve-or-proteet-the-erops-growing-upon-the-tandw
tīt--Fhe-court-order-mey-aythorife-the-bonrd-to--sett ony--erop-gromn-or-mervested-unter-this-section-to-petmburse -tseif-for--ony-debt--dut--the-board--by--the--7essee--and outhorize--ony--eosts--ineurped--by--the--bospd--in-gramingy morvestinar-or-sefting-the-erops-te-be-recovered-as--a--debt
dut-the-beard-from-the-7esste-orv-if-the-tessee-is-deceasedt from-his-estater--Fhe-bataneev-if-antr-shati-be-petd-to-the tessee-or-his-estate*
 terminstes--36--days--aftmr--the-death-of-a-7essee-ff-Heath oceurg-during-the-month-of-danuarty-februaryp-or-Eecember-or on-Oecember-3iz-of-the-year-of--the--tesseess--desth--if-uthe event-oceurg-on-or-after-Hareh-t-bet-befort-oceeaber-k:
 tessee-hos-expressed-an-intention-in-writing--before--deetht
tit--thet--the--spouse--eant inue--formtng-the-tondi-the bear t-she77-upon-applicet fon--enter--inte--en--agreement--to tease-the--tand-to-the-spouse-for-the-duration-of-the-teose periodt-or
t2t--thet-0-tineat-deseensent-or-the-spouse-of-a-t+net tescendant-continue-farming-the-tandy-the-boapd--shoti--upan eppticetion--anter--into--an--agrtement-to-tease-the-tand-to such-person-if-the-person-meets-the-requirements-of-fsection

tヨf-that-the-tand-be-7eased-to-s-spetified-personv-the board-shatt-give-steh-person-pptority-to-enter-into-a--tease egreenant--for---the---tand-if--the--epptrennt--meet $3-$-the requirtments-of-tsection-tityo
 Wherever--the--boord--reteives--written-notice-from-a-tessee
indicating-his-intentiom-of-terminating-the-teastr-ft--shott
 Hease--witf--terminate--on-a-spectftad-dete-not-Hess-then-3e doys-after-the-date-on-miteh-the-rotice-is-sent.

 has-not-entered-into-an-agreamont-wtth-the-board-to-purchase the--7andy-the-boerd-mey-net-renew-the-tease-but-shati-take oppt irest ons-for-a-now-iessee-for-the-propereyv

424--Monesteed-7and-may-not-be-7 essed-for-more-than-- $\mathbf{4 5}$
 the-mat-of-thte-perted-e-tesseo-of-the-tand-has-not--entered inte--an--agreement--to-purehase-the-7andv-the-boord-shat7 offer-it-for-sate-te-anyone-wishing-te-purehasev-in-sates-to nontesseesp-the-boepd-mey-meget tote-a-sotes-price-refteettng the-vatue-of-the-tand-as-produttive-agrieutturat--7and--onty Dut--sufficient--to--rvpey--the--debt--the-board-ineurred-in purehosing-the-7ento
 tessee--mer--opp+r--te--purchase-homestead-tand-after-he-has teased-the-tand-for-z-or-more-years $\%$
 who--hss--proven--his--obitity--to-use-the-agrieutturat-tand productivety-end-wisety=
t34--Any-canverance-of-momesteab-7and-shaft--contain-a
eovenant--running--with--the--4 and-that--the--Hand-shat+-be
forever--used--for--gpteuttup-t--purposest--uz--deftned--in
45-7-ze2 $=$
t4t--teased--7end--shott--be-sotd-at-the-prite-at-whieh
the-beard-originotty-purehosed-the-tend-undef-the-provistons
of-fseetton--9y--pzus--any--oddittonot--costs--of--finencing
ineurfed-by-ehe-beardt
t5t--terse--paymonts--tn-oxeess-of-the-omoznt-needed-ten
per-the-interest-on-the-tndebtedmest-ineuprod-In--purehesing
the-t and-must-be-epedtted-tewart-the-sotes-price-of-the-tend
if-the-7essee-purehases-the-Hand-from-the-boardu
t6t--7he--purehase-agretment-mut-pequtre-the-purenseer
to-pey-the-ontire-purcheee-prtee-fop-the-tend-to--the-bourd
within-6-months-after-stgining-tho-agr eement
47t-6eseees--may--eppty--to-the--bourd-for-0-7oun-to
finance-the-purehase- of-the-7ends

