CHAPTER NO. 256.

## SENATE BILL NO. 350

## INTRODUCED BY McCALLUM

## BY REQUEST OF THE CODE COMMISSIONER

IN THE SENATE

February	3, 1979			Introduced and referred to Committee on Local Government.
February	12, 1979			Committee recommend bill do pass. Report adopted.
February	13, 1979			Printed and placed on members' desks.
February	14, 1979			Motion 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	E HOU	SE
February	19, 1979			Introduced and referred to Committee on Local Government.
March 6,	1979			Committee recommend bill be concurred in. Report adopted.
March 8,	1979			Second reading, concurred in.
March 10,	1979			Third reading, concurred in.
		IN THE	E SEN	ATE
March 12,	1979			Returned from second house. Concurred in. Sent to enrolling.

Reported correctly enrolled.

Search BILL NO. 350 1 INTE DUCED BY

BY REQUEST OF THE CODE COMMISSIONER

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE LOCAL 5 5 SOVERNMENT LAWS RELATING TO THE ADMINISTRATION AND INVESTMENT OF NONEY IN SINKING FUNDS FOR LOCAL GOVERNMENT 7 9 GENERAL OBLIGATION BONDS: AMENDING SECTIONS 7-7-123. 7-7-124. 7-7-2261. 7-7-2270. 7-7-4261. AND 7-7-4270. MCA. a AND REPEALING SECTIONS 7-7-2271 AND 7-7-4271, MCA.\* 10

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12 13 Section 1. Section 7-7-123, MCA, is amended to read: "7-7-123. Investment of sinking funds of local 14 jovernments. (1) (a) The Except as provided in 7-7-124 and 15 16 whenever outstanding bonds cannot be purchased pursuant to 17 <u>1-7-2270 or 1-7-4270, the</u> board of county commissioners of a 18 county and the council or commission of a city or town shall invest so much of the bond sinking funds of the county. 19 20 city, or town as is not needed for the payment of bonds or 21 interest coupons in <u>general obligation bonds or securities</u> of the United States government-bonds-or--securities; state 22 23 bonds or securities; time or savings deposits; county, city, or school district bonds; county or city warrants; or other 24 bonds or securities which are supported by general taxation. 25

1 except irrigation district bonds and special improvement 2 district or maintenance district bonds or warrants. All 3 those investments must first be approved by the department 4 of community affairs.

5 (b) All those bonds, securities, or time or savings 6 deposits must be due and payable at least 60 days before the 7 obligations for the payment of which the sinking fund was A established are due and payable.

9 (2) The bonds, securities, and any time or savings 10 deposits in which any sinking funds are invested shall be 11 kept in the custody of the county or city treasurer or town 12 clerk and held by him for the benefit of the county, city, 13 or town. The treasurer shall properly protect the bonds, 14 securities, and any time or savings deposits by insurance, 15 the use of safety deposit boxes, or other means, the expense 16 of which is a proper charge against the county, city, or 17 town.

18 (3) All money derived from interest on sinking fund 19 investments as authorized by this section shall be credited by the treasurer of the county or city or the town clerk to 2) the sinking fund for which the investment was made." 21

22 Section 2. Section 7-7-124. MCA. is amended to read: \*7-7-124. Limitation on investment of sinking funds. 23 24 If any of the bonds for which the sinking fund was 25 established are not yet due but are then redeemable under -- 5B 350

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optional provisions, the money in the sinking funds-are fund
 is not subject to investment but shall be used and applied
 in payment and redemption of the bonds."

Section 3. Section 7-7-2261. MCA, is amended to read:
"7-7-2261. Maintenance of accounts for bond issues.
(1) The county treasurer of each county shall keep in his
books a special and separate sinking and-interest fund
account for each series or issue of outstanding bonds issued
by his county. Each such fund must at all times show the
exact condition thereof.

11 (2) tot-All taxes collected for interest and principal on county bonds shall be placed to the credit of the sinking and--interest fund for which the same taxes were levied. Except-as-provided-in-subsection-t2)tbtv-such-fund-shall-not be-used-for-any-purpose-other-than-the-payment-of--principal and--interest--on--such--bonds--so-long-as-any-of-such-bonds remoin-outstanding.

