

SENATE BILL NO. 268

INTRODUCED BY LOWE

IN THE SENATE

January 26, 1979	Introduced and referred to Committee on Business and Industry.
February 12, 1979	Committee recommend bill do pass as amended. Report adopted.
February 13, 1979	Printed and placed on members' desks.
February 14, 1979	Second reading, pass consideration.
February 15, 1979	Second reading, do pass.
February 16, 1979	Considered correctly engrossed.
February 17, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

February 19, 1979	Introduced and referred to Committee on Business and Industry.
March 2, 1979	Committee recommend bill be concurred in. Report adopted.
March 5, 1979	Second reading, concurred in.
March 7, 1979	Third reading, concurred in.

IN THE SENATE

March 8, 1979	Returned from second house. Concurred in. Sent to enrolling. Reported correctly enrolled.
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1 *Senath* BILL NO. 268  
 2 INTRODUCED BY *Senath*

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE SALE  
 5 AND ISSUANCE OF NOTES IN ANTICIPATION OF FEDERAL AND STATE  
 6 GRANTS AND LOANS."

7  
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Definitions. As used in [this act], the  
 10 following definitions apply:

11 (1) "Bonds" means bonds, notes, warrants, debentures,  
 12 certificates of indebtedness, and all instruments or  
 13 obligations evidencing or representing indebtedness, or  
 14 evidencing or representing the borrowing of money, or  
 15 evidencing or representing a charge, lien, or encumbrance on  
 16 specific revenues, special assessments, income, or property  
 17 of a political subdivision, including all instruments or  
 18 obligations payable from a special fund.

19 (2) "Political subdivision" means a county, city,  
 20 town, school district, irrigation district, special  
 21 improvement district, or any other political subdivision of  
 22 the state, but does not include the state or any board,  
 23 agency, or commission of the state.

24 (3) "Governing body" means the board, council,  
 25 commission, or other body charged with the general control

1 of the issuance of bonds of a political subdivision.

2 Section 2. Notes. (1) When all conditions exist  
 3 precedent to the offering for sale of bonds of a political  
 4 subdivision in any amount and for any purpose authorized by  
 5 law, and the political subdivision has applied for a grant  
 6 or loan of state or federal funds to aid in payment of costs  
 7 incurred or to be incurred for the authorized purpose, its  
 8 governing body may by resolution issue and sell notes in  
 9 anticipation of the receipt of the grant or loan, in an  
 10 amount not exceeding the total amount of bonds authorized  
 11 and maturing within not more than 3 years from the date such  
 12 notes are issued.

13 (2) The proceeds of the grant or loan, when received,  
 14 shall be credited to the debt service fund for the notes as  
 15 may be needed for their payment, with interest, when due.

16 (3) Any amount of the notes which cannot be paid at  
 17 maturity, from the proceeds of the grant or loan or from any  
 18 other funds appropriated by the governing body for the  
 19 purpose, shall be paid from the proceeds of bonds to be  
 20 issued and sold before the maturity date; or if sufficient  
 21 funds are not available for payment in full of the notes at  
 22 maturity, those bondholders may require the issuance, in  
 23 exchange, of bonds bearing interest at the maximum rate  
 24 permitted by law. The bonds so issued are secured and  
 25 subject to the terms and conditions provided by the law

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1 authorizing their issuance. Notes and bonds may be issued  
2 as provided in this section regardless of the amount  
3 authorized if the amount which may legally be issued is less  
4 than the costs of the project for which the grant or loan is  
5 made. Before the notes or bonds are issued the political  
6 subdivision must receive a written commitment for a grant or  
7 loan in an amount equal to the remaining estimated costs,  
8 and must by resolution provide for the fulfillment of the  
9 conditions of the commitment.

-End-

Approved by Committee  
on Business and Industry

SENATE BILL NO. 268

INTRODUCED BY TOWE

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE SALE AND ISSUANCE OF NOTES IN ANTICIPATION OF FEDERAL AND STATE GRANTS AND LOANS."

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

Section 1. Definitions. As used in [this act], the following definitions apply:

(1) "Bonds" means bonds, notes, warrants, debentures, certificates of indebtedness, and all instruments or obligations evidencing or representing indebtedness, or evidencing or representing the borrowing of money, or evidencing or representing a charge, lien, or encumbrance on specific revenues, special assessments, income, or property of a political subdivision, including all instruments or obligations payable from a special fund.

(2) "Political subdivision" means a county, city, town, school district, irrigation district, special improvement district, or any other political subdivision of the state, but does not include the state or any board, agency, or commission of the state.