Family farm advisory council created. (1) If the funds
available for the Montana homestead loan proyram exceeds
$55,000,000$ for any biennium, there shall be created a family
farm advisory council.
(2) The council shall consist of seven members
appointed by the department, as follows:
fa) one officer from comercial lending institution:
(b) one fruit or vegetable farmeri
(c) two livestock farmers:
(d) two grain farmersi and
(e) one officer from a farm credit associatione
(3) Each member nust be a resident of the state.
(4) Esch member shali serve for term of 6 yearse The department shall appotint memers to fill any vacancy that may occur.
(5) One meaber of the council shall be a legisiatore
(6) The council is allocated to the departaent of agriculture for adainistrative purposes onty as prescribed in 2-15-121.

Buties of family farm advisory council. The council shal1:
11) Consider applications for homestead loans and make recomendations to the department; and
(2) advise and assist the department on other matters as the department may request.

MEH SECLIOAE Section 6. Loan = AOHINLSIBALION. (1) The beard-ary DERARIMENISHALI establish a HOHESIEAN Loan programp-funded--by--the--sate-of--gener of obttgetton-bondst to enable tessees APPLICAMIS to purchase homestead AGBICULIUBAL 1 and.
121. IO_ADALEISIEB_IHLS PROGAAME IHE OEPABIHEAI_MAY:

1A1_REIAIH PROEESSLONAL_CONSLLIAMIS_AMD_AOYISORS:


## 



 MECESSABY_IO PAOYIDE_EUHOS_EOR_IHPLEHEMIMG_LSECLIOAS_2 14ROMGH_301:
 HOMESIEAO_LOAKSE


 EUKCIIOAS: AnS
 ELIGLBLE MOMLAKAEMARES_EDLIUE PURCHASE_OE-AGRLCULTURAL hatig.
t24c31 $10 a n$ agreement mot-provtte-for-fut+-peyment of-prtmeipmi-ent-interept-on-the-hemestead-tond-7een--withth
 years.

43+14) The beord DERABEMEAL shall specify in the agreement the reasonable rate of interest it considers necessary.
t4t151 Loans made by the beord DEPARIBENI must be secured by any liens or collateral the boerd geparimeal
considers necessary.

Second loan programe (1) The depertment mayr upon application by berrower under its loan program and upon the adyice of the council. if in existence, enter into a second loan agreement with a borrower for an anmal payment equal to not more than $4 \%$ of the outstanding balance due each year for not more than 5 years on a loan agreement signed under the provisions of [section b\}. The department bay: upon the recomeendation of the council. extend the second loan for ancther 5 yearso but it may not remaw the second loan after this periode Interest on the amount of the loan shall be at the department's bond rate plus administrative expensese
(2) The second ion becomes payabie:
(a) in installments to commence not later than 20 years after the initiel purchase of homestead land; or
(b) immediately and in full upon the sale of land on which it was loanede

## 

Imediate repayment. If an applicant who has secured a loan from the department under the program createdin [sections 6 and 7 ] sellis the land for wich the loan was made to any person, firme or corporation other than his spouse, children, or corporation molly owned by them, the

```
loan shall be repaid in full.
    SECIIOH_2&_THERE_LS_A_NEY_HCA_SECTION_THAT READS:
    Qualifications of applicantse (1) To be eligitle for a
nomestead loan, an applicant must:
    (a) reside in the state at the time of application;
    (b) declare his intention to maintain his residence in
Montana during the length of the loan; and
    (c) have been approved by a local committee of the
farmers thome administration for a loan from the farmers home
administration in connection with the same land purchase.
    (2) Applications may be submitted by individuals,
partnerships, associations, or Jolnt ventures. Al: persons
involved in the application must meat the requirements of
subsection (1): Corporations, as defined in 35-1-102, may
not apply.
    SECIION_10, THERE_IS A_NEY_HCA_SECILON IHAL_BEADS:
    Evaluation of applicants. (1) The department shall by
rule establish:
    (a) rules for soliciting and evaluating applications
from qualified Montana citizens: and
    (b) a point system for evaluating the applicants,
considering the following criteria:
    (i) the applicant's net worth, which may not exceed
$100.000;
(ii) the applicant*s access to livestock and machinery
```

```
(iii) the applicant"s inability to secure financing for purchase of agricultural land from other sources;
(iv) the applicant's training and experience in agriculture;
(v) the applicant's prospects for succeading in an agricultural operation on the land proposed for purchase: and
[vi) any other factors it may prescribe.
(2) After consulting with and obtaining the recomendetion of the council, the department shall select the oest qualified and most deserving applicant from among those applying for loans.
(3) The department may seek the advice of the state director of the farmers home administration in Montana and coordinate its loan program through the fermers home administration including assistance in screening applicants and servicing the loan.
MEtHSECLLOAE Section 1ie Issue of general obligation bonds - credit of the state pledged. (i) When authorized by an affirmative vote of two-thirds of the memers of each house of the legislature or of ajority of the electors voting thereon. the boerd DXRECIDR may issue bonds of the state of Montana In a principal anount it determines necessary to provide sufficient funds for achieving any of the purposes of the Montana homestead Loak program
```

