

HOUSE BILL NO. 533

INTRODUCED BY BARDANOUE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

January 27, 1983	Introduced and referred to Committee on State Administration.
February 11, 1983	Committee recommend bill do pass as amended. Report adopted.
February 12, 1983	Bill printed and placed on members' desks.
February 14, 1983	Second reading, do pass.
February 15, 1983	Considered correctly engrossed.
February 16, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 17, 1983	Introduced and referred to Committee on Judiciary.
March 14, 1983	Committee recommend bill be concurred in. Report adopted.
March 16, 1983	Second reading, concurred in.
March 18, 1983	Third reading, concurred in. Ayes, 49; Noes, 0.

IN THE HOUSE

March 18, 1983	Returned to House.
March 19, 1983	Sent to enrolling.
	Reported correctly enrolled.

House BILL NO. 533

INTRODUCED BY [Signature]

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE ISSUANCE OF BONDS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 17-5-401, 17-5-403 THROUGH 17-5-408, 17-5-411, 17-5-412, 17-5-421, 17-5-422, 17-5-503, 17-5-506, 17-5-507, 17-5-608, 17-5-618, 17-5-702 THROUGH 17-5-705, 17-5-708 THROUGH 17-5-710, 20-25-433, 20-25-434, 60-3-201, 60-11-1107, 76-15-507, 85-1-102, 85-1-304, 85-1-307, 85-1-321 THROUGH 85-1-323, 85-1-603 THROUGH 85-1-606, 85-1-613 THROUGH 85-1-615, 85-1-617, 85-1-619, 85-1-620, 85-1-623, 90-2-102, 90-2-112, AND 90-2-121 THROUGH 90-2-127, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-5-401, MCA, is amended to read:

"17-5-401. Definitions. (1) "Board", "department", and "treasurer" mean the board of examiners, department of administration, and state treasurer, respectively.

(2) ~~"Clearance fund account"~~ "Capital projects fund"

means a separate long-range building program ~~subfund fund~~ which is created within the ~~bond-proceeds-and-insurance~~ clearance capital projects fund type established in 17-2-102.

(3) "Long-range building program" means and includes all buildings, structures, and facilities to be constructed, repaired, used, equipped, or furnished and land to be acquired therefor with the consent of the legislature in accordance with 17-7-202 and 18-2-101 through 18-2-105.

(4) "Long-range building program bonds" means and includes all series of bonds issued to finance any portion of the long-range building program or to refund outstanding bonds, as authorized in this part.

(5) ~~"Sinking fund"~~ "Debt service account" means a separate long-range building program ~~subfund fund~~ which is created within the ~~sinking debt service fund type~~ established in 17-2-102."

Section 2. Section 17-5-403, MCA, is amended to read:

"17-5-403. Form, principal and interest, fiscal agent, and deposit of proceeds. (1) Each series of such bonds shall be issued by the board upon request of the department, in such denominations and form, whether payable to bearer or registered as to principal or both principal and interest, with such provisions for conversion or exchange and for the

issuance of notes in anticipation of the execution and delivery of definitive bonds, bearing interest at such rate or rates, maturing at such times not exceeding 30 years from date of issue, subject to redemption at such earlier times and prices and upon such notice, and payable at the office of such fiscal agency of the state as the board shall determine subject to the limitations contained in this section and 17-5-402.

(2) In the issuance of each series of such bonds, the amount, maturities, and interest rates thereof shall be fixed in such manner that the maximum amount of principal and interest to become due in any subsequent fiscal year on all such bonds then outstanding and on the series so to be issued will not exceed 50% of the average annual amount collected during the 3 then next preceding fiscal years from the special taxes pledged by law to the ~~sinking-fund debt service~~ account at the time of such issuance, except that this provision shall not constitute a covenant of the state for the security of the bonds issued pursuant to this part after January 1, 1973, and the state reserves the right to amend this subsection in any manner after all bonds issued prior to that date and the interest thereon have been fully paid or the state's liability thereon has been otherwise fully discharged.

(3) In all other respects the board is authorized to

prescribe the form and terms of the bonds and shall do whatever is lawful and necessary for their issuance and payment. Such bonds and any interest coupons appurtenant thereto shall be signed by the members of the board, and the bonds shall be issued under the great seal of the state of Montana. The bonds and coupons may be executed with facsimile signatures and seal in the manner and subject to the limitations prescribed by law. The state treasurer shall keep a record of all such bonds issued and sold.

(4) The board is hereby authorized to employ a fiscal agent to assist in the performance of its duties hereunder.

(5) All proceeds of bonds issued hereunder shall be deposited in the ~~clearance-fund-account capital projects~~ fund, except that any premiums and accrued interest received shall be deposited in the ~~sinking-fund debt service~~ account."

Section 3. Section 17-5-404, MCA, is amended to read:

"17-5-404. Use of ~~clearance~~ capital projects fund. The ~~clearance-fund-account capital projects~~ fund shall be segregated by the treasurer from all other money in that or any other fund in the state treasury and used only to pay costs of the long-range building program, upon order of the department acting within the limits of the authority conferred upon it by the legislature."

Section 4. Section 17-5-405, MCA, is amended to read:

"17-5-405. Sinking-fund Debt service account. (1) From and after the pledge and appropriation of any special tax to the sinking-fund debt service account, as provided and contemplated in this section, 17-5-407, and 17-5-408, such tax shall continue in force and shall be available and shall be pledged and appropriated for the payment of long-range building program bonds, and all moneys received from the collection thereof shall be deposited by the treasurer to the credit of the sinking-fund debt service account.

(2) No special taxes pledged to the sinking-fund debt service account on January 1, 1973, shall be discontinued or diverted to other funds until all bonds issued pursuant to this part prior to that date and the interest thereon have been fully paid or the state's liability thereon has been fully discharged, except to the extent, if any, that the right so to do has been reserved in the resolutions authorizing the issuance of such bonds.

(3) Subject to the provisions of subsections (1) and (2), the state reserves the right to modify from time to time the nature and amount of special taxes to be deposited to the credit of the sinking-fund debt service account.

(4) Money in the sinking-fund debt service account shall be used: first, to pay interest and principal when due on long-range building program bonds; second, to accumulate a reserve in the amount required below, for the further

security of such payments; and third, to maintain this reserve in an amount at least equal, after each interest and principal payment, to the maximum amount of interest and principal which will become due on all such bonds which are then outstanding in any subsequent fiscal year.

(5) Money at any time received in the sinking-fund debt service account in excess of the principal, interest, and reserve requirements stated in subsection (4) shall be transferred by the treasurer to the general fund. If the balance at any time on hand in the sinking-fund debt service account is not sufficient for compliance with subsection (4), the treasurer shall credit to said account an amount sufficient to restore said balance from the next collections of the special taxes appropriated to said account and from any other collections of taxes appropriated to the general fund, not exceeding the aggregate amount theretofore transferred from the sinking-fund debt service account to the general fund."

Section 5. Section 17-5-406, MCA, is amended to read:

"17-5-406. Use of sinking-fund debt service account.

The sinking-fund debt service account shall be segregated by the treasurer from all other money in that or any other fund in the treasury and used only to pay long-range building program bonds and interest thereon when due so long as any such bonds or interest remain unpaid."

Section 6. Section 17-5-407, MCA, is amended to read:

"17-5-407. Reservation of power to pledge taxes -- redemption -- refunding bonds. (1) The state reserves the power, by enactment of the legislature or the people, to levy, impose, and assess and to pledge and appropriate to the ~~sinking-fund~~ debt service account any tax specially designated therein or any specified amount or percentage of the collections of such special tax. The state also reserves the power to appropriate any funds designated by enactment of the legislature or the people for the redemption and prepayment of any long-range building program bonds or to authorize the issuance and sale of bonds for the purpose of refunding any such outstanding bonds or interest thereon, upon such terms and conditions as may be provided in said enactments and consistent with covenants and agreements made for the security of the outstanding bonds.

(2) Refunding bonds issued in advance of the maturity of the bonds refunded shall be issued only subject to the conditions stated in 17-5-403(2), substituting for this purpose the principal and interest requirements of the refunding bonds for those of the bonds refunded.

(3) Nothing herein shall prevent the board from issuing and selling refunding bonds, payable from the ~~sinking-fund~~ debt service account, to provide funds for payment of principal or interest due on long-range building

program bonds when and if and to the extent that the ~~sinking fund~~ debt service account is insufficient for this purpose."

Section 7. Section 17-5-408, MCA, is amended to read:

"17-5-408. Percentage of income, corporation license, and cigarette tax pledged. (1) The state pledges and appropriates and directs to be credited as received to the ~~sinking-fund~~ debt service account 11% of all money, except as provided in 15-31-702, received from the collection of the income tax and the corporation license tax referred to in 15-1-501 and such additional amount of said taxes, if any, as may at any time be needed to comply with the principal and interest and reserve requirements stated in 17-5-405(4), provided that no more than 11% of such tax collections shall be deemed to be pledged for the purpose of 17-5-403(2). The pledge and appropriation herein made shall be and remain at all times a first and prior charge upon all money received from the collection of said taxes.