18 **(b)**[3] Interest from investment of money of the in\_a 19 sinking and--interest fund accounts account of the board of 20 any-series-or-issue may. In the discretion of the board of 21 county commissioners, be used as it accrues to fulfill or 22 complete the specific project for which the bonds were 23 issued.

24 (4) The sinking fund shall be administered as provided
 25 in 7-7-123, 7-7-124, and 7-7-2270,\*\*

Section 4. Section 7-7-2270. MCA. is amended to read: 1 "7-7-2270. Authority to purchase outstanding bonds. 2 whenever there is available money in any sinking and 3 interest fund over and above the amount required for payment of the principal and interest becoming due on the next 5 interest payment date and sufficient to pay and redeem one 6 or more outstanding bonds of the issue or series to which 7 such the sinking and interest fund belongs and whenever such ß q bonds are not held by the state of Montana and are not yet 10 redeemable--or--due subject to redemotion, the county 11 treasurer. at the direction of the board of county commissioners, shall purchase such bond--or bonds of--such 12 13 isauc--or--series, if this can be done at not more than par and accrued interest or at such reasonable premium as the 14 board may feel justified in paying, not in any case 15 16 exceeding 5%." Section 5. Section 7-7-4261, MCA, is amended to read: 17

18 **••**7-7-4261. Maintenance of accounts for bond issues. 19 (1) The city treasurer or town clerk shall keep in his books 20 a special and separate sinking and-interest fund account for 21 each issue or series of outstanding bonds issued by his city 22 or town. Each such fund must at all times show the exact 23 condition thereof.

(2) All taxes collected for interest and principal oncity or town bonds shall be placed to the credit of the

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sinking and--interest fund for which the same taxes were 1 2 levied. Such-fund-shall-not-be-used-for--any--purpose--other than--payment-of-the-principal-and-interest-on-such-bonds-so 3 4 tong-as-any-of-such-bonds-remain-outstanding. (3) The sinking fund shall be administered as provided 5 in 7-7-123, 7-7-124, and 7-7-4270.\* 6 7 Section 6. Section 7-7-4270, MCA, is amended to read: \*7-7-4270. Authority to buy outstanding bonds. ჟ Whenever there is available money in any sinking or-interest 9 fund over and above the amount required for payment of 10 principal and interest becoming due on the next interest 11 payment date and sufficient to pay and redeem one or more 12 13 outstanding bonds of the issue or series to which such the sinking fund belongs and whenever such bonds are not held by 14 15 the state and are not subject to redemption, the city 16 treasurer or town clerk, at the direction of the city or 17 town council, shall purchase such bond-or bonds of--such 18 issue-or-series if this can be done at not more than par and accrued interest or at such reasonable premium as the 19

Section 7. Repealer. Sections 7-7-2271 and 7-7-4271.
\*CA, are repealed.

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exceeding 5%.\*

-End-

council may feel justified in paying, not, in any case,

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SENATE MEMBERS

CARROLL GRAHAM CHAIRMAN

TRANK DAZELBAKER VICE CHAIRMAN

CHET BLAYLOCK

DIANA S. DOWLING EXECUTIVE DIRECTOR CODE COMMISSIONER

ELEANOR ECK ADMINISTRATIVE ASSISTANT

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ROBERTA MOODY DIRECTOR, LEGISLATIVE SERVICES



# Montana Legislative Council

State Capitol Helena, 59601 (406) 449-3064

LC0548

1979 Legislature Code Commissioner Bill - Summary

X Bill No. 550

AN ACT TO CLARIFY THE LOCAL GOVERNMENT LAWS RELATING TO THE ADMINISTRATION AND INVESTMENT OF MONEY IN SINKING FUNDS FOR LOCAL GOVERNMENT GENERAL OBLIGATION BONDS.

(This summary does not include discussion of routine form or grammatical changes.)

There are presently several laws which relate to the management and investment of money in the sinking fund associated with a local government general obligation bond issue. This bill attempts to achieve consistency among these provisions. Sections 7-7-123 and 7-7-124 provide the most recent language and offer the greatest flexibility of investment. Consequently, the investment provisions of 7-7-2261, 7-7-2271, 7-7-4261, and 7-7-4271 are amended or repealed and replaced with references to 7-7-123 and 7-7-124.

As the law is written the management options for sinking fund money appear to be as follows:

- meet all obligations required by the bonds, i.e. payment of interest or principal if required;
- (2) redeem all bonds which are subject to redemption;
- (3) go to the bond market and purchase outstanding bonds, not yet redeemable, under certain circumstances;
- (4) invest available money in certain approved investments.

