

SENATE BILL NO. 292

INTRODUCED BY HAGER

IN THE SENATE

January 27, 1981	Introduced and referred to Committee on Taxation.
March 10, 1981	Committee recommend bill do pass as amended. Report adopted.
March 11, 1981	Bill printed and placed on members' desks.
March 12, 1981	Second reading, do pass.
March 13, 1981	Correctly engrossed.
March 14, 1981	Third reading, passed. Ayes, 46; Noes, 0. Transmitted to House.

IN THE HOUSE

March 17, 1981	Introduced and referred to Committee on Taxation.
March 28, 1981	Committee recommend bill be concurred in as amended. Report adopted.
March 30, 1981	On motion rules suspended and bill allowed to be transmitted on 71st legislative day. Motion adopted.
March 31, 1981	Second reading, concurred in as amended. On motion rules suspended and bill placed on third reading this day. Third reading, concurred in as amended. Ayes, 91; Noes, 5.

IN THE SENATE

April 1, 1981

Returned from House with amendments.

April 3, 1981

Second reading, amendments concurred in.

April 6, 1981

Third reading, amendments concurred in. Ayes, 48; Noes, 0. Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *292*
 2 INTRODUCED BY *Hager*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE GREATER
 5 FLEXIBILITY FOR THE ISSUANCE OF INDUSTRIAL DEVELOPMENT BONDS
 6 BY A MUNICIPALITY OR COUNTY UNDER TITLE 90, CHAPTER 5, MCA,
 7 BY AUTHORIZING THE ISSUANCE OF SHORT-TERM BONDS ISSUED IN
 8 ANTICIPATION OF THE ISSUANCE OF LONG-TERM BONDS AND
 9 REQUIRING ONLY ONE HEARING FOR REFUNDING BONDS ISSUED TO
 10 ACQUIRE A PROJECT; AMENDING SECTIONS 90-5-101, 90-5-104, AND
 11 90-5-107, MCA."

12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Section 90-5-101, MCA, is amended to read:
 15 "90-5-101. Definition of terms. As used in this part,
 16 unless the context otherwise requires, the following
 17 definitions apply:

18 (1) "Agricultural enterprises" include but are not
 19 limited to producing, warehousing, storing, fattening,
 20 treating, handling, distributing, or selling farm products
 21 or livestock.

22 (2) ~~"Bonds" means bonds, refunding bonds, notes, or~~
 23 ~~other obligations issued by a municipality or county under~~
 24 ~~the authority of this part, including, without limitation,~~
 25 ~~short-term bonds or notes issued in anticipation of the~~

1 ~~issuance of long-term bonds or notes.~~
 2 ~~(2)(3) "Governing body" means the board or body in~~
 3 ~~which the general legislative powers of the municipality or~~
 4 ~~county are vested.~~
 5 ~~(3)(4) "Mortgage" means a mortgage or deed of trust or~~
 6 ~~other security device.~~
 7 ~~(4)(5) "Municipality" means any incorporated city or~~
 8 ~~town in the state.~~
 9 ~~(5)(6) "Project" means any land; any building or other~~
 10 ~~improvement; and any other real or personal properties~~
 11 ~~deemed necessary in connection therewith, whether or not now~~
 12 ~~in existence, which shall be suitable for use for~~
 13 ~~commercial, manufacturing, agricultural, or industrial~~
 14 ~~enterprises; recreation or tourist facilities; local,~~
 15 ~~state, and federal governmental facilities; multifamily~~
 16 ~~housing, hospitals, long-term care facilities, or medical~~
 17 ~~facilities; and any combination of these projects."~~

18 Section 2. Section 90-5-104, MCA, is amended to read:
 19 "90-5-104. Hearing. ~~(1)~~ Prior to the issuance of any
 20 bonds under the authority of this part by any municipality
 21 or county ~~to acquire a project~~, the governing body shall
 22 give notice and hold a public hearing on the proposed
 23 project. At least once a week for 3 consecutive weeks prior
 24 to the date set for the hearing, the governing body shall
 25 publish in a newspaper of general circulation in the

1 municipality or county a notice of the time and place of the
 2 hearing, the general nature of the project, the name of the
 3 lessee, or borrower, or user of the project, and the
 4 estimated cost of the project. The governing body may not
 5 issue the bonds to acquire a project unless it appears after
 6 the public hearing that the acquisition or improvement of
 7 the project is in the public interest of the municipality or
 8 county.

9 (2) The provisions of subsection (1) do not apply to
 10 refunding bonds issued under 90-5-107 to refund bonds issued
 11 to acquire a project as to which a hearing was held under
 12 subsection (1)."