(2) The state pledges and appropriates and directs to be credited to the ~~sinking-fund~~ debt service account 73% of all money received from the collection of the 12-cent excise tax on cigarettes which is levied, imposed, and assessed by 16-11-111. The state also pledges and appropriates and directs to be credited as received to the ~~sinking-fund~~ debt service account all money received from the collection of the taxes on other tobacco products which are or may

1 hereafter be levied, imposed, and assessed by law for that
 2 purpose, including the tax levied, imposed, and assessed by
 3 16-11-202. Nothing herein shall impair or otherwise affect
 4 the provisions and covenants contained in the resolutions
 5 authorizing the presently outstanding long-range building
 6 program bonds. Subject to the provisions of the preceding
 7 sentence, the pledge and appropriation herein made shall be
 8 and remain at all times a first and prior charge upon all
 9 money received from the collection of all taxes referred to
 10 in this subsection (2)."

11 Section 9. Section 17-5-411, MCA, is amended to read:
 12 "17-5-411. Agreement with division of workers'
 13 compensation. If the proceeds of any bonds issued pursuant
 14 to 17-5-410 are appropriated for the purpose of constructing
 15 a workers' compensation building in Helena, the board of
 16 examiners and division of workers' compensation shall enter
 17 into an agreement pursuant to which the division shall agree
 18 to pay the state treasurer for deposit in the ~~sinking--fund~~
 19 debt service account established pursuant to 17-5-405
 20 amounts sufficient to pay as due the principal of and
 21 interest on those bonds from which the appropriation was
 22 made and to accumulate and maintain the required reserve
 23 attributable to those bonds. The agreement shall provide
 24 that, to the extent not required for costs of completing the
 25 building, the income from investment of the bond proceeds

1 prior to expenditure and from investment of the reserve
 2 shall be credited against the division's payment obligation.
 3 The agreement shall allow for accumulation of the reserve
 4 during the first year the bonds are outstanding. The
 5 payments under the agreement shall be made from revenues and
 6 moneys of the division available therefor."

7 Section 9. Section 17-5-412, MCA, is amended to read:
 8 "17-5-412. Agreement with employment security
 9 division. If the proceeds of any bonds issued pursuant to
 10 17-5-410 are appropriated for the purpose of constructing
 11 employment service buildings, the board of examiners and
 12 employment security division shall enter into an agreement
 13 pursuant to which the division shall agree to pay the state
 14 treasurer for deposit in the ~~sinking--fund~~ debt service
 15 account established pursuant to 17-5-405 amounts sufficient
 16 to pay as due the principal of and interest on those bonds
 17 from which the appropriation was made and to accumulate and
 18 maintain the required reserve attributable to those bonds.
 19 The agreement shall provide that, to the extent not required
 20 for costs of completing the buildings, income from
 21 investment of the bond proceeds prior to expenditure and
 22 from investment of the reserve shall be credited against the
 23 division's payment obligation. The agreement shall allow
 24 for accumulation of the reserve during the first year the
 25 bonds are outstanding. The payments under the agreement

shall be made from revenues and moneys of the division available therefor."

Section 10. Section 17-5-421, MCA, is amended to read:

"17-5-421. Bonds for Montana college of mineral science and technology. (1) The board of examiners is authorized to issue and sell long-range building program bonds upon the conditions and in the manner stated in this part, in an amount not exceeding \$2,275,000, over and above the amount of the long-range building program bonds outstanding on January 1, 1977, for the purpose of paying costs of acquiring, constructing, and equipping a physical education facility for and to be located at Montana college of mineral science and technology. The issuance and sale of the bonds shall be subject to an undertaking by the board of regents to pay to the state treasurer for deposit in the ~~sinking-fund debt service~~ account established pursuant to 17-5-405, from the sources hereinafter defined, amounts sufficient to pay as due the principal of and interest on the bonds; provided, however, this undertaking shall be enforceable only by the state treasurer and shall not be enforceable by the holders of such bonds. The payments by the board of regents shall be made from available revenues derived from resident and nonresident student building fees charged to students enrolled at Montana college of mineral science and technology, interest and income from lands

granted by the United States of America to the state pursuant to 25 Stat. 676 for the establishment and maintenance of the college and the operation of the physical education facility, and other revenue producing residence and student union facilities at the college, subject to the prior pledge and appropriation of such revenues to the payment of other obligations of the board of regents.

(2) The proceeds of the bonds authorized by subsection (1) of this section shall be deposited in the ~~clearance-fund~~ account capital projects fund created by 17-5-401."

Section 11. Section 17-5-422, MCA, is amended to read:

"17-5-422. Bonds for state capitol improvements. (1) The board of examiners is authorized to issue and sell long-range building program bonds, upon the conditions and in the manner stated in this part, in the principal amount not to exceed \$5 million, for the purpose of financing costs of improvements to the state capitol.

(2) There is appropriated to the ~~sinking-fund debt service~~ account established pursuant to 17-5-405 from the revenues of the capitol building land grant (exclusive of income derived from investment of accumulated revenues) in each fiscal year during the term of the bonds authorized by subsection (1) an amount sufficient to pay the principal of and interest on the bonds as due and to establish and maintain required reserves therefor. The appropriation shall

be reduced in each fiscal year by the amount, if any, of income received in that year from investment of the reserve attributable to the bonds. The appropriation made by this section is solely for the benefit of the state and is not enforceable by the holders of the bonds."

Section 12. Section 17-5-503, MCA, is amended to read:

"17-5-503. Amount authorized and reservation of future authorizations — payment. The aggregate amount of highway bonds authorized by this part for the purpose expressed in 17-5-501 shall not exceed the sum of \$7,400,000. The state reserves the privilege of issuing additional highway bonds, when and if authorized by law, for this purpose and for any other purpose for which money derived from the sources described in Article VIII, section 6, of the constitution is authorized by that section to be expended. The board of examiners is also authorized to issue additional highway bonds for the purpose of refunding bonds issued pursuant to or as contemplated in this chapter, in amounts not exceeding the principal amount of the bonds refunded, when the board determines that the refunding of any outstanding bonds is in the best interests of the state. All bonds issued for the purposes contemplated in this section shall be payable from the same ~~sinking-fund debt service~~ account on a parity as to both principal and interest with the bonds authorized in 17-5-501, provided that in the issuance of each series of

such bonds the amount, maturities, and interest rates thereof shall be fixed in such manner that the maximum amount of principal and interest to become due in any subsequent fiscal year on such bonds then outstanding (except bonds refunded) and on the series so to be issued will not exceed 25% of the amount collected during the then next preceding fiscal year from the tax or taxes pledged by law to the ~~sinking-fund~~ debt service account at the time of such issuance. The provisions of this section shall not constitute a covenant with the holders of any bonds issued hereunder."

Section 13. Section 17-5-506, MCA, is amended to read:

"17-5-506. Deposit and use of proceeds. All proceeds of bonds issued hereunder shall be deposited in a separate highway subfund capital projects fund which is created within the ~~bond-proceeds--and--insurance--clearance~~ capital projects fund type established by 17-2-102, referred to herein as the ~~"clearance--fund--account"~~ "highway capital projects fund", and shall be segregated by the treasurer from all other money in that or any other fund in the state treasury. The proceeds of the bonds authorized in 17-5-501 shall be used only to pay costs of acquiring land for and erecting and equipping the buildings herein referred to, upon order of the department of administration acting within the limits of the authority conferred upon it by the

1 legislature and said proceeds are appropriated for the
2 purpose of the capital items herein described. The proceeds
3 of any additional bonds authorized as contemplated in
4 17-5-503, except refunding bonds, shall be used only for
5 purposes authorized under the provisions of Article VIII,
6 section 6, of the constitution, upon order of the department
7 acting within the limits of the authority conferred upon it
8 by the legislature."

9 Section 14. Section 17-5-507, MCA, is amended to read:

10 "17-5-507. State pledge of gasoline tax -- use. (1)

11 The state pledges and appropriates and directs to be
12 credited as received to the ~~sinking--fund~~ debt service
13 account, as herein defined, that portion of the net proceeds
14 from the collection of gasoline taxes which may from time to
15 time be needed to comply with the principal and interest and
16 reserve requirements stated in subsection (2) of this
17 section. The pledge and appropriation herein made shall be
18 and remain at all times a first and prior charge upon all
19 money received as net proceeds from the collection of
20 gasoline taxation. The term "net proceeds", as used herein,
21 means all funds on hand in the treasury of the state as of
22 any date, derived from the collection of the license tax
23 imposed on gasoline distributors by 15-70-204, enacted by
24 section 3, Chapter 369, Laws of 1969, as amended by section
25 1, Chapter 202, and by section 2, Chapter 204, Laws of 1971,

1 and by section 90, Chapter 516, Laws of 1973, or by any
2 subsequent enactment, less the amount of all refunds of such
3 taxes for which applications have been made pursuant to law
4 but which have not yet been paid or rejected. The term
5 ~~"sinking--fund~~ "debt service account", as used herein, means
6 a separate highway ~~subfund fund~~ which is created within the
7 ~~sinking~~ debt service fund ~~type~~ established by 17-2-102 and
8 shall be segregated by the treasurer from all other money in
9 that or any other fund in the treasury and used only to pay
10 highway bonds and interest thereon when due, so long as any
11 such bonds or interest remain unpaid.

12 (2) Money in the ~~sinking--fund~~ debt service account
13 shall be used: first, to pay interest and principal when due
14 on highway bonds; second, to accumulate a reserve in the
15 amount required below, for the further security of such
16 payments; and third, to maintain this reserve in an amount
17 at least equal, after each interest and principal payment,
18 to the maximum amount of interest and principal which will
19 become due on all such bonds which are then outstanding in
20 any subsequent fiscal year.