HOUSE MEMBERS

OSCAR KVAALEN REX MANUEL

ROBERT L. MARKS

JOHN VINCENT

H. DAVID COGLEY DIRECTOR, LEGAL SERVICES

ROBERT PERSON DIRECTOR, RESEARCH

SHAROLE CONNELLY DIRECTOR, ACCOUNTING DIVISION The suggested amendments attempt to coordinate the various sections to achieve the above list of permissible management activities.

Section 1. 7-7-123. In subsection (1)(a), an introductory phrase is added which requires that options (2) and (3) above not be available before investment under 7-7-123 can take place. At the suggestion of Mr. Bruce MacKenzie, house counsel for D.A. Davidson and Co., the term "United States government bonds and securities" was changed to "general obligation bonds and securities of the United States". This change is suggested by language later in the section which refers to "other bonds or securities which are supported by general taxation". The change should help with the marketability of the bonds. Mr. MacKenzie also suggested that the 60-day figure in subsection (1)(b) be changed to 30 days. This was not done as there appeared to be no "recodification" reason for the change.

Section 2. 7-7-124. This section is somewhat rewritten for clarity to distinguish between the sinking fund itself and money in the fund.

Section 3. <u>7-7-2261</u>. References to "sinking and interest fund" are changed to "sinking fund" to achieve uniform terminology. The last sentence of subsection (2)(a) is deleted as inconsistent with the management provisions of 7-7-123, 7-7-124, and 7-7-2270. Subsection (3) is rewritten for clarity. Subsection (4) is added to the the administration of the sinking fund to 7-7-123, 7-7-124, and 7-7-2270.

Section 4. 7-7-2270. References to "sinking and interest fund" are changed to "sinking fund" to achieve uniform terminology. The section is somewhat rewritten for clarity.

Sections 5 and 6. 7-7-4261 and 7-7-4270. The same changes made in sections 3 and 4 are made here; the principal difference being that 7-7-2261 and 7-7-2270 dealt with counties, while 7-7-4261 and 7-7-4270 deal with municipalities.

Section 7. Repealer. Sections 7-7-2271 and 7-7-4271 are recommended for repeal. They both deal with investments of money in the sinking fund and are superseded by 7-7-123 and 7-7-124.

The changes made in this bill are the result of communications with the attorney general's office and legal counsel for D.A. Davidson and Co. The exact text of the suggested amendments have not been reviewed by the attorney general or counsel to D.A. Davidson and Co. prior to preparation of this bill. 46th Legislature

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Approved by Comm. on Local Government

Search BILL NO. 350 INTRODUCED BY

BY REQUEST OF THE CODE COMMISSIONER

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE LOCAL 6 GOVERNMENT LAWS RELATING TO THE ADMINISTRATION AND 7 INVESTMENT OF HONEY IN SINKING FUNDS FOR LOCAL GOVERNMENT 9 GENERAL OBLIGATION BONDS; AMENDING SECTIONS 7-7-123, 9 7-7-124, 7-7-2261, 7-7-2270, 7-7-4261, AND 7-7-4270, MCA, 10 AND REPEALING SECTIONS 7-7-2271 AND 7-7-4271, MCA."

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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Section 7-7-123, MCA, is amended to read: 13 "7-7-123. Investment of sinking funds of local 14 15 qovernments. (1) (a) The Except as provided in 7-7-124 and whenever outstanding bonds cannot be purchased pursuant to 16 1-1-2270 or 1-1-4270, the board of county commissioners of a 17 18 county and the council or commission of a city or town shall invest so much of the bond sinking funds of the county. 19 20 city, or town as is not needed for the payment of bonds or 21 interest coupons in general obligation bonds or securities of the United States government-bonds-or--securities; state 22 23 bonds or securities; time or savings deposits; county, city, or school district bonds; county or city warrants; or other 24 bonds or securities which are supported by general taxation. 25

except irrigation district bonds and special improvement
 district or maintenance district bonds or warrants. All
 those investments must first be approved by the department
 of community affairs.

5 (b) All those bonds, securities, or time or savings 6 deposits must be due and payable at least 60 days before the 7 obligations for the payment of which the sinking fund was 8 established are due and payable.