Including the payment of interest on bonds, establishment of reserves to secure the bonds: and all other expenditures of the boord ReRARIMEMI incident to the program.
(2) Each issue of its bonds is an obligation of the beard DERARIAEAI payble in the first instance out of any revenues, assets, or money generated by the montana homestead Loak program. The boerd MERARIAEMI shall managen to the best of lis ebility, its lease agreements and sales so that the bonds are repaid by the revenue generated by the programe However. the legislature pledges onehalf the interest and income produced ty the coal tex trust fund established in section 5 ; Articie $I X$; of the Montana constitution to eantain the capital reserve accounts for bonds issued by the boerd PGPABTBEMI at theis minimum requirementse In additiong the full faith and credit and taxing powers of the tiate are pledged for the payeent of bonds issued by the beard DERABLBEAI under the provisions of [sections 2 through 4z 39].
(3) The bonds mist be authorlzed by resolution of the toard DEPABIBEBI and bear a date and mature at times as the teerd PERABLEEMI determines. A bond may not mature more than 60 years from the date of its issue. The bonds may be issued as serial bonds payabla in amoal instellments or as term bonds or as a combination thereof: The bonds of the boerd DERABLBEAI may be sold at public or private salep at prices

```
determined by the beerd pfeagment.
```

determined by the beerd pfeagment.
(4) The resolution shall specify:
(4) The resolution shall specify:
(a) the rate of interest of the bonds;
(a) the rate of interest of the bonds;
(b) the denomination of the bonds:
(b) the denomination of the bonds:
(c) whether the bonds shall be in coupon or registered
(c) whether the bonds shall be in coupon or registered
form and registration privilegese if any;
form and registration privilegese if any;
(d) the manner and place of execution;
(d) the manner and place of execution;
(e) the mamner and place and medium of payment: and
(e) the mamner and place and medium of payment: and
(f) the terms of redenption.
(f) the terms of redenption.
(5) The total amount of bonds outstanding at any one
(5) The total amount of bonds outstanding at any one
time may not excead s200 wlllione
time may not excead s200 wlllione
MEM_SECIIOM, Section 12. Provisions of bond
MEM_SECIIOM, Section 12. Provisions of bond
resolutions or trust indenturese a resolution or trust
resolutions or trust indenturese a resolution or trust
indenture authorizing any bonds or any issue thereof may
indenture authorizing any bonds or any issue thereof may
contain provistons: which shall be a part of the contract or
contain provistons: which shall be a part of the contract or
contracts with the nolders thereof, as to:
contracts with the nolders thereof, as to:
(1) pledging all or any part of the revenues or the
(1) pledging all or any part of the revenues or the
property of the beerd DEPABLAEMI to secure the payment of
property of the beerd DEPABLAEMI to secure the payment of
the bonds or any issue thereof, subject to existing
the bonds or any issue thereof, subject to existing
agreements with bondholders;
agreements with bondholders;
(2) pledging all or any part of the assets of the
(2) pledging all or any part of the assets of the
bosed gEPARIBEMI, including mortgages and obligations
bosed gEPARIBEMI, including mortgages and obligations
securing them, to secure the payment of the bonds:
securing them, to secure the payment of the bonds:
(3) pledging the income and interest from the
(3) pledging the income and interest from the
constitutional coal tax trust fund;

```
constitutional coal tax trust fund;
```



constitutional coal tax trust fund;
duties in trust as the boerd DEPABIMEBI determines:
(12) defining the acts or failures to act which will constitute a default in the obligations and duties of the beerd QERABIMENI to the holders of the bonds and providing for the rights and remedies consistent with the laws of the state and the provisions of [rection SECLIDus 2 through ta 30) of the holders of the bonds in the event of such default including as a mater of right the appointment of a recelver: and
(13) specifying any other maters of like or different character which in any way affect the security or protection of the holders of the bonds.