21 (3) Money at any time received in the ~~sinking--fund~~ debt service
22 account in excess of the principal, interest,
23 and reserve requirements stated in subsection (2) shall be
24 transferred by the treasurer to ~~the earmarked~~ a special
25 revenue fund, highway account. If the balance at any time on

1 hand in the ~~sinking--fund debt service~~ account is not
 2 sufficient for compliance with subsection (2), the treasurer
 3 shall credit to said account an amount sufficient to restore
 4 said balance from the next receipts of net proceeds from the
 5 collection of gasoline taxes."

6 Section 15. Section 17-5-608, MCA, is amended to read:
 7 "17-5-608. Employment security building account. To
 8 provide for the payment of the interest and principal of the
 9 bonds authorized by 17-5-601 through 17-5-610, there is
 10 created an employment security commission building account
 11 within the ~~sinking debt service~~ fund in the state
 12 treasury. All sums of money dedicated and appropriated to
 13 the payment of the principal and interest of the bonds and
 14 the erection of the addition to the employment security
 15 building, including the landscaping and paving around it,
 16 shall be paid into that account."

17 Section 16. Section 17-5-618, MCA, is amended to read:
 18 "17-5-618. Employment security building account. To
 19 provide for the payment of the interest and principal of the
 20 bonds authorized by 17-5-611 through 17-5-620, there is
 21 created an employment security commission building account
 22 within the ~~sinking debt service~~ fund ~~type~~ in the state
 23 treasury. All sums of money dedicated and appropriated to
 24 the payment of the principal and interest of the bonds and
 25 the erection of the buildings, including the landscaping and

1 paving around them, shall be paid into that account."

2 Section 17. Section 17-5-702, MCA, is amended to read:

3 "17-5-702. Purpose and intent. (1) The purpose of the
 4 coal severance tax trust fund bond provisions of this part
 5 is to establish the authority to issue and sell coal
 6 severance tax bonds that have been approved by act of the
 7 legislature for financing specific water resource
 8 development projects and activities in the state authorized
 9 by the legislature and to guarantee redemption of such bonds
 10 by revenue derived from the receipts from the coal severance
 11 tax imposed by Title 15, chapter 35, part 1, and such other
 12 money as the legislature may from time to time determine.

13 (2) The legislature intends that projects to be
 14 financed by coal severance tax bonds include water resource
 15 development projects and activities as part of the water
 16 development program established in Title 85, chapter 1, part
 17 6. The legislature further intends that the income from
 18 water resource development projects and activities in excess
 19 of the amount required for debt service and operation and
 20 maintenance of those projects and activities be deposited in
 21 the water development ~~earmarked~~ special revenue account
 22 established in 85-1-604."

23 Section 18. Section 17-5-703, MCA, is amended to read:

24 "17-5-703. Coal severance tax trust ~~subfunds funds~~.
 25 (1) The trust established under Article IX, section 5, of

the Montana constitution shall be composed of the following
~~subfunds funds~~:

(a) a coal severance tax bond ~~subfund fund~~ into which
 the constitutionally dedicated receipts from the coal
 severance tax shall be deposited;

(b) a coal severance tax permanent ~~subfund fund~~; and

(c) a coal severance tax income ~~subfund fund~~.

(2) On each December 31 and June 30 the state
 treasurer shall transfer to the coal severance tax permanent
~~subfund fund~~ all money in the coal severance tax bond
~~subfund fund~~ except the amount necessary to meet all
 principal and interest payments on bonds payable from the
 coal severance tax bond ~~subfund fund~~ on the next ensuing
 semiannual payment date."

Section 19. Section 17-5-704, MCA, is amended to read:

"17-5-704. Investment of funds. (1) Money in the coal
 severance tax bond ~~subfund fund~~, the coal severance tax
 permanent ~~subfund fund~~, and the coal severance tax income
~~subfund fund~~ must be invested in accordance with the
 investment standards for coal severance tax funds except as
 provided in subsection (2). Income and earnings from all
~~subfunds funds~~ must be transferred to and retained in the
 coal severance tax income ~~subfund fund~~.

(2) Beginning on July 1, 1983, the legislature shall
 appropriate 15% of the income and earnings from all ~~subfunds~~

~~funds~~ to be deposited to the coal severance tax permanent
~~subfund fund~~ each year. The funds appropriated to the coal
 severance tax permanent ~~subfund fund~~ under this subsection
 may not be further appropriated except by vote of
 three-fourths of the members of each house of the
 legislature."

Section 20. Section 17-5-705, MCA, is amended to read:

"17-5-705. Pledge of coal severance tax bond ~~subfund~~
~~fund~~. The money in the coal severance tax bond ~~subfund fund~~
 is pledged to the payment of the principal and interest on
 all state of Montana coal severance tax bonds. All bonds
 issued after July 1, 1981, wherein the money in the coal
 severance tax bond ~~subfund fund~~ is pledged for their
 retirement shall be called "state of Montana coal severance
 tax bonds"."

Section 21. Section 17-5-708, MCA, is amended to read:

"17-5-708. Special fund revenues. (1) If a law
 authorizing a coal severance tax bond issue for a specific
 purpose and in a specific amount contemplates the pledge and
 receipt of revenues, assets, or money other than or in
 addition to the money in the coal severance tax bond ~~subfund~~
~~fund~~, then the money derived from such pledged revenues,
 assets, and money must be paid into a special bond ~~account~~
~~fund~~ for the benefit of such bonds, which must be part of
 the ~~sinking a debt service~~ fund of the state treasury fund

1 structure.

2 (2) Money must be withdrawn from the coal severance
3 tax bond ~~account fund~~ and paid to the special bond fund as
4 necessary to provide for payment of principal and interest
5 on the coal severance tax bonds secured by a pledge of the
6 special ~~account bond fund~~."

7 Section 22. Section 17-5-709, MCA, is amended to read:

8 "17-5-709. Continued tax deposit limit on additional
9 bonds. (1) The legislature shall provide for the continued
10 assessment, levy, collection, and deposit into the coal
11 severance tax bond ~~subfund fund~~ of the coal severance tax
12 which, together with such other revenues, assets, and money
13 as may be deposited to one or more special bond ~~accounts~~
14 ~~funds~~ pledged for the benefit of coal severance tax bonds,
15 will be sufficient to produce an amount that is at least the
16 amount necessary to pay, when due, the annual debt service
17 charges on all outstanding coal severance tax bonds.

18 (2) The board of examiners may issue no coal severance
19 tax bonds unless the aggregate amount of coal severance tax
20 bonds outstanding, including the proposed issue and any
21 other coal severance tax bonds authorized but not yet
22 issued, can be serviced with no more than two-thirds of the
23 annual deposits into the coal severance tax bond ~~subfund~~
24 ~~fund~~, as determined by the average of the deposits during
25 the preceding 3 fiscal years, together with the average of

1 the aggregate amount of revenues, assets, or money deposited
2 in one or more special bond ~~accounts funds~~ used to pay debt
3 service on outstanding coal severance tax bonds during the
4 preceding 3 fiscal years.

5 (3) The provisions of this section may not be modified
6 so as to reduce the security for any coal severance tax
7 bonds while such bonds are outstanding."

8 Section 23. Section 17-5-710, MCA, is amended to read:

9 "17-5-710. Form — principal and interest — fiscal
10 agent — deposit of proceeds. (1) Each series of coal
11 severance tax bonds must be issued by the board of examiners
12 at public or private sale, in such denominations and form,
13 whether payable to bearer or registered as to principal or
14 both principal and interest, with such provisions for the
15 conversion or exchange, bearing interest at such rate or
16 rates, maturing at such times not exceeding 40 years from
17 date of issue, subject to redemption at such earlier times
18 and prices and upon such notice, and payable at the office
19 of such fiscal agency of the state as the board of examiners
20 shall determine, subject to the limitations contained in
21 this part.

22 (2) In all other respects the board of examiners is
23 authorized to prescribe the form and terms of the bonds and
24 shall do whatever is lawful and necessary for their issuance
25 and payment.

(3) Coal severance tax bonds and any interest coupons appurtenant thereto shall be signed by the members of the board of examiners, and the bonds shall be issued under the great seal of the state of Montana. The bonds and coupons may be executed with facsimile signatures and seal in the manner and subject to the limitations prescribed by law. The state treasurer shall keep a record of all such bonds issued and sold.

(4) The board of examiners is authorized to employ a fiscal agent to assist in the performance of its duties hereunder.

(5) All proceeds of a state of Montana coal severance tax bonds issue shall be deposited in a ~~bond-proceeds-and insurance-clearance-fund-account~~ capital projects fund or a special revenue account established for that bond issue, except that any premiums and accrued interest received shall be deposited in a sinking debt service fund account established for that bond issue."

Section 24. Section 20-25-433, MCA, is amended to read:

"20-25-433. Sale and issuance of bonds -- requirements. The sale and issuance of bonds pursuant to 20-25-432 shall be subject to an undertaking by the board of regents to pay the state treasurer for deposit in the sinking debt service fund account established pursuant to

17-5-405 amounts sufficient to pay as due the principal of and interest on the bonds. The undertaking by the board of regents may be in the form of a revenue bond or bonds issued by the board of regents to the board of examiners or it may be in the form of an agreement between the board of regents and board of examiners. The payments under any such bonds or agreement shall be from such revenues, fees, and income as are lawfully available to the board of regents to pay the costs of facilities to be financed by the long-range building program bonds hereby authorized or to pay debt service on obligations of the board of regents incurred with respect to such facilities and costs. All agreements or bond arrangements entered into between the board of regents and the department of administration will specifically require the board to maintain debt service payments and the reserve requirement to the long-range building ~~sinking debt service~~ fund. If enrollment reductions should endanger these payments, the regents shall insure continued payments through budget adjustments which include fee increases. With the approval of the board of examiners, any undertaking and the payments thereunder may be subordinated to other obligations of the board of regents upon such terms as the board of examiners considers appropriate. The undertaking of the board of regents shall be solely for the benefit of and enforceable by the state and may not be enforceable by the

1 holders of the long-range building program bonds. The bonds
2 may be issued in one or more series."