9 (2) The bonds, securities, and any time or savings 10 deposits in which any sinking funds are invested shall be 11 kept in the custody of the county or city treasurer or town 12 clerk and held by him for the benefit of the county, city, 13 or town. The treasurer shall properly protect the bonds, 14 securities, and any time or savings deposits by insurance, the use of safety deposit boxes, or other means, the expense 15 16 of which is a proper charge against the county, city, or 17 town.

18 (3) All money derived from interest on sinking fund investments as authorized by this section shall be credited by the treasurer of the county or city or the town clerk to the sinking fund for which the investment was made."

22 Section 2. Section 7-7-124, MCA, is amended to read:
23 #7-7-124. Limitation on investment of sinking funds.
24 If any of the bonds for which the sinking fund was
25 established are not yet due but are then redeemable under

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optional provisions: the <u>money in the sinking funds-are fund</u>
 <u>is</u> not subject to investment but shall be used and applied
 in payment and redemption of the bonds."

Section 3. Section 7-7-2261, MCA, is amended to read: 77-7-2261. Maintenance of accounts for bond issues. (1) The county treasurer of each county shall keep in his books a special and separate sinking end-interest fund account for each series or issue of outstanding bonds issued by his county. Each such fund must at all times show the exact condition thereof.

11 (2) top-All taxes collected for interest and principal 12 on county bonds shall be placed to the credit of the sinking 13 ond--interest fund for which the same <u>taxes</u> were levied. 14 Except-as-provided-in-subsection-(2)(b)v-such-fund-shall-not 15 be-used-for-any-purpose-other-than-the-payment-of--principal 16 and--interest--on--such--bonds--so-long-as-any-of-such-bonds 17 remain-outstandingw

18 (b)(3) Interest from investment of money of the in\_\_\_\_\_a 19 sinking ond--interest fund accounts account of the board of 20 any-series-or-issue may, in the discretion of the board of 21 county commissioners, be used as it accrues to fulfill or 22 complete the specific project for which the bonds were 23 issued.

24 (4) The sinking fund shall be administered as provided

25 in 1-7-123. 1-7-124. and 1-7-2270."

Section 4. Section 7-7-2270, MCA, is amended to read: 1 z \*7-7-2270. Authority to purchase outstanding bonds. Shenever there is available money in any sinking and а. interest fund over and above the amount required for payment ۸ of the principal and interest becoming due on the next 5 interest payment date and sufficient to pay and redeem one 6 or more outstanding bonds of the issue or series to which 7 such the sinking and interest fund belongs and whenever such 8 9 bonds are not held by the state of Montana and are not yet redeemable--or--due subject to redemption, the county 10 11 treasurer, at the direction of the board of county commissioners, shall purchase such bond--or bonds of--such 12 issue--or--series, if this can be done at not more than par 13 14 and accrued interest or at such reasonable premium as the board may feel justified in paying, not in any case 15 exceeding 5%." 16

Section 5. Section 7-7-4261, MCA, is amended to read #7-7-4261. Maintenance of accounts for bond issues. (1) The city treasurer or town clerk shall keep in his books a special and separate sinking <del>and-interest</del> fund account for each issue or series of outstanding bonds issued by his city or town. Fach such fund must at all times show the exact condition thereof.

24 (2) All taxes collected for interest and principal on25 city or town bonds shall be placed to the credit of the

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ι	sinking andinterest fund for which the same taxes were
2	levied. <del>Such-fund-shall-not-be-used-foranypurposeother</del>
3	thanpayment-of-the-principal-and-interest-on-such-bonds-so
4	tong-as-any-of-such-bonds-remain-outstanding.
5	[3] The sinking fund shall be administered as provided
6	in 1-1-123, 1-1-124, and 1-1-4270."
7	Section 6. Section 7-7-4270, MCA, is amended to read:
8	"7-7-4270. Authority to buy outstanding bonds.
9	Whenever there is available money in any sinking or-interest
10	fund over and above the amount required for payment of
11	principal and interest becoming due on the next interest
12	payment date and sufficient to pay and redeem one or more
13	outstanding bonds of the issue or series to which such the
14	sinking fund belongs and whenever such bonds are not held by
15	the state and are not subject to redemption, the city
16	treasurer or town clerk, at the direction of the city or
17	town council, shall purchase such bondor bonds ofsuch
18	<del>issue-or-series</del> if this can be done at not more than par and
19	accrued interest or at such reasonable premium as the
20	council may feel justified in paying, not, in any case,
21	exceeding 5%-"

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22Section 7. Repealer. Sections 7-7-2271 and 7-7-4271.23MCA, are repealed.