13 Section 3. Section 90-5-107, MCA, is amended to read:
 14 "90-5-107. Refunding of bonds. (1) Any bonds issued
 15 under the provisions of this part and at any time
 16 outstanding, including, without limitation, short-term bonds
 17 issued in anticipation of the issuance of long-term bonds,
 18 may at any time and from time to time be refunded by a
 19 municipality or county by the issuance of its refunding
 20 bonds in such amount as the governing body may deem
 21 necessary but not exceeding an amount sufficient to refund
 22 the principal of the bonds to be so refunded, together with
 23 any unpaid interest thereon and any premiums and commissions
 24 necessary to be paid in connection therewith. An issue of
 25 refunding bonds may be combined with an issue of additional

1 revenue bonds on any project when the combined total meets
 2 the requirements of 90-5-106(1).

3 (2) Any such refunding may be effected whether the
 4 bonds to be refunded shall have then matured or shall
 5 thereafter mature, either by sale of the refunding bonds and
 6 the application of the proceeds thereof for the payment of
 7 the bonds to be refunded thereby or by exchange of the
 8 refunding bonds for the bonds to be refunded thereby. The
 9 holders of any bonds to be so refunded shall not be
 10 compelled without their consent to surrender their bonds for
 11 payment or exchange prior to the date on which they are
 12 payable by maturity date, option to redeem, or otherwise,
 13 or, if they are called for redemption, prior to the date on
 14 which they are by their terms subject to redemption by
 15 option or otherwise. Any refunding bonds issued under the
 16 authority of this part shall be subject to the provisions
 17 contained in 90-5-103 and 90-5-104 and may be secured in
 18 accordance with the provisions of 90-5-105.

19 (3) The principal proceeds from the sale of any
 20 refunding bonds may be applied only as follows, either:

21 (a) to the immediate payment and retirement of the
 22 bonds being refunded; or

23 (b) to the extent not required for the immediate
 24 payment of the bonds being refunded, such proceeds shall be
 25 deposited in trust to provide for the payment and retirement

1 of the bonds being refunded and to pay any expenses incurred
2 in connection with such refunding, except that provision may
3 be made for the pledging and disposition of any surplus,
4 including, without limitation, to the payment of the
5 principal of and interest on any issue or series of
6 refunding bonds.

7 (4) Money in a trust fund under subsection (3) may be
8 invested in direct obligations of the United States
9 government, obligations the principal of and interest on
10 which are guaranteed by the United States government, or
11 obligations of any agency or instrumentality of the United
12 States government.

13 (5) Nothing in this section may be construed as a
14 limitation on the duration of any deposit in trust for the
15 retirement of bonds being refunded but that have not matured
16 and that are not presently redeemable or, if presently
17 redeemable, have not been called for redemption."

-End-

Approved by Committee
on Taxation

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5 FLEXIBILITY FOR THE ISSUANCE OF INDUSTRIAL DEVELOPMENT BONDS
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9 REQUIRING ONLY ONE HEARING FOR REFUNDING BONDS ISSUED TO
10 ACQUIRE A PROJECT; AMENDING SECTIONS 90-5-101, 90-5-104, AND
11 90-5-107, MCA."
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14 Section 1. Section 90-5-101, MCA, is amended to read:
15 "90-5-101. Definition of terms. As used in this part,
16 unless the context otherwise requires, the following
17 definitions apply:
18 (1) "Agricultural enterprises" include but are not
19 limited to producing, warehousing, storing, fattening,
20 treating, handling, distributing, or selling farm products
21 or livestock.
22 (2) "Bonds" means bonds, refunding bonds, notes, or
23 other obligations issued by a municipality or county under
24 the authority of this part, including, without limitation,
25 short-term bonds or notes issued in anticipation of the

1 issuance of long-term bonds or notes.
2 ~~(2)~~(3) "Governing body" means the board or body in
3 which the general legislative powers of the municipality or
4 county are vested.
5 ~~(3)~~(4) "Mortgage" means a mortgage or deed of trust or
6 other security device.
7 ~~(4)~~(5) "Municipality" means any incorporated city or
8 town in the state.
9 ~~(5)~~(6) "Project" means any land; any building or other
10 improvement; and any other real or personal properties
11 deemed necessary in connection therewith, whether or not now
12 in existence, which shall be suitable for use for
13 commercial, manufacturing, agricultural, or industrial
14 enterprises; recreation or tourist facilities; local,
15 state, and federal governmental facilities; multifamily
16 housing, hospitals, long-term care facilities, or medical
17 facilities; and any combination of these projects."
18 Section 2. Section 90-5-104, MCA, is amended to read:
19 "90-5-104. Hearing. (1) Prior to the issuance of any
20 bonds under the authority of this part by any municipality
21 or county ~~to acquire a project~~ TO PAY THE COSTS OF ACQUIRING
22 OR IMPROVING A PROJECT, the governing body shall give notice
23 and hold a public hearing on the proposed project. At least
24 once a week for 3 consecutive weeks prior to the date set
25 for the hearing, the governing body shall publish in a