3 Section 25. Section 20-25-434, MCA, is amended to
4 read:

5 "20-25-434. Deposit and expenditure of bond proceeds.
6 The proceeds of the bonds authorized by 20-25-431 and
7 20-25-432 shall be deposited in the ~~clearance-fund-account~~
8 capital projects fund created by 17-5-401(2). No
9 construction or related bids shall be let until the bond
10 proceeds are deposited in the ~~clearance~~ capital projects
11 fund. The amount of such proceeds is appropriated from the
12 ~~clearance-fund-account~~ capital projects fund to the board of
13 regents for the purpose for which the bonds are authorized."

14 Section 26. Section 60-3-201, MCA, is amended to read:

15 "60-3-201. Distribution and use of proceeds of
16 gasoline dealers' license tax. (1) All money received in
17 payment of license taxes under the Distributor's Gasoline
18 License Tax Act, except those amounts paid out of the
19 department of revenue's suspense account for gasoline tax
20 refund, shall be used and expended as provided in this
21 section. So much of that money on hand at any time as may be
22 needed to pay highway bonds and interest thereon when due
23 and to accumulate and maintain a reserve therefor, as
24 provided in laws and in resolutions of the state board of
25 examiners authorizing such bonds, shall be deposited in the

1 highway bond account in the ~~sinking debt service~~ fund
2 established by 17-2-102. Subject to that provision, 9/10 of
3 1% of all money shall be deposited in the state park account
4 and 1/2 of 1% of all money shall be deposited in a
5 snowmobile account in the ~~earmarked a special~~ revenue fund.
6 The remainder of the money shall be used by the department
7 of highways on the federal-aid highways in this state
8 selected and designated under Title 23, U.S.C., and on
9 highways leading from each county seat in the state to the
10 federal highway system of federal-aid roads where the county
11 seat is not on the system and on the other roads which have
12 been or may be authorized by the laws of Montana and for
13 collection of the license taxes and the enforcement of the
14 Montana highway code under Article VIII, section 6, of the
15 constitution of this state.

16 (2) The department shall, in expending this money,
17 carry forward construction from year to year, using the
18 money expended through the matching up of federal-aid
19 allotments to Montana upon the federal highway system in the
20 various parts of the state in accordance with 60-3-204
21 through 60-3-206. Nothing in this title conflicts with Title
22 23, U.S.C., and the rules by which it is administered.

23 (3) The department may enter into cooperative
24 agreements with the national park service and the federal
25 highway administration for the purpose of maintaining

1 national park approach roads in Montana.

2 (4) Money credited to the state park account in the
3 ~~earmarked~~ a special revenue fund shall be used only for the
4 creation, improvement, and maintenance of state parks where
5 motorboating is allowed, except for the payment of refunds
6 under 15-70-221 through 15-70-226. The legislature finds
7 that of all the fuel sold in the state for consumption in
8 internal combustion engines, not less than 9/10 of 1% is
9 used for propelling boats on waterways of this state.

10 (5) Money credited to the snowmobile account may be
11 used only to develop and maintain facilities open to the
12 general public at no admission cost and to promote
13 snowmobile safety. For the 2 years following July 1, 1977,
14 15% of the amount deposited in the snowmobile ~~fund~~ account
15 each year shall be used to promote snowmobile safety.
16 Thereafter, 10% of the amount deposited in the snowmobile
17 ~~fund~~ account shall be used to promote snowmobile safety. The
18 legislature finds that of all fuels sold in this state for
19 consumption in internal combustion engines, not less than
20 1/2 of 1% is used for propelling snowmobiles on public lands
21 of this state."

22 Section 27. Section 60-11-1107, MCA, is amended to
23 read:

24 "60-11-1107. Bond accounts -- appropriation. (1) There
25 is a railroad rehabilitation account in ~~the bond proceeds~~

1 ~~and insurance clearance~~ a special revenue fund provided for
2 in 17-2-102. All bond proceeds shall be placed in the
3 railroad rehabilitation account, and all money deposited in
4 the account is continuously appropriated to the department
5 and may be expended by the department for the purposes
6 authorized in this part.

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

15 (3) If the department enters into a trust indenture
16 pursuant to 60-11-1106, it may provide for the establishment
17 of funds and accounts to be held by the trustee and may
18 pledge and appropriate the bond proceeds, capital reserves,
19 and loan payments to such funds and accounts notwithstanding
20 the provisions of subsections (1) and (2)."

21 Section 28. Section 76-15-507, MCA, is amended to
22 read:

23 "76-15-507. Investment of funds. The board of
24 supervisors shall have the power and authority to direct the
25 investment of funds in a ~~sinking debt service~~ fund in

1 interest-bearing securities whenever in their judgment the
2 same may be to the best interests of the district. But all
3 such securities shall be converted into cash in time to meet
4 the principal on the bonds payable from such ~~sinking debt~~
5 service fund promptly at their maturity."

6 Section 29. Section 85-1-102, MCA, is amended to read:

7 "85-1-102. Definitions. Unless the context requires
8 otherwise, in this chapter the following definitions apply:

9 (1) "Board" means the board of natural resources and
10 conservation provided for in 2-15-3302.

11 (2) "Cost of works" means the cost of construction;
12 the cost of all lands, property, rights, easements, and
13 franchises acquired which are deemed necessary for the
14 construction; the cost of all water rights acquired or
15 exercised by the department in connection with those works;
16 the cost of all machinery and equipment, financing charges,
17 interest prior to and during construction and for a period
18 not exceeding 3 years after the completion of construction;
19 cost of engineering and legal expenses, plans,
20 specifications, surveys, estimates of cost, and other
21 expenses necessary or incident to determining the
22 feasibility or practicability of any project; administrative
23 expense; and such other expenses as may be necessary or
24 incident to the financing herein authorized and the
25 construction of the works and the placing of the same in

1 operation.

2 (3) "Department" means the department of natural
3 resources and conservation provided for in Title 2, chapter
4 15, part 33.

5 (4) "Owner" means all individuals, irrigation
6 districts, drainage districts, flood control districts,
7 incorporated companies, societies, or associations having
8 any title or interest in any properties, rights, easements,
9 or franchises to be acquired.

10 (5) "Private person" means any individual,
11 association, partnership, corporation, or other
12 nongovernmental entity not eligible for loans and grants
13 under 85-1-605 but does not include a governmental entity
14 such as an agency, local government, or political
15 subdivision of the state, the United States, or any agency
16 thereof, or any other governmental entity.

17 (6) "Project" means any one of the works herein
18 defined or any combination of such works which are
19 physically connected or jointly managed and operated as a
20 single unit.

21 (7) "Public benefits" means those benefits that accrue
22 from a water development project or activity to persons
23 other than the private grant or loan recipient and that
24 enhance the common well-being of the people of Montana.
25 Public benefits include but are not limited to recreation,

1 flood control, erosion reduction, agricultural flood damage
2 reduction, water quality enhancement, sediment reduction,
3 access to recreation opportunities, and wildlife
4 conservation.

5 (8) "Water development ~~clearance~~ account" means a
6 separate account created by 85-1-617 within the--bond
7 ~~proceeds-and-insurance-clearance~~ a special revenue fund of
8 the state treasury to finance loans under the provisions of
9 the water development program to agencies, local
10 governments, and political subdivisions of the state,
11 private persons, and any other eligible recipients from
12 proceeds of bonds issued under part 6 of this chapter.

13 (9) "Water development activity" means an action or
14 program to protect and enhance water-based recreation or to
15 protect or enhance water resources for the benefit of
16 agriculture, flood control, or other uses, including but not
17 limited to such purposes as the promotion of efficient use
18 of water in agriculture, the improvement of water quality in
19 agriculture and other nonpoint source uses, the protection
20 and enhancement of water-based recreation, the control of
21 erosion of streambanks and control of sedimentation of
22 rivers and streams, and providing greater local and state
23 control of Montana water resources. Water development
24 activities may provide any combination of marketable and
25 nonmarketable benefits.

1 (10) "Water development ~~earmarked~~ special revenue
2 account" means a separate account created by 85-1-604 within
3 ~~the-earmarked~~ a special revenue fund of the state treasury
4 for the purposes of the water development program as set
5 forth in 85-1-604.

6 (11) "Water development project" means a project as
7 defined in subsection (6), except that water development
8 projects are not limited to projects owned or operated by
9 the department.

10 (12) "Water development ~~sinking--account~~ debt service
11 fund" means a separate ~~account~~ fund created by 85-1-603
12 within the ~~sinking~~ debt service fund type of the state
13 treasury to be used as provided in 85-1-619.