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SB 350

Acacta BILL NO. 350 1 INTRODUCED BY 2

BY REQUEST OF THE CODE COMMISSIONER

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE LOCAL 6 GOVERNMENT LAWS RELATING TO THE ADMINISTRATION AND 7 INVESTMENT OF MONEY IN SINKING FUNDS FOR LOCAL GOVERNMENT 8 GENERAL OBLIGATION BONDS; AMENDING SECTIONS 7-7-123, 9 7-7-124, 7-7-2261, 7-7-2270, 7-7-4261, AND 7-7-4270, MCA, 10 AND REPEALING SECTIONS 7-7-2271 AND 7-7-4271, MCA."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12 13 Section 1. Section 7-7-123, NCA, is amended to read: 14 "7-7-123. Investment of sinking funds of local 15 governments. (1) (a) The Except as provided in 7-7-124 and 16 whenever outstanding bonds cannot be purchased pursuant to 17 1-1-2270 or 7-1-4270, the board of county commissioners of a county and the council or commission of a city or town shall 18 19 invest so much of the bond sinking funds of the county. 20 city, or town as is not needed for the payment of bonds or interest coupons in general obligation bonds or securities 21 of the United States government-bonds-or--securities; state 22 23 bonds or securities; time or savings deposits; county, city, 24 or school district bonds; county or city warrants; or other bonds or securities which are supported by general taxation, 25

except irrigation district bonds and special improvement
 district or maintenance district bonds or warrants. All
 those investments must first be approved by the department
 of community affairs.

5 (b) All those bonds, securities, or time or savings 6 deposits must be due and payable at least 60 days before the 7 obligations for the payment of which the sinking fund was 8 established are due and payable.

9 . (2) The bonds, securities, and any time or savings 10 deposits in which any sinking funds are invested shall be 11 kept in the custody of the county or city treasurer or town clerk and held by him for the benefit of the county. city. 12 or town. The treasurer shall properly protect the bonds, 13 securities, and any time or savings deposits by insurance. 14 the use of safety deposit boxes, or other means, the expense 15 of which is a proper charge against the county, city, or 16 17 town.

(3) All money derived from interest on sinking fund
investments as authorized by this section shall be credited
by the treasurer of the county or city or the town clerk to
the sinking fund for which the investment was made."

Section 2. Section 7-7-124, MCA, is amended to read:
"7-7-124. Limitation on investment of sinking funds.
If any of the bonds for which the sinking fund was
established are not yet due but are then redeemable under

-2- 5B350 THIRD READING optional provisions, the money in the sinking funds-are fund
 is not subject to investment but shall be used and applied
 in payment and redemption of the bonds."

Section 3. Section 7-7-2261, MCA, is amended to read:
"7-7-2261. Maintenance of accounts for bond issues.
(1) The county treasurer of each county shall keep in his
books a special and separate sinking ond-interest fund
account for each series or issue of outstanding bonds issued
by his county. Each such fund must at all times show the
exact condition thereof.

11 (2) (a)-All taxes collected for interest and principal on county bonds shall be placed to the credit of the sinking and--interest fund for which the same taxes were levied. Except-as-provided-in-subsection-(2)(b)y-such-fund-shall-not be-used-for-any-purpose-other-than-the-payment-of--principal and--interest--on--such--bonda--so-long-as-any-of-such-bonds remain-outstandings

16 (b)(3) Interest from investment of money of the in\_a 19 sinking and--interest fund accounts account of the board of 20 any-series-or-issue mays in the discretion of the board of 21 county commissioners, be used as it accrues to fulfill or 22 complete the specific project for which the bonds were 23 issued.