1 newspaper of general circulation in the municipality or
 2 county a notice of the time and place of the hearing, the
 3 general nature of the project, the name of the lessee, or
 4 borrower, or user of the project, and the estimated cost of
 5 the project. The governing body may not issue the bonds to
 6 acquire-a-project TO PAY THE COSTS OF ACQUIRING OR IMPROVING
 7 A PROJECT unless it appears after the public hearing that
 8 the acquisition or improvement of the project is in the
 9 public interest of the municipality or county.

10 (2) The provisions of subsection (1) do not apply to
 11 refunding bonds issued under 90-5-107 to refund bonds issued
 12 to acquire-a-project PAY THE COSTS OF ACQUIRING OR IMPROVING
 13 A PROJECT as to which a hearing was held under subsection
 14 (1)."

15 Section 3. Section 90-5-107, MCA, is amended to read:

16 "90-5-107. Refunding of bonds. (1) Any bonds issued
 17 under the provisions of this part and at any time
 18 outstanding, including, without limitation, short-term bonds
 19 issued in anticipation of the issuance of long-term bonds,
 20 may at any time and from time to time be refunded by a
 21 municipality or county by the issuance of its refunding
 22 bonds in such amount as the governing body may deem
 23 necessary but not exceeding an amount sufficient to refund
 24 the principal of the bonds to be so refunded, together with
 25 any unpaid interest thereon and any premiums and commissions

1 necessary to be paid in connection therewith. An issue of
 2 refunding bonds may be combined with an issue of additional
 3 revenue bonds on any project when the combined total meets
 4 the requirements of 90-5-106(1).

5 (2) Any such refunding may be effected whether the
 6 bonds to be refunded shall have then matured or shall
 7 thereafter mature, either by sale of the refunding bonds and
 8 the application of the proceeds thereof for the payment of
 9 the bonds to be refunded thereby or by exchange of the
 10 refunding bonds for the bonds to be refunded thereby. The
 11 holders of any bonds to be so refunded shall not be
 12 compelled without their consent to surrender their bonds for
 13 payment or exchange prior to the date on which they are
 14 payable by maturity date, option to redeem, or otherwise,
 15 or, if they are called for redemption, prior to the date on
 16 which they are by their terms subject to redemption by
 17 option or otherwise. Any refunding bonds issued under the
 18 authority of this part shall be subject to the provisions
 19 contained in 90-5-103 and ~~90-5-104~~ and may be secured in
 20 accordance with the provisions of 90-5-105.

21 (3) The principal proceeds from the sale of any
 22 refunding bonds may be applied only as follows, either:

23 (a) to the immediate payment and retirement of the
 24 bonds being refunded; or

25 (b) to the extent not required for the immediate

1 payment of the bonds being refunded, such proceeds shall be
2 deposited in trust to provide for the payment and retirement
3 of the bonds being refunded and to pay any expenses incurred
4 in connection with such refunding, except that provision may
5 be made for the pledging and disposition of any surplus,
6 including, without limitation, to the payment of the
7 principal of and interest on any issue or series of
8 refunding bonds.

9 (4) Money in a trust fund under subsection (3) may be
10 invested in direct obligations of the United States
11 government, obligations the principal of and interest on
12 which are guaranteed by the United States government, or
13 obligations of any agency or instrumentality of the United
14 States government.

15 (5) Nothing in this section may be construed as a
16 limitation on the duration of any deposit in trust for the
17 retirement of bonds being refunded but that have not matured
18 and that are not presently redeemable or, if presently
19 redeemable, have not been called for redemption."

-End-

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 24 the authority of this part, including, without limitation,
 25 short-term bonds or notes issued in anticipation of the

1 issuance of long-term bonds or notes.