14 (13) "Works" means all property, rights, easements, and
15 franchises relating thereto and deemed necessary or
16 convenient for their operation and all water rights acquired
17 or exercised by the department in connection with those
18 works and includes all means of conserving and distributing
19 water, including, without limiting the generality of the
20 foregoing, reservoirs, dams, diversion canals, distributing
21 canals, waste canals, drainage canals, dikes, lateral
22 ditches and pumping units, mains, pipelines, and waterworks
23 systems and includes all such works for the conservation,
24 development, storage, distribution, and utilization of
25 water, including without limiting the generality of the

foregoing, works for the purpose of irrigation, flood prevention, drainage, fish and wildlife, recreation, development of power, watering of stock, supplying of water for public, domestic, industrial, or other uses and for fire protection."

Section 30. Section 85-1-304, MCA, is amended to read:

"85-1-304. Lien upon bond proceeds. All moneys received from any bonds issued pursuant to 85-1-301 and 85-1-303 shall be applied solely to the payment of the cost of the works or to the apportionment ~~sinking debt service~~ fund and to the "administration fund", as hereinafter provided, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holders of the bonds or the trustee hereinafter provided for in respect of such bonds."

Section 31. Section 85-1-307, MCA, is amended to read:

"85-1-307. Provisions to secure payment of bonds. In connection with the issuance of the bonds for the purpose of laying in whole (or as supplemented by a grant from the United States or any instrumentality or agency thereof) the cost of the works or project or in order to secure the payment of the bonds, the board may:

(1) pledge all or any part of the income, profit, and revenue of the works or project and all moneys received from the sale or disposal of water, use of water, water storage,

or other service and from the operation, lease, sale, or other disposition of all or any part of the works or project and covenant to pay the income, profit, and revenue into the appropriate water fund and ~~sinking debt service~~ fund;

(2) covenant against pledging all or any part of the income, profit, and revenue of the works or project and all moneys received from the sale or disposal of water, use of water, water storage, or other service and from the operation, lease, sale, or other disposition of all or any part of the works or project;

(3) covenant against mortgaging all or any part of the works or project or against permitting or suffering any lien thereon;

(4) covenant to fix and establish such prices, rates, and charges for water and other services made available in connection with the works or project so as to provide at all times funds which will be sufficient to:

(a) pay all costs of operation and maintenance of the works or project, together with necessary repairs thereto;

(b) meet and pay the principal and interest of all the bonds as they severally become due and payable; and

(c) create such reserves for the principal and interest of all the bonds and for the meeting of contingencies in the operation and maintenance of the works or project as the board determines;

1 (5) make such further covenants as to such prices,
2 rates, and charges as the board determines;

3 (6) create special funds, in addition to those
4 required by this chapter, for moneys reserved for principal
5 and interest on bonds or for the meeting of contingencies in
6 the operation and maintenance of the works or project and
7 determine the manner in which and the depository or
8 depositories in which those funds shall be deposited and the
9 manner in which they shall be secured, and it is lawful for
10 any bank or trust company incorporated under the laws of the
11 state to act as that depository and to furnish such
12 indemnifying bonds or to pledge such securities as required
13 by the board;

14 (7) provide for the replacement of lost, destroyed, or
15 mutilated bonds;

16 (8) covenant against extending the time for the
17 payment of the principal or interest on any of the bonds,
18 directly or indirectly, by any means or in any manner;

19 (9) prescribe and covenant as to the events of default
20 and terms and conditions upon which any or all of the bonds
21 shall become or may be declared due before maturity and as
22 to the terms and conditions upon which the declaration and
23 its consequences may be waived;

24 (10) covenant as to the rights, liabilities, powers,
25 and duties arising upon the breach by it of any covenant,

1 condition, or obligation;

2 (11) vest in a trustee or trustees the right to enforce
3 any covenant made to secure or to pay the bonds or to
4 foreclose any trust indenture in relation thereto, provide
5 for the powers and duties of the trustee or trustees, limit
6 the liabilities thereof, and provide the terms and
7 conditions upon which the trustee or trustees or the holders
8 of bonds or any proportion of them may enforce the covenant
9 or exercise the right of foreclosure;

10 (12) make such covenants and do any and all such acts
11 and things as may be necessary or convenient or desirable in
12 order to secure the bonds or, in the absolute discretion of
13 the board, to make the bonds more marketable,
14 notwithstanding that the covenants, acts, or things may not
15 be enumerated or expressly authorized herein;

16 (13) do all things in the issuance of the bonds and
17 provide for their security not inconsistent with the
18 constitution of Montana."

19 Section 32. Section 85-1-321, MCA, is amended to read:
20 "85-1-321. Funds in general. The board shall create a
21 fund to be known as the "administration fund" and shall also
22 create three separate funds in respect of the bonds of each
23 series, one fund to be known as the "construction fund,
24 series", another fund to be known as the "water fund,
25 series", and another fund to be known as the "sinking

1 debt service fund, series", each fund to be identified
 2 by the same series letter or letters as the bonds of the
 3 series. The moneys in each fund shall be deposited in such
 4 depository or depositories and secured in such manner as
 5 determined by the board. It is lawful for any bank or trust
 6 company incorporated under the laws of this state to act as
 7 the depository and to furnish such indemnifying bonds or to
 8 pledge such securities as may be required by the board. A
 9 separate account shall be kept in each construction fund and
 10 in each water fund for each project. All expenditures not
 11 properly chargeable to the construction fund account or to
 12 the water fund account of any one project shall be charged
 13 by the department in such proportions as it shall determine
 14 to the construction fund accounts or to the water fund
 15 accounts, as the case may be, of the projects in respect of
 16 which the expenditures were incurred."

17 Section 33. Section 85-1-322, MCA, is amended to read:
 18 "85-1-322. Construction capital projects funds. The
 19 proceeds of the bonds of each series issued under 85-1-301
 20 and 85-1-303 shall be placed to the credit of the
 21 appropriate construction capital projects fund, which fund
 22 shall at all times be kept segregated and set apart from all
 23 other funds. There shall also be credited to the appropriate
 24 construction capital projects fund all accrued interest upon
 25 the bonds and the interest received upon the deposits of

1 moneys in the fund and moneys received by way of grant from
 2 the United States or from any other source for the
 3 construction of the works. The moneys in each construction
 4 capital projects fund shall be paid out or disbursed in such
 5 manner as may be determined by the department, subject to
 6 this chapter, to pay the cost of the works. Any surplus
 7 which may remain in any construction capital projects fund
 8 after providing for the payment of the cost of the works
 9 shall be added to and become a part of the appropriate
 10 sinking debt service fund hereinafter provided for."

11 Section 34. Section 85-1-323, MCA, is amended to read:
 12 "85-1-323. Sinking Debt Service funds. (1) The board
 13 shall provide, in the proceedings authorizing the issuance
 14 of each series of bonds or in the trust indenture securing
 15 the same, for the paying into the appropriate sinking debt
 16 service fund at stated intervals all moneys then remaining
 17 in the water fund after paying all costs of operation,
 18 maintenance, and repairs of the works. All moneys in each
 19 sinking debt service fund shall be pledged for the payment
 20 of and used only for the purpose of paying:

- 21 (a) the interest upon the bonds as such interest shall
- 22 fall due;
- 23 (b) the necessary fiscal agency charges for paying
- 24 bonds and interest;
- 25 (c) the principal of the bonds as they fall due; and

1 (d) any premiums upon bonds retired by call or
2 purchase as herein provided.

3 (2) Prior to the issuance of the bonds of each series,
4 the board may provide by resolution or by such trust
5 indenture for using the sinking debt service fund or any
6 part thereof in the purchase of any of the outstanding bonds
7 payable therefrom at the market price thereof but not
8 exceeding the price, if any, at which the same shall at the
9 next interest date be payable or redeemable, and all bonds
10 redeemed or purchased shall forthwith be canceled and no
11 bonds shall be issued in place thereof. The moneys in each
12 sinking debt service fund, less such reserve as may be
13 provided for in the resolution authorizing the bonds or in
14 the trust indenture for the payment of interest and/or
15 principal, if not used within a reasonable time for the
16 purchase of bonds for cancellation as provided above, shall
17 be applied to the redemption of bonds then subject to
18 redemption at the redemption price then applicable."

19 Section 35. Section 85-1-603, MCA, is amended to read:

20 "85-1-603. Water development sinking--account debt
21 service fund created -- coal severance tax allocated. (1)
22 There is created a water development sinking--account debt
23 service fund within the sinking debt service fund type
24 established in 17-2-102.

25 (2) The state pledges and allocates and directs to be

1 credited to the water development sinking--account debt
2 service fund, as received, 1 1/4% of all money from time to
3 time received from the coal severance tax collected under
4 Title 15, chapter 35, and remaining after allocation of such
5 tax to the trust fund established under Article IX, section
6 5, of The Constitution of the State of Montana."

7 Section 36. Section 85-1-604, MCA, is amended to read:

8 "85-1-604. Water development earmarked special revenue
9 account created -- revenues allocated -- limitations on
10 appropriations from account. (1) There is created a water
11 development earmarked special revenue account within the
12 earmarked a special revenue fund established in 17-2-102.

13 (2) There shall be paid into the water development
14 earmarked special revenue account:

15 (a) all revenues of the works and other money as
16 provided in 85-1-332;

17 (b) 30% of the interest income of the resource
18 indemnity trust account fund as provided in and subject to
19 the conditions of 15-38-202;

20 (c) the excess of the coal severance tax proceeds
21 allocated by 85-1-603 to the water development sinking
22 account debt service fund above debt service requirements as
23 provided in and subject to the conditions of 85-1-619.