(3) "Governing body" means the board, council, commission, or other body charged with the general control

of the issuance of bonds of a political subdivision.

Section 2. Notes. (1) When all conditions exist precedent to the offering for sale of bonds of a political subdivision in any amount and for any purpose authorized by law, and the political subdivision has applied for a grant or loan of state or federal funds to aid in payment of costs incurred or to be incurred for the authorized purpose, its governing body may by resolution issue and sell notes in anticipation of the receipt of the grant or loan, in an amount not exceeding the total amount of bonds authorized and maturing within not more than 3 years from the date such notes are issued.

(2) The proceeds of the grant or loan, when received, shall be credited to the debt service fund for the notes as may be needed for their payment, with interest, when due.

(3) Any amount of the notes which cannot be paid at maturity, from the proceeds of the grant or loan or from any other funds appropriated by the governing body for the purpose, shall be paid from the proceeds of bonds to be issued and sold before the maturity date; or if sufficient funds are not available for payment in full of the notes at maturity, those bondholders may require the issuance, in exchange, of bonds bearing interest at the maximum rate permitted by law. The bonds so issued are secured and subject to the terms and conditions provided by the law

1 authorizing their issuance. Notes and bonds may be issued  
2 as provided in this section regardless of the amount  
3 authorized if the amount which may legally be issued is less  
4 than the costs-of-the-project COMMITMENT for which the grant  
5 or loan is made. Before the notes or bonds are issued the  
6 political subdivision must receive a written commitment for  
7 a grant or loan in an amount equal to the remaining  
8 estimated costs, and must by resolution provide for the  
9 fulfillment of the conditions of the commitment.

-End-

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5   AND ISSUANCE OF NOTES IN ANTICIPATION OF FEDERAL AND STATE  
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8   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
9        Section 1. Definitions. As used in [this act], the  
10   following definitions apply:  
11        (1) "Bonds" means bonds, notes, warrants, debentures,  
12   certificates of indebtedness, and all instruments or  
13   obligations evidencing or representing indebtedness, or  
14   evidencing or representing the borrowing of money, or  
15   evidencing or representing a charge, lien, or encumbrance on  
16   specific revenues, special assessments, income, or property  
17   of a political subdivision, including all instruments or  
18   obligations payable from a special fund.  
19        (2) "Political subdivision" means a county, city,  
20   town, school district, irrigation district, special  
21   improvement district, or any other political subdivision of  
22   the state, but does not include the state or any board,  
23   agency, or commission of the state.  
24        (3) "Governing body" means the board, council,  
25   commission, or other body charged with the general control

1   of the issuance of bonds of a political subdivision.  
2        Section 2. Notes. (1) When all conditions exist  
3   precedent to the offering for sale of bonds of a political  
4   subdivision in any amount and for any purpose authorized by  
5   law, and the political subdivision has applied for a grant  
6   or loan of state or federal funds to aid in payment of costs  
7   incurred or to be incurred for the authorized purpose, its  
8   governing body may by resolution issue and sell notes in  
9   anticipation of the receipt of the grant or loan, in an  
10   amount not exceeding the total amount of bonds authorized  
11   and maturing within not more than 3 years from the date such  
12   notes are issued.  
13        (2) The proceeds of the grant or loan, when received,  
14   shall be credited to the debt service fund for the notes as  
15   may be needed for their payment, with interest, when due.  
16        (3) Any amount of the notes which cannot be paid at  
17   maturity, from the proceeds of the grant or loan or from any  
18   other funds appropriated by the governing body for the  
19   purpose, shall be paid from the proceeds of bonds to be  
20   issued and sold before the maturity date; or if sufficient  
21   funds are not available for payment in full of the notes at  
22   maturity, those bondholders may require the issuance, in  
23   exchange, of bonds bearing interest at the maximum rate  
24   permitted by law. The bonds so issued are secured and  
25   subject to the terms and conditions provided by the law

1 authorizing their issuance. Notes and bonds may be issued  
2 as provided in this section regardless of the amount  
3 authorized if the amount which may legally be issued is less  
4 than the costs-of-the-project ~~COMMITMENT~~ for which the grant  
5 or loan is made. Before the notes or bonds are issued the  
6 political subdivision must receive a written commitment for  
7 a grant or loan in an amount equal to the remaining  
8 estimated costs, and must by resolution provide for the  
9 fulfillment of the conditions of the commitment.

-End-

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2 Section 2. Notes. (1) When all conditions exist  
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-End-