2 (2)(3) "Governing body" means the board or body in
 3 which the general legislative powers of the municipality or
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18 Section 2. Section 90-5-104, MCA, is amended to read:
 19 "90-5-104. Hearing. (1) Prior to the issuance of any
 20 bonds under the authority of this part by any municipality
 21 or county ~~to acquire a project~~ TO PAY THE COSTS OF ACQUIRING
 22 OR IMPROVING A PROJECT, the governing body shall give notice
 23 and hold a public hearing on the proposed project. At least
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THIRD READING

1 newspaper of general circulation in the municipality or
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 8 the acquisition or improvement of the project is in the
 9 public interest of the municipality or county.

10 (2) The provisions of subsection (1) do not apply to
 11 refunding bonds issued under 90-5-107 to refund bonds issued
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 13 A PROJECT as to which a hearing was held under subsection
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 25 any unpaid interest thereon and any premiums and commissions

1 necessary to be paid in connection therewith. An issue of
 2 refunding bonds may be combined with an issue of additional
 3 revenue bonds on any project when the combined total meets
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 22 refunding bonds may be applied only as follows, either:

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3 of the bonds being refunded and to pay any expenses incurred
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10 invested in direct obligations of the United States
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12 which are guaranteed by the United States government, or
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14 States government.

15 (5) Nothing in this section may be construed as a
16 limitation on the duration of any deposit in trust for the
17 retirement of bonds being refunded but that have not matured
18 and that are not presently redeemable or, if presently
19 redeemable, have not been called for redemption."

-End-

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5 FLEXIBILITY FOR THE ISSUANCE OF INDUSTRIAL DEVELOPMENT BONDS
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10 ACQUIRE A PROJECT; PROVIDING FOR THE REFUNDING OF SHORT-TERM
11 BONDS ISSUED IN ANTICIPATION OF THE ISSUANCE OF LONG-TERM
12 BONDS; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS FROM
13 THE SALE OF REFUNDING BONDS; AMENDING SECTIONS 90-5-101,
14 90-5-104, AND 90-5-107, MCA; AND PROVIDING AN EFFECTIVE
15 DATE."

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22 Section 2. Section 90-5-104, MCA, is amended to read:

23 "90-5-104. Hearing. (1) Prior to the issuance of any
24 bonds under the authority of this part by any municipality
25 or county ~~to acquire a project~~ to pay the costs of acquiring

1 OR IMPROVING A PROJECT, the governing body shall give notice
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 11 A PROJECT unless it appears after the public hearing that
 12 the acquisition or improvement of the project is in the
 13 public interest of the municipality or county.

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20 limitation on the duration of any deposit in trust for the
21 retirement of bonds being refunded but that have not matured
22 and that are not presently redeemable or, if presently
23 redeemable, have not been called for redemption."

24 SECTION 4. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
25 PASSAGE AND APPROVAL.

SENATE BILL NO. 292

INTRODUCED BY HAGER

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE GREATER FLEXIBILITY FOR THE ISSUANCE OF INDUSTRIAL DEVELOPMENT BONDS BY A MUNICIPALITY OR COUNTY UNDER TITLE 90, CHAPTER 5, MCA, BY AUTHORIZING THE ISSUANCE OF SHORT-TERM BONDS ISSUED IN ANTICIPATION OF THE ISSUANCE OF LONG-TERM BONDS; AND REQUIRING ONLY ONE HEARING FOR REFUNDING BONDS ISSUED TO ACQUIRE A PROJECT; PROVIDING FOR THE REFUNDING OF SHORT-TERM BONDS ISSUED IN ANTICIPATION OF THE ISSUANCE OF LONG-TERM BONDS; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS FROM THE SALE OF REFUNDING BONDS; AMENDING SECTIONS 90-5-101, 90-5-104, AND 90-5-107, MCA; AND PROVIDING AN EFFECTIVE DATE."

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(3) "Governing body" means the board or body in which the general legislative powers of the municipality or county are vested.

(4) "Mortgage" means a mortgage or deed of trust or other security device.

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(6) "Project" means any land; any building or other improvement; and any other real or personal properties deemed necessary in connection therewith, whether or not now in existence, which shall be suitable for use for commercial, manufacturing, agricultural, or industrial enterprises; recreation or tourist facilities; local, state, and federal governmental facilities; multifamily housing, hospitals, long-term care facilities, or medical facilities; and any combination of these projects."