24 (3) Appropriations may be made from the water
25 development earmarked special revenue account for the

1 following purposes and subject to the following conditions:

2 (a) An amount less than or equal to that paid into the
3 account under 85-1-332 and only that amount may be
4 appropriated for the operation and maintenance of
5 state-owned projects and works. If the amount of money
6 available for appropriation under this subsection (3)(a) is
7 greater than that necessary for operation and maintenance
8 expenses, the excess may be appropriated as provided in
9 subsection (3)(b).

10 (b) An amount less than or equal to that paid into the
11 account from the resource indemnity trust ~~account fund~~ plus
12 any excess from subsection (3)(a) and only that amount may
13 be appropriated from the account for:

14 (i) the rehabilitation of state-owned projects and
15 works, including the rehabilitation of spillways of
16 state-owned dams;

17 (ii) the formulation of downstream emergency warning
18 and evacuation plans for state-owned dams;

19 (iii) the development of the hydropower potential of
20 state-owned dams;

21 (iv) assistance in the implementation of the water
22 reservations established under 85-2-315 of conservation
23 districts;

24 (v) the promotion of the development of offstream and
25 tributary storage;

1 (vi) the promotion of joint state-tribal,
2 state-federal, and state-tribal-federal water development;

3 (vii) administrative expenses, including but not
4 limited to the salaries and expenses of personnel,
5 equipment, office space, and other necessities incurred in
6 the administration of the water development program except
7 the administration of loans and grants; and

8 (viii) any other expenditures that meet the policies
9 and objectives of the state water development program.

10 (c) An amount less than or equal to that paid into the
11 account from the water development ~~sinking--account debt~~
12 ~~service fund~~ and only that amount may be appropriated from
13 the account for loans and grants for water development
14 projects and activities and for administrative expenses,
15 including but not limited to the salaries and expenses of
16 personnel, equipment, office space, and other necessities
17 incurred in administering the loans and grants."

18 Section 37. Section 85-1-605, MCA, is amended to read:

19 "85-1-605. Grants and loans to state and local
20 governments. (1) The department may recommend to the
21 legislature that grants and loans be made from coal
22 severance tax proceeds deposited in the water development
23 ~~earmarked special revenue~~ account and loans be made from
24 water development bond proceeds deposited in the water
25 development ~~clearance~~ account to a department, agency,

1 board, commission, or other division of state government or
2 to a city, county, or other political subdivision or local
3 government body of the state. The legislature may approve by
4 appropriation or other appropriate means those grants and
5 loans it finds consistent with the policies and purposes of
6 the program.

7 (2) The grants and loans provided for by this section
8 may be made for the purchase, lease, development, or
9 construction of water development projects and activities
10 for the conservation, management, use, development, or
11 protection of the water and related agricultural, land,
12 fish, wildlife, and water recreation resources in the state;
13 for the purpose of feasibility and design studies for such
14 projects; for development of plans for and the
15 rehabilitation, expansion, and modification of water
16 development projects; for other water development projects
17 and activities that will enhance the water resources of the
18 state; and for similar purposes approved by the
19 legislature."

20 Section 38. Section 85-1-606, MCA, is amended to read:

21 "85-1-606. Grants and loans to private persons. (1) To
22 encourage the construction and development of water
23 development projects and activities, the department may make
24 grants and loans to private persons from funds appropriated
25 from the water development earmarked special revenue account

1 and may make loans to private persons from the water
2 development ~~clearance~~ account.

3 (2) The department shall publicize the statutes and
4 rules governing grants and loans to private persons for
5 water development projects and activities, set and publicize
6 application deadlines, and accept applications for grants
7 and loans.

8 (3) The department shall review, evaluate, and select
9 water development projects and activities for which grants
10 or loans may be awarded."

11 Section 39. Section 85-1-613, MCA, is amended to read:

12 "85-1-613. Limits on loans. (1) No loan for a water
13 development project or activity may be made from the water
14 development ~~earmarked~~ special revenue account or ~~clearance~~
15 water development account that exceeds the least of
16 \$100,000, 10% of the estimated total funds potentially
17 available for loans in the water development ~~earmarked~~
18 special revenue account and ~~clearance---accounts~~ water
19 development account in the biennium in which the loan will
20 be made, or 80% of the fair market value of the security
21 given therefor. In determining the fair market value for the
22 security given for a loan, the department shall consider
23 appraisals made by qualified appraisers and other factors it
24 considers important.

25 (2) The period for repayment of loans may not exceed

1 30 years.

2 (3) The board shall from time to time establish the
3 interest rate at which loans may be made under this part."

4 Section 40. Section 85-1-614, MCA, is amended to read:

5 "85-1-614. Limits on grants from water development
6 ~~earmarked special revenue~~ account. The maximum grant awarded
7 to a private person may not exceed 5% of the estimated total
8 funds potentially available in the water development
9 ~~earmarked special revenue~~ account for grants in the biennium
10 in which the grant will be made or 25% of the total project
11 cost, whichever is less."

12 Section 41. Section 85-1-615, MCA, is amended to read:

13 "85-1-615. Security interests. The state has a lien
14 upon a project constructed with money from the water
15 development ~~earmarked special revenue account~~ or ~~clearance~~
16 ~~water development~~ account for the amount of the loan and
17 interest due the state. This lien may attach to any project
18 facilities, equipment, easements, real property, and
19 property of any kind or nature owned by the debtor,
20 including all water rights. The department shall file with
21 the county clerk and recorder of each county in which a part
22 of the project is located either a financing statement or a
23 real estate mortgage covering the loan, its amount, terms,
24 and a description of the security. The county clerk and
25 recorder shall record and index the lien as other liens are

1 required by law to be recorded and indexed. The lien shall
2 be valid until paid in full or otherwise discharged. The
3 lien shall be foreclosed in accordance with applicable state
4 law governing foreclosure of mortgages and liens."

5 Section 42. Section 85-1-617, MCA, is amended to read:

6 "85-1-617. Issuing bonds. (1) When authorized by the
7 legislature and within the limits of the authorization and
8 within the further limitations established in this section,
9 the board of examiners may issue and sell water development
10 bonds of the state in the amount and manner it considers
11 necessary and proper to finance the water development loan
12 program. The full faith and credit and taxing powers of the
13 state are pledged for the prompt and full payment of all
14 bonds so issued and interest and redemption premiums payable
15 thereon according to their terms.

16 (2) Each series of water development bonds may be
17 issued by the board of examiners, upon request of the board
18 of natural resources and conservation, at public or private
19 sale, in such denominations and forms, whether payable to
20 bearer with attached interest coupons or registered as to
21 principal or as to both principal and interest, with such
22 provisions for conversion or exchange and for the issuance
23 of notes in anticipation of the issuance of definitive
24 bonds, bearing interest at such rate or rates, maturing at
25 such rate or rates, maturing at such time or times not

1 exceeding 30 years from date of issue, subject to optional
2 or mandatory redemption at such earlier times and prices and
3 upon such notice, with such provisions for payment and
4 discharge by the deposit of funds or securities in escrow
5 for that purpose, and payable at the office of such banking
6 institution or institutions within or outside the state, as
7 the board of examiners shall determine subject to the
8 limitations contained in this section.

9 (3) In the issuance of each series of water
10 development bonds, the interest rates and the maturities and
11 any mandatory redemption provisions thereof shall be
12 established in such manner that the funds then specifically
13 pledged and appropriated by law to the water development
14 ~~sinking-account~~ debt service fund will in the judgment of
15 the board of examiners be received in an amount sufficient
16 in each year to pay all principal, redemption premiums, and
17 interest due and payable in that year with respect to that
18 and all prior series of such bonds, except outstanding bonds
19 as to which the obligation of the state has been discharged
20 by the deposit of funds or securities sufficient for their
21 payment in accordance with the terms of the resolutions by
22 which they are authorized to be issued.

23 (4) In all other respects, the board of examiners is
24 authorized to prescribe the form and terms of the bonds and
25 shall do whatever is lawful and necessary for their issuance

1 and payment. Such bonds and any interest coupons appurtenant
2 thereto must be signed by the members of the board of
3 examiners, and the bonds must be issued under the great seal
4 of the state of Montana. The bonds and coupons may be
5 executed with facsimile signatures and seal in the manner
6 and subject to the limitations prescribed by law. The state
7 treasurer shall keep a record of all such bonds issued and
8 sold.

9 (5) There is created a water development ~~clearance~~
10 account within ~~the bond-proceeds-and-insurance-clearance~~ a
11 special revenue fund established in 17-2-102.

12 (6) All proceeds of bonds issued under this section,
13 other than refunding bonds, must be deposited in the water
14 development ~~clearance~~ account established in subsection (5),
15 except that any principal and accrued interest received in
16 repayment of a loan made from the proceeds of bonds issued
17 under this section must be deposited in the water
18 development ~~sinking-account~~ debt service fund and must be
19 applied to the payment, redemption premiums, and interest on
20 the particular bond issue from whose proceeds the loan was
21 made. All proceeds of refunding bonds must be deposited in
22 the water development ~~sinking-account~~ debt service fund and
23 applied to the payment and redemption of outstanding bonds
24 issued under this section as directed by the board, whether
25 at maturity or on any earlier date on which they may be

1 prepaid according to their terms.

2 (7) All actions taken by the board of examiners under
3 this section or 85-1-619 must be authorized by a vote of a
4 majority of the members of the board of examiners."