HEM SECLIAM: Section 13. Validity of pledgee a pledge aade by the beard DLBEGIGS is valid and binding from the time the pledge is made. The revenues or property pledged and thereafter received by the beofd DERARLAEDI are immediately subject to the lien of the pledge without any physical delivery thereof or further act: and the ilien of any pledge is valid and binding against all parties having clains of any kind in tort, contract, or othermise against the board DERARTBEBI, irrespective of whether such parties have notice thereof. Neither the resolutione trust Indenture, nor any other instrument by which a pledge is created need be recorded.

NEX_SECLIOLA Section 14. Personal liabilitye The

## beerd-wembert DLEECIOA and Employcat of the department are not personaliy liable for any debt incurred by the bespt

 geesarimin.AEM SECLLOEA Section 15. Purchase of bonds -cancellation. The boerd DEPABLBERI, subject to existing agreements with bondholderst may out of any funds available for that purpose purchase bonds of the beerd DEPABIBENI. wich shall thereupon be cancelled at a price not exceeding:
(1) the current redemption price plus accrued interest to the next interast payment theteon if the bonds are then redeemable; or
(2) the redemption price applicable on the first date after purchase upon which the bonds become subject to redemption, plus accrued interest to that date if the bonds are not then redetmable.

MEL SECLIOds Section 16. Trust indentures In the discretion of the boefd glascipa, the bonds may be secured by a trust indenture between the beard pEPARLGELI and a corporate trustet. which may be trust company or bank having the power of atrust company within or without the state.

HEM SECLIOM. Section 17. Negotiability of bonds. Bonds issued by the beerd DEPABIHEAI are negotiable instruments under the Uniform commercial code subject oniy
to the provisions for registration of bondse
WEM_SEfILOME Section 1B. Continuing validity of boerd
 member A_oLgELion whose signature appears on bonds or coupons ceaset to be member Diskion before the delivery of the bonds, his signature continues to be valid and sufficient for all purposes.

HEM SECLIDAG Section 19. Accounts of the beard aEPARINEMI. There is a homestead Fand LoAn finaneing account in the bonds proceeds and insurance clearance fund provided for in 17-2-102. All funds from the proceeds of bonds issued under [sections 2 through 42 30]. fees and other moner recelved by the weep DERARIMENI, money appropriated by the legislature for the use of the boord DEPABIMEMI in carging out isections 2 through te 30y, and morsey made avallable from any other source for the use of the boafd DEPABIMEAII must be deposited in the homestead tand LOAN finaneing account except es othermise provided by law. All funds deposited in the homestead fand han fiwenetng account are continuously appropriated to and may be expended by the beard REPABIEEMI for the purposes authorized in [sections 2 through 42 30].

HEM SECIIDAL Section 20. Reserve funds and appropriationse (1) The beard DERABIGEMI shall pay into one or more capital reserve accounts:
(a) any money appropriated and made available by the state for the purpose of the fund;
(b) any proceeds of sale of bonds to the extent provided in the resolutions of the beard DEPARIMEMI authorizing their issuance or in any trust indenture securing their repayment; and
(c) any other money which may be available to the board DEPARIMEMI for the purpose of such a fund from any other source.
(2) All amounts held in capital reserve account must be used solely for the payment of principol. interest, and a redemption premiuw with respect to bonds secured in whaia or in part by the account. Funds in an account may not be withdrawn at any time in an amount which reduces the asount of the account to less than the minimum capital reserve requirement established for the account except for the purpose of making, with respect to bonds secured in whole or in part by the account, payment, when due of principal. interest, or redemption premiums for the payment of which other money pledged is not availiable.

HEH SEGILAAR Section 2le Maintenance of capital reserve account. In order to assure the maintenance of the capital reserve accounts, the governor shall inform the director of the departent of administration when the accounts fall below the minimum capital reserve requirenent.