Section 2. Section 90-5-104, MCA, is amended to read:

"90-5-104. Hearing. (1) Prior to the issuance of any bonds under the authority of this part by any municipality or county ~~to acquire a project~~ TO PAY THE COSTS OF ACQUIRING

1 OR IMPROVING A PROJECT, the governing body shall give notice
 2 and hold a public hearing on the proposed project. At least
 3 once a week for 3 consecutive weeks prior to the date set
 4 for the hearing, the governing body shall publish in a
 5 newspaper of general circulation in the municipality or
 6 county a notice of the time and place of the hearing, the
 7 general nature of the project, the name of the lessee, or
 8 borrower, or user of the project, and the estimated cost of
 9 the project. The governing body may not issue the bonds ~~to~~
 10 ~~acquire a project~~ TO PAY THE COSTS OF ACQUIRING OR IMPROVING
 11 A PROJECT unless it appears after the public hearing that
 12 the acquisition or improvement of the project is in the
 13 public interest of the municipality or county.

14 (2) The provisions of subsection (1) do not apply to
 15 refunding bonds issued under 90-5-107 to refund bonds issued
 16 to acquire a project PAY THE COSTS OF ACQUIRING OR IMPROVING
 17 A PROJECT as to which a hearing was held under subsection
 18 (1)."

19 Section 3. Section 90-5-107, MCA, is amended to read:

20 "90-5-107. Refunding of bonds. (1) Any bonds issued
 21 under the provisions of this part and at any time
 22 outstanding, including, without limitation, short-term bonds
 23 issued in anticipation of the issuance of long-term bonds,
 24 may at any time and from time to time be refunded by a
 25 municipality or county by the issuance of its refunding

1 bonds in such amount as the governing body may deem
 2 necessary but not exceeding an amount sufficient to refund
 3 the principal of the bonds to be so refunded, together with
 4 any unpaid interest thereon and any premiums and commissions
 5 necessary to be paid in connection therewith. An issue of
 6 refunding bonds may be combined with an issue of additional
 7 revenue bonds on any project when the combined total meets
 8 the requirements of 90-5-106(1).

9 (2) Any such refunding may be effected whether the
 10 bonds to be refunded shall have then matured or shall
 11 thereafter mature, either by sale of the refunding bonds and
 12 the application of the proceeds thereof for the payment of
 13 the bonds to be refunded thereby or by exchange of the
 14 refunding bonds for the bonds to be refunded thereby. The
 15 holders of any bonds to be so refunded shall not be
 16 compelled without their consent to surrender their bonds for
 17 payment or exchange prior to the date on which they are
 18 payable by maturity date, option to redeem, or otherwise,
 19 or, if they are called for redemption, prior to the date on
 20 which they are by their terms subject to redemption by
 21 option or otherwise. Any refunding bonds issued under the
 22 authority of this part shall be subject to the provisions
 23 contained in 90-5-103 and 98-5-104 and may be secured in
 24 accordance with the provisions of 90-5-105.

25 (3) The principal proceeds from the sale of any

1 refunding bonds may be applied only as follows, either:
2 (a) to the immediate payment and retirement of the
3 bonds being refunded; or
4 (b) to the extent not required for the immediate
5 payment of the bonds being refunded, such proceeds shall be
6 deposited in trust to provide for the payment and retirement
7 of the bonds being refunded and to pay any expenses incurred
8 in connection with such refunding, except that provision may
9 be made for the pledging and disposition of any surplus,
10 including, without limitation, to the payment of the
11 principal of and interest on any issue or series of
12 refunding bonds.
13 (4) Money in a trust fund under subsection (3) may be
14 invested in direct obligations of the United States
15 government, obligations the principal of and interest on
16 which are guaranteed by the United States government, or
17 obligations of any agency or instrumentality of the United
18 States government.
19 (5) Nothing in this section may be construed as a
20 limitation on the duration of any deposit in trust for the
21 retirement of bonds being refunded but that have not matured
22 and that are not presently redeemable or, if presently
23 redeemable, have not been called for redemption."
24 SECTION 4. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
25 PASSAGE AND APPROVAL.

HOUSE TAXATION COMMITTEE
March 27, 1981
AMEND SENATE BILL 292:

1. Title, line 11.

Following: "MCA"

Insert: "; AND PROVIDING AN EFFECTIVE DATE"

2. Page 5.

Following: line 19

Insert: "Section 4. Effective date. This act is effective
on passage and approval."

House amendments to Senate Bill 292:

1. Title, line 8.
Following: "BONDS"
Strike: "AND"
Insert: ";"

2. Title, line 10.
Following: "PROJECT;"
Insert: "PROVIDING FOR THE REFUNDING OF SHORT-TERM BONDS
ISSUED IN ANTICIPATION OF THE ISSUANCE OF LONG-TERM BONDS;
PROVIDING FOR THE DISPOSITION OF THE PROCEEDS FROM THE
SALE OF REFUNDING BONDS; AND"