5 Section 43. Section 85-1-619, MCA, is amended to read:

6 "85-1-619. Sinking Debt service fund account -- pledge
7 and administration of sufficient balance. (1) The
8 legislature may levy, impose, assess, and pledge and
9 appropriate to the water development ~~sinking-account~~ debt
10 service fund any tax, charge, fee, rental, or other income
11 from any designated source. The state reserves the right to
12 modify from time to time the nature and amount of special
13 taxes and other revenues pledged and appropriated to the
14 water development ~~sinking-account~~ debt service fund,
15 provided that the aggregate resources so pledged and
16 appropriated are determined by the legislature to be
17 sufficient for the prompt and full payment of the principal
18 of and interest and redemption premiums when due on all
19 bonds payable from that account fund and provided that the
20 pledge of the full faith and credit and taxing powers of the
21 state for the security of all such bonds shall be and remain
22 irrevocable until they are fully paid.

23 (2) Money in the water development ~~sinking-account~~
24 debt service fund must be used first, to pay interest,
25 principal, and redemption premiums when due and payable with

1 respect to water development bonds; second, to accumulate a
2 reserve for the further security of such payments, to the
3 amount required each month to meet those payments due within
4 12 months thereafter; and third, to restore the reserve to
5 this amount after each payment.

6 (3) After the reserve provided for in subsection (2)
7 has been accumulated in the water development ~~sinking~~
8 account debt service fund, money at any time received in the
9 water development ~~sinking-account~~ debt service fund in
10 excess of that amount must be transferred by the treasurer
11 to the water development ~~earmarked~~ special revenue account.
12 If the balance on hand at any time in the water development
13 ~~sinking-account~~ debt service fund is not sufficient to
14 accumulate required reserves under subsection (2) and is not
15 restored to the required amount within 3 months thereafter
16 from funds specifically pledged and appropriated to the
17 water development ~~sinking-account~~ debt service fund, the
18 treasurer in accordance with the pledge of the full faith
19 and credit and taxing powers of the state shall transfer an
20 amount sufficient to restore the required balance from the
21 general fund to the water development ~~sinking-account~~ debt
22 service fund."

23 Section 44. Section 85-1-620, MCA, is amended to read:

24 "85-1-620. Water development refunding bonds. (1) The
25 board of examiners may issue refunding bonds at such times

1 and in such amounts, if any, as may be necessary to pay
 2 principal or interest due that cannot be paid from funds
 3 then on hand in the water development ~~sinking-account debt~~
 4 ~~service fund~~. The board of examiners may also issue
 5 refunding bonds to refund outstanding bonds before maturity
 6 for the purpose of extending the maturities thereof so far
 7 as determined by the board of examiners to be necessary to
 8 assure that the funds then pledged to the water development
 9 ~~sinking-account debt service fund~~ will be sufficient for
 10 payment of principal and interest due in subsequent years.
 11 The board of examiners may also issue refunding bonds to
 12 refund outstanding bonds before maturity for the purpose of
 13 reducing the interest cost or the total amount of principal
 14 and interest payable thereon.

15 (2) No refunding bonds may be issued and sold more
 16 than 3 months before all bonds refunded thereby mature or
 17 are called for redemption unless the proceeds thereof, with
 18 any other funds in the water development ~~sinking-account~~
 19 ~~debt service fund~~ that are needed and available for the
 20 purpose or securities purchased from such proceeds and other
 21 funds, are deposited with a suitable banking institution
 22 within or outside the state, in escrow, for the retirement
 23 of the refunded bonds at maturity or at a prior date or
 24 dates on which they have been called for redemption in
 25 accordance with their terms, in an amount and in a manner

1 sufficient under the provisions securing the refunded bonds,
 2 so that the state's obligation to pay the same, from sources
 3 other than the escrow fund, is discharged.

4 (3) No new debt may be created by the issuance of
 5 refunding bonds in accordance with this section, but such
 6 refunding bonds shall evidence the debt previously created
 7 and shall be secured by the pledge of the full faith and
 8 credit and taxing powers of the state and by the further
 9 provisions of this part in the same manner as the bonds
 10 refunded thereby."

11 Section 45. Section 85-1-623, MCA, is amended to read:
 12 "85-1-623. Authorization of water development bonds.
 13 The legislature, through the enactment of this section by a
 14 two-thirds vote of the members of each house, authorizes the
 15 creation of state debt in an amount not to exceed \$5 million
 16 and the issuance and sale of water development bonds in this
 17 amount for the purpose of providing funds appropriated to
 18 the water development ~~clearance-fund~~ account for loans as
 19 provided in the water development program."

20 Section 46. Section 90-2-102, MCA, is amended to read:
 21 "90-2-102. Definitions. Unless the context requires
 22 otherwise, in this part the following definitions apply:

23 (1) "Renewable resource development program" means
 24 such developments in the public interest of renewable
 25 natural resources of the state as shall from time to time be

1 acquired, constructed, and financed from funds appropriated
2 to the ~~accounts account and fund~~ referred to in this section
3 and from the proceeds of bonds issued in anticipation of the
4 receipt of these funds.

5 (2) "Renewable resource development bonds" means all
6 series of bonds authorized by law to be issued pursuant to
7 90-2-121 to finance any part of the renewable resource
8 development program or to refund any such bonds.

9 (3) "Renewable resource development account" or
10 "~~clearance--fund--account~~" means a separate account which is
11 created within the ~~bond-and-insurance--clearance~~ a special
12 revenue fund established in 17-2-102 and shall be segregated
13 by the treasurer from all other money in that or any other
14 fund in the state treasury and used only to pay costs of the
15 renewable resource development program, upon order of the
16 board of natural resources and conservation under authority
17 and within limitations provided by law.

18 (4) "Renewable resource development bond account fund"
19 ~~or--"sinking-fund-account"~~ means a separate account fund
20 which is created within the ~~sinking debt service fund type~~
21 established in 17-2-102 and shall be segregated by the
22 treasurer from all other money in that or any other fund in
23 the treasury and used only as provided for herein.

24 (5) "Treasurer" means the state treasurer."

25 Section 47. Section 90-2-112, MCA, is amended to read:

1 "90-2-112. Bond proceeds not for grants. Unless
2 specifically authorized by the legislature, no bond proceeds
3 may be used for the purpose of making grants. Grants may be
4 made only from such sums as are deposited in the ~~sinking~~
5 debt service fund ~~account~~ from the collection of the coal
6 severance tax as provided in 90-2-124."

7 Section 48. Section 90-2-121, MCA, is amended to read:

8 "90-2-121. Issuing bonds. (1) Within the limits
9 authorized by 90-2-127 and within the further limitations in
10 this section, the board of examiners may issue and sell
11 bonds of the state in such manner as it considers necessary
12 and proper to finance the renewable resource development
13 program. The full faith and credit and taxing powers of the
14 state shall be pledged for the prompt and full payment of
15 all bonds so issued and interest and redemption premiums
16 payable thereon according to their terms.

17 (2) Each series of such bonds shall be issued by the
18 board of examiners upon request of the board of natural
19 resources and conservation in such denominations and forms,
20 whether payable to bearer with attached interest coupons or
21 registered as to principal or as to both principal and
22 interest, with such provisions for conversion or exchange
23 and for the issuance of notes in anticipation of the
24 issuance of definitive bonds, bearing interest at such rate
25 or rates, maturing at such time or times not exceeding 30

years from date of issue, subject to optional or mandatory redemption at such earlier times and prices and upon such notice, with such provisions for payment and discharge by the deposit of funds or securities in escrow for that purpose, and payable at the office of such banking institution or institutions within or outside the state, as the board shall determine subject to the limitations contained in this section.

(3) In the issuance of each series of such bonds the interest rates and the maturities and any mandatory redemption provisions thereof shall be established in such manner that the funds then specifically pledged and appropriated by law to the sinking debt service fund account will in the judgment of the board be received in an amount sufficient in each year to pay all principal, redemption premiums, and interest due and payable in that year with respect to that and all prior series of such bonds, except outstanding bonds as to which the obligation of the state has been discharged by the deposit of funds or securities sufficient for their payment in accordance with the terms of the resolutions by which they are authorized to be issued.

(4) In all other respects the board of examiners is authorized to prescribe the form and terms of the bonds and shall do whatever is lawful and necessary for their issuance and payment. Such bonds and any interest coupons appurtenant

thereto shall be signed by the members of the board of examiners, and the bonds shall be issued under the great seal of the state of Montana. The bonds and coupons may be executed with facsimile signatures and seal in the manner and subject to the limitations prescribed by law. The state treasurer shall keep a record of all such bonds issued and sold.

(5) All proceeds of bonds issued hereunder, other than refunding bonds, shall be deposited in the ~~clearance--fund~~ renewable resource development account, except that any principal and accrued interest received in repayment of the loans provided for in this part shall be deposited in the sinking debt service fund account. All proceeds of refunding bonds shall be deposited in the ~~sinking debt service~~ fund account and applied to the payment and redemption of outstanding bonds issued hereunder as directed by the board, whether at maturity or on any previous date on which they may be prepaid according to their terms."

Section 49. Section 90-2-122, MCA, is amended to read:

"90-2-122. Refunding bonds. (1) The board of examiners is authorized to issue refunding bonds at such times and in such amounts, if any, as may be necessary to pay principal or interest due which cannot be paid from funds then on hand in the sinking debt service fund account. It may also issue refunding bonds to refund outstanding bonds before maturity

1 for the purpose of extending the maturities thereof so far
2 as determined by the board to be necessary to assure that
3 the funds then pledged to the sinking debt service fund
4 account will be sufficient for payment of principal and
5 interest due in subsequent years. It may also issue
6 refunding bonds to refund outstanding bonds before maturity
7 for the purpose of reducing the interest cost or the total
8 amount of principal and interest payable thereon.