The director shall transfer the sum necessary to restore this minimu from an earmarked revente account containing Income from the constitutional cosl tax trust funde

MEVSECLIONE Section 22. Refunding obligations -sale. Refunding obitgations issued as provided in 90-6-121 may be sold or exchanged for outstanding obligations issued under [sections 2 through 42 30]. The proceads may be applied to the purchase recteaption, or payment of outstanding obligations. Pending the epplication of the proceeds to the payment of outstanding oblitgationse the proceeds may be invested as provided in title 17. chepter be If perisitted in the resolution authorizing the issuance of the refunding obligations or in the trust agreement securing them.

MEH SEFLLOt Section 23. Refunding obitgations -issuance. The beord pERABIAEGI may provide for the issuance of refunding obligations for refunding any obligations then outstandiny which have been issued under [sections 2 through 42 30). including the payent of any redemption premiun and any interest accrued or to accrue to the date of redemption of the ooligations. The issuance of obligationst the aaturitios and other details, the rights of the holders. and the rights, duties, and obligations of the boerd REPAEIHENI are governed by the approprlate provisions of [sections 2 through $4 \geq 30]$ which relate to the issuance of obligations.
BEH_SECHLDA Section 24. Tax exemption of bonds. Bonds issued by the beerd DEPARIEEBI under [sections 2 through te 30 ] and their transfer and incomes including any profits made on theif sale, are exempt frow taxation by the state or any political swodivistion or other instrumentality of the state, except for inheritance, estater and gift taxes. The boapd REPABIAEMI is not required to pay recording or transfer fees or taxes on instruments recorded by it.
MEM SECILOAE Section 25. Pledge against impairment of contracts. In accordance with the constitutions of the United States and the state of Montanae the state plodges that it will in no way lepair the obilgations of any agreement between the board DEPARIBEMI and the holders of notes and bonds issued by the beard DEPABLAEAI.
HEMSECIIOME Section 26. Annual audit. (i) The boorde pERAEIMEMIES books and records must be audited by on independent certified public accountant at least once each fiscal year.
(2) The leglsiative auditer may conduct an audle at the request of the legisiative audit comittoe.
MEY SECLIOAL Section 27. Report. The department shall transait to the governor and to each menber of the legislature 30 days before the meeting of the legislature a report:
(l) detailing the operations of the homestead LaAN
progran since the adjournment of the last jegislature; and (2) containing a financial statement showing the prograen's assets and liabilitiese

MEH_SECLIDHE Section 28. Powers to be Interpreted broadiy. The powers onumerated in [sections 2 through 4z 30] shall be interpreed broadly to effectuate the purposes of the beard pERARIEEAI and mer not be construed as a Ifintetion of pomers.

## 

Legislative review required. The homestead loan program shall be reviemed by the legislature ot the third legislative session following the first sale of bonds under the provision of [section 11] to determine whether the prograim should continuo. However, any existing commitments incurred by the department are not affected by this review.

Section 30. Severability. If portion of this act is invalide all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications. the part remains in effect in all valid applications that are soverable from the invalid applications.

-End-

```
HOUSE OF REPRESENTATIVES
APRIL 13, 1979
Committee on Taxation amendments to Senate Bill No. 248, third
reading copy, as follows:
```

```
1. Title.
Following: line 10.
Insert: "APPROPRIATING MONEY TO FUND THE LOAN PROGRAM FOR THE
    1979-1981 BIENNIUM;"
2. Page 4, line 3.
Following: "Az"
Strike: "30"
Insert: " 29"
3. Page 5, line 3.
Following: "4z"
Strike: "30"
Insert: "29"
4. Page 5, line l2.
Following: "42"
*axas6x Strike: "30"
Insert: "29"
```

SENATE BILL NO. 248
Page 2
5. Page 18.

Following: line 3
Insert: "(6) No more than four members may be of the same political party."
Renumber: subsequent subsection

```
6. Page 19, line 7.
Following: "THROUGH"
Strike: " 30"
Insert: "29"
```

7. Page 19, line 19.
Following: "EXCEED"
Strike: "60"
Insert: "40"
8. Page 22, line 10.

Following: "council,"
Insert: "if in existence,"
9. Page 22 , line 13.