24 (4) The sinking fund shall be administered as provided
 25 in 7-7-123, 7-7-124, and 7-7-2270, \*\*

Section 4. Section 7-7-2270, MCA, is amended to read: 1 2 "7-7-2270. Authority to purchase outstanding bonds. whenever there is available money in any sinking and з interest fund over and above the acount required for payment of the principal and interest becoming due on the next 5 ٨ interast payment date and sufficient to pay and redeem one or more outstanding bonds of the issue or series to which 7 such the sinking and interest fund belongs and whenever such 8 9 bonds are not held by the state of Montana and are not yet redeemable--or--due subject to redemotion, the county 10 11 treasurer, at the direction of the board of county 12 commissioners, shall purchase such bond--or bonds of--such 13 issue-or--series, if this can be done at not more than par 14 and accrued interest or at such reasonable premium as the 15 board may feel justified in paying, not in any case 16 exceeding 5%."

17 Section 5. Section 7-7-4261, MCA, is amended to read: 18 "7-7-4261. Maintenance of accounts for bond issue... 19 (1) The city treasurer or town clerk shall keep in his books 20 a special and separate sinking end-interest fund account for 21 each issue or series of outstanding bonds issued by his city 22 or town. Each such fund must at all times show the exact 23 condition thereof.

24 (2) All taxes collected for interest and principal on25 city or town bonds shall be placed to the credit of the

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1	sinking andinterest fund for which the same taxes were
z	levied. <del>Such-fund-shall-not-be-used-for-enypurpose-other</del>
3	thanpayment-of-the-principol-and-interest-on-such-bonds-so
4	tong-es-eny-of-such-bonds-remoin-outstanding.
5	(3) The sinking fund shall be administered as provided
6	10.7-7-123.7-7-124. and 7-7-4270."
7	Section 6. Section 7-7-4270; NCA; is amended to read:
8	"7-7-4270. Authority to buy outstanding bonds.
9	Whenever there is available money in any sinking or-interest
10	fund over and above the amount required for payment of
11	principal and interest becoming due on the next interest
12	payment date and sufficient to pay and redeem one or more
13	outstanding bonds of the issue or series to which such the
14	sinking fund belongs and whenever such bonds are not held by
15	the state and are not subject to redemption, the city
16	treasurer or town clerk, at the direction of the city or
17	town council; shall purchase such bond-or bonds ofsuch
18	issue-or-series if this can be done at not more than par and
19	accrued interest or at such reasonable premium as the
20	council may feel justified in paying, not, in any case,
21	exceeding 5%."

Section 7. Repeater. Sections 7-7-2271 and 7-7-4271. MCA, are repealed. 

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SB 0350/02

1 SENATE BILL NO. 350 INTRODUCED BY McCALLUM 2 ٦ BY REQUEST OF THE CODE COMMISSIONER 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE LOCAL 5 GOVERNMENT LAWS RELATING TO THE ADMINISTRATION AND 5 INVESTMENT OF MONEY IN SINKING FUNDS FOR LOCAL GOVERNMENT 7 GENERAL OBLIGATION BONDS: AMENDING SECTIONS 7-7-123. 8 7-7-124, 7-7-2261, 7-7-2270, 7-7-4261, AND 7-7-4270, MCA, 9 AND REPEALING SECTIONS 7-7-2271 AND 7-7-4271. MCA." 10 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12 Section 1. Section 7-7-123, MCA, is amended to read: 13 "7-7-123. Investment of sinking funds of local 14 governments. (1) (a) The Except as provided in 7-7-124 and 15 16 whenever outstanding bonds cannot be ourchased \_\_pursuant\_\_to 1-1-2270 or 1-1-4270, the board of county commissioners of a 17 county and the council or commission of a city or town shall 18 19 invest so much of the bond sinking funds of the county. city, or town as is not needed for the payment of bonds or 20 interest coupons in <u>general obligation bonds or securities</u> 21 22 af the United States government-bonds-or--securities; state 23 bonds or securities; time or savings deposits; county+ city+ or school district bonds; county or city warrants; or other 24 25 bonds or securities which are supported by general taxation.

except irrigation district bonds and special improvement.
 district or maintenance district bonds or warrants. All
 those investments must first be approved by the department
 of community affairs.

5 (b) All those bonds, securities, or time or savings 6 deposits must be due and payable at least 60 days before the 7 obligations for the payment of which the sinking fund was 8 established are due and payable.

(2) The bonds, securities, and any time or savings 9 10 deposits in which any sinking funds are invested shall be kept in the custody of the county or city treasurer or town 11 12 clerk and held by him for the benefit of the county, city, 13 or town. The treasurer shall properly protect the bonds, 14 securities, and any time or savings deposits by insurance, 15 the use of safety deposit boxes, or other means, the expense 16 of which is a proper charge against the county, city, or 17 town.