Following: "department"
Strike: "may"
Insert: "shall"
10. Page 23, line 8.

Following: "ability, its"
Strike: "lease agreements and sales"
Insert: "loans"
11. Page 23, line 18.

Following: "4z"
Strike: " 30 "
Insert: "29"
12. Page 26.

Following: line 6
Strike: "30"
Insert: "29"
13. Page 28, line 12 .

Following: "42"
Strike: "30"
Insert: " $\overline{29} "$
14. Page 28, line 25.

Following: "42"
Strike: " 30 "
Insert: " 29 "

## SENATE BILI NO. $\therefore 48$

Page 3

```
15. Page 28, line 22.
    Following: "4z"
    Strike: " 30"
    Insert: "\overline{29"}
```

```
16. Page 30, line 7.
```

16. Page 30, line 7.
Following: "42"
Following: "42"
Strike: " 30"
Strike: " 30"
Insert: "29"
```
    Insert: "29"
```

17. Page 30, line 19.
Poilowing: "42"
Strike: "30"
Insert: "29"
18. Page 30 , line 25.
Following: "42"
Strike: "30"
Insert: " 29 "
```
19. Page 31, lines l through 8.
    Following: line 25 on page 30
    Strike: section 24 in its entirety
    Renumber: subsequent sections
```

20. Page 32 , line 5 .
Following: "42"
Strike: " $30 "$
Insert: $29 "$
21. Page 32.
Following: line 21
Insert: "Section 30. Appropriation. (1) There is appropriated
$\$ 1,000,000$ to the earmarked revenue fund to the credit of the
Montana homestead loan account for each year of the biennium
ending June 30,1981 , from the interest and income received
from the coal severance tax trust fund created in section 5,
Article IX of the Montana constitution.
(2) The money appropriated to the homestead loan account must be used to make homestead loans to eligible applicants and for the expenses of the department of agriculture in administering the Montana homestead loan program."
```
SENATE BILL NO. 248
```

Page 4

## AMEND STATEMENT OF INTENT

1. Puge 1, line 6.

Following: "in"
Strike; "section $7(2)(c)$ and Section $11(1)$ "
Insert: "Section 6 (2) (c) and Section 10 (1)"
2, Page l, line 11.
Following: "Section"
Strike: "ll(l)"
Insert: "lo(1)"

AND AS AMENDED
BE CONCURRED IN


[^0]:    board-members DLBELIOA and employees of the department are not personally liable for any debt incurred by the board perasiaemi.

    MEH SECLIOME Section 15. Purchase of bonds -cancellation. The board perabiamki. subject to existing agreements with bondholders. may out of any funds available for that purpose purchase bonds of the boetd DERARIMENI. which shall thersupon be cancelled. at a price not exceeding:
    (1) the current redemption price pius accrued interest to the next interest payment thereon if the bonds are then redeemable; or
    (2) the redemption price applicable on the first date after purchase upon which the bonds become subject to redemption, plus accrued interest to that date if the bonds are not then redeemable.

    NEWSECLIOH: Section 16. Trust indenture. In the discretion of the beord DLBECIOR, the bonds may be secured by a trust indenture between the beord oEPABIMEBil and a corporate trustee, which may be a trust company or bank having the power of a trust company within or without the state.

    HEH SECLION. Section 17. Negotiability of bonds. Bonos issued by the beard DERABLMEHI are negotiable instruments under the Uniform Commercial code, subject only

[^1]:    purposes for which the department is wstablished:
    (12) contratct in respect ta any matter within the scope of its authority:
    (13) enforce this title and all other laws for the protection and regulation of agricultureanagd
    
    
     through 42301 way be cited as the HMontana Homestead tand LOAN ACt*。
    
     agrteyttorat-temt-ts-pfeventing-memy-montanens-from-betoming
     betng-purehesed-by-edpperttitins-and--foretgn--investors-- ond Montanars--farmers--and--ranehers-are-popidty-becoming-hired Monds:-Aecogntzing--Eme--votue--of--famity--farms-to--the
    
    
     sote--to--etigtbie--montand--etetrensw--in--the--nettef-that
     ond-preserving-the-fantif--fapm--Are--pubtie--parpasesp--the tegtstatore---proposes--to--fund--this--program--by--generat obtigation-bondsy-backed-by-ineome-from-lthe--eonstituttonot