18 (3) All money derived from interest on sinking fund investments as authorized by this section shall be credited 20 by the treasurer of the county or city or the town clerk to 21 the sinking fund for which the investment was made."

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REFERENCE BILL

#### SB 0350/02

optional provisions: the money in the sinking funds-are fund
 is not subject to investment but shall be used and applied
 in payment and redemption of the bonds."

4 Section 3. Section 7-7-2261. MCA, is amended to read: 5 M7-7-2261. Maintenance of accounts for bond issues. 6 (1) The county treasurer of each county shall keep in his 7 books a special and separate sinking end-interest fund 8 account for each series or issue of outstanding bonds issued 9 by his county. Each such fund must at all times show the 10 exact condition thereof.

11 (2) ta)-All taxes collected for interest and principal 12 on county bonds shall be placed to the credit of the sinking 13 and--interest fund for which the same <u>taxes</u> were levied. 14 Except-as-provided-in-subsection-t2;tb;v-such-fund-shall-not 15 be-used-for-any-purpose-other-than-the-payment-of--principal 16 and--interest-on--such--bonds--so-long-as-eny-of-such-bonds 17 remain-outstanding.

18 (b)(3) Interest from investment of money of-the in\_\_a 19 sinking and--interest fund accounts account of-the-bonds-of 20 any-series-or-issue may. in the discretion of the board of 21 county commissioners, be used as it accrues to fulfill or 22 complete the specific project for which the bonds were 23 issued.

141\_The\_sinking\_fund\_shall\_be\_administered\_as\_provided
 in\_1-1-123+\_1-1-124+\_and\_1--2-2210+\*

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1 Section 4. Section 7-7-2270, NCA, is amended to read: "7-7-2270. Authority to purchase outstanding bonds. 2 3 Whenever there is available money in any sinking and ٠ interest fund over and above the amount required for payment 5 of the principal and interest becoming due on the next interest payment date and sufficient to pay and redeem one 6 or more outstanding bonds of the issue or series to which 7 8 such the sinking and-interest fund belongs and whenever such bonds are not held by the state of Montana and are not yet 9 10 redeemable--or--due subject to redemation, the county 11 treasurer, at the direction of the board of county 12 commissioners, shall purchase such bond--or bonds of--such 13 issue--or--series, if this can be done at not more than par 14 and accrued interest or at such reasonable premium as the 15 board may feel justified in paying, not in any case 16 exceeding 5%."

Section 5. Section 7-7-4261, MCA, is amended to read: #7-7-4261. Maintenance of accounts for bond issues. [1] The city treasurer or town clerk shall keep in his books a special and separate sinking end-interest fund account for each issue or series of outstanding bonds issued by his city or town. Each such fund must at all times show the exact condition thereof.

24 (2) All taxes collected for interest and principal on25 city or town bonds shall be placed to the credit of the

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1	sinking andinterest fund for which the same <u>taxes</u> were
2	levied. Such-fund-sha <del>ll-not-be-used-for-onypurposeother</del>
3	thanpayment-of-the-principal-and-interest-on-such-bonds-so
4	tong-as-any-of-such-bonds-remain-outstanding.
5	131Ibs_sinking_fund_shall_bs_administered_as_provided
6	in_7-7-123+_7-124+_and_7-7-4270+*
٦	Section 6. Section 7-7-4270, MCA, is amended to read:
8	"7-7-4270. Authority to buy outstanding bonds.
9	Whenever there is available money in any sinking <del>or interest</del>
10	fund over and above the amount required for payment of
11	principal and interest becoming due on the next interest
12	payment date and sufficient to pay and redeem one or more
13	outstanding bonds of the issue or series to which such the
14	sinking fund belongs and whenever such bonds are not held by
15	the state and are not subject to redemption, the city
15	treasurer or town clerk, at the direction of the city or
17	town council, shall purchase such bondor bonds ofsuch
18	<del>issue-or-series</del> if this can be done at not more than par and
19	accrued interest or at such reasonable premium as the
20	council may feel justified in paying, not, in any case,
21	exceeding 5%."
22	Section 7. Repeater. Sections 7-7-2271 and 7-7-4271.

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22 Section 7. Repealer. Sections 7-7-2271 and 7-7-4271.
23 MCA, are repealed.

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