9 (2) No refunding bonds may be issued and sold more
10 than 3 months before all bonds refunded thereby mature or
11 are called for redemption unless the proceeds thereof, with
12 any other funds in the sinking debt service fund account
13 which are needed and available for the purpose, or
14 securities purchased from such proceeds and other funds, are
15 deposited with a suitable banking institution within or
16 outside the state, in escrow for the retirement of the
17 refunded bonds at maturity or at a prior date or dates on
18 which they have been called for redemption in accordance
19 with their terms, in an amount and in a manner sufficient
20 under the provisions securing the refunded bonds so that the
21 state's obligation to pay the same, from sources other than
22 the escrow fund, is discharged.

23 (3) No new debt may be created by the issuance of
24 refunding bonds in accordance with this section, but such
25 refunding bonds shall evidence the debt previously created

1 and shall be secured by the pledge of the full faith and
2 credit and taxing powers of the state and by the further
3 provisions of this part in the same manner as the bonds
4 refunded thereby."

5 Section 50. Section 90-2-123, MCA, is amended to read:

6 "90-2-123. Sinking Debt service fund account. (1) The
7 state may by enactment of the legislature or the people
8 levy, impose, assess, and pledge and appropriate to the
9 sinking debt service fund account any tax, charge, fee,
10 rental, or other income from any designated source. The
11 state reserves the right to modify from time to time the
12 nature and amount of special taxes and other revenues
13 pledged and appropriated to the sinking debt service fund
14 account, provided that the aggregate resources so pledged
15 and appropriated are determined by the legislature to be
16 sufficient for the prompt and full payment of the principal
17 of and interest and redemption premiums when due on all
18 bonds payable from that account fund, and provided that the
19 pledge of the full faith and credit and taxing powers of the
20 state for the security of all such bonds shall be and remain
21 irrevocable until they are fully paid.

22 (2) Money in the sinking debt service fund account
23 shall be used first to pay interest, principal, and
24 redemption premiums when due and payable with respect to
25 renewable resource development bonds; second to accumulate a

1 reserve for the further security of such payments, to the
2 amount required each month to meet those payments due within
3 12 months thereafter; and third to restore the reserve to
4 this amount after each payment.

5 (3) After the reserve provided for in subsection (2)
6 above is in the sinking debt service fund, money at any time
7 received in the sinking debt service fund in excess of that
8 amount shall be transferred by the treasurer to the
9 ~~clearance-fund~~ renewable resource development account. If
10 the balance at any time on hand in the sinking debt service
11 fund is not sufficient for compliance with subsection (2)
12 and is not restored to the required amount within 3 months
13 thereafter from funds specifically pledged and appropriated
14 to the sinking debt service fund account, the treasurer
15 shall transfer thereto from the general fund an amount
16 sufficient to restore the required balance."

17 Section 51. Section 90-2-124, MCA, is amended to read:
18 "90-2-124. Appropriation of coal severance tax. The
19 state pledges and appropriates and directs to be credited to
20 the sinking debt service fund account, as received, 1 1/4%
21 of all money from time to time received from the collection
22 of the severance tax and remaining after allocation of such
23 tax to the trust fund established under section 5, Article
24 IX, of the Montana constitution and such additional amount
25 thereof, if any, as may be required from time to time to

1 provide sufficient funds for the purposes stated in
2 90-2-123(2), provided that no more than 1 1/4% of such tax
3 collections shall be deemed to be pledged for the purpose of
4 90-2-121(3)."

5 Section 52. Section 90-2-125, MCA, is amended to read:
6 "90-2-125. ~~Clearance-fund~~ renewable resource
7 development account. The state may by enactment of the
8 legislature or the people levy, impose, assess, and pledge
9 and appropriate to the ~~clearance-fund~~ renewable resource
10 development account any tax, charge, fee, rental, or other
11 income from any source."

12 Section 53. Section 90-2-126, MCA, is amended to read:
13 "90-2-126. Costs and expenditures. (1) The costs of
14 the board of examiners, the board of natural resources and
15 conservation, and the department of natural resources and
16 conservation incurred in the administration of this part
17 shall be met from the ~~clearance-fund~~ renewable resource
18 development account moneys which shall from time to time as
19 needed be transferred to an ~~earmarked~~ a special revenue fund
20 account established for that purpose.

21 (2) The board of examiners and the department of
22 natural resources may, within the limits of appropriation
23 made therefore, make necessary expenditures for the purchase
24 or hire of such personnel, facilities, and services as they
25 may from time to time find necessary for the proper

1 administration of this part."

2 Section 54. Section 90-2-127, MCA, is amended to read:

3 *90-2-127. Authorization of bonds. The legislature,
4 through the enactment of this law by a two-thirds vote of
5 the members of each house, authorizes the creation of state
6 debt in an amount not to exceed \$5 million and the issuance
7 and sale of renewable resource development bonds in this
8 amount for the purpose of providing funds appropriated to
9 the ~~clearance-fund~~ renewable resource development account
10 for developments included in the renewable resource
11 development program."

12 NEW SECTION. Section 55. Code commissioner to make
13 changes. Whenever a reference to a treasury fund type, fund,
14 or account appears in any new material enacted by the 48th
15 legislature and approved by the governor, whether in new
16 sections or amended sections, the code commissioner, in
17 consultation with the department of administration and the
18 legislative fiscal analyst, shall change the reference in
19 that material as necessary to reflect the fund structure
20 provided for in 17-2-102. The code commissioner may make
21 other incidental changes to reflect the intent of [this act]
22 without changing the meaning.

23 NEW SECTION. Section 56. Effective date. This act is
24 effective July 1, 1983.

-End-

Approved by Committee
on State Administration

1 HOUSE BILL NO. 533
2 INTRODUCED BY BARDANOUVE
3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
6 LANGUAGE IN CODE SECTIONS DEALING WITH THE ISSUANCE OF BONDS
7 IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE
8 CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER
9 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 17-5-401,
10 17-5-403 THROUGH 17-5-408, 17-5-411, 17-5-412, 17-5-421,
11 17-5-422, 17-5-503, 17-5-506, 17-5-507, 17-5-608, 17-5-618,
12 17-5-702 THROUGH 17-5-705, 17-5-708 THROUGH 17-5-710,
13 20-25-433, 20-25-434, 60-3-201, 60-11-1107, 76-15-507,
14 85-1-102, 85-1-304, 85-1-307, 85-1-321 THROUGH 85-1-323,
15 85-1-603 THROUGH 85-1-606, 85-1-613 THROUGH 85-1-615,
16 85-1-617, 85-1-619, 85-1-620, 85-1-623, 90-2-102, 90-2-112,
17 AND 90-2-121 THROUGH 90-2-127, MCA; INSTRUCTING THE CODE
18 COMMISSIONER TO MAKE NECESSARY CHANGES; AND PROVIDING AN
19 EFFECTIVE DATE."
20
21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
22 Section 1. Section 17-5-401, MCA, is amended to read:
23 "17-5-401. Definitions. (1) "Board", "department", and
24 "treasurer" mean the board of examiners, department of
25 administration, and state treasurer, respectively.

1 (2) ~~"Clearance--fund--account"~~ "Capital projects fund"
2 means a separate long-range building program subfund fund
3 which is created within the bond-proceeds-and-insurance
4 clearance capital projects fund type established in
5 17-2-102.
6 (3) "Long-range building program" means and includes
7 all buildings, structures, and facilities to be constructed,
8 repaired, used, equipped, or furnished and land to be
9 acquired therefor with the consent of the legislature in
10 accordance with 17-7-202 and 18-2-101 through 18-2-105.
11 (4) "Long-range building program bonds" means and
12 includes all series of bonds issued to finance any portion
13 of the long-range building program or to refund outstanding
14 bonds, as authorized in this part.
15 (5) ~~"Sinking--fund"~~ "Debt service account" means a
16 separate long-range building program subfund fund which is
17 created within the sinking debt service fund type
18 established in 17-2-102."
19 Section 2. Section 17-5-403, MCA, is amended to read:
20 "17-5-403. Form, principal and interest, fiscal agent,
21 and deposit of proceeds. (1) Each series of such bonds shall
22 be issued by the board upon request of the department, in
23 such denominations and form, whether payable to bearer or
24 registered as to principal or both principal and interest,
25 with such provisions for conversion or exchange and for the

1 issuance of notes in anticipation of the execution and
 2 delivery of definitive bonds, bearing interest at such rate
 3 or rates, maturing at such times not exceeding 30 years from
 4 date of issue, subject to redemption at such earlier times
 5 and prices and upon such notice, and payable at the office
 6 of such fiscal agency of the state as the board shall
 7 determine subject to the limitations contained in this
 8 section and 17-5-402.

9 (2) In the issuance of each series of such bonds, the
 10 amount, maturities, and interest rates thereof shall be
 11 fixed in such manner that the maximum amount of principal
 12 and interest to become due in any subsequent fiscal year on
 13 all such bonds then outstanding and on the series so to be
 14 issued will not exceed 50% of the average annual amount
 15 collected during the 3 then next preceding fiscal years from
 16 the special taxes pledged by law to the ~~sinking-fund debt~~
 17 ~~service~~ account at the time of such issuance, except that
 18 this provision shall not constitute a covenant of the state
 19 for the security of the bonds issued pursuant to this part
 20 after January 1, 1973, and the state reserves the right to
 21 amend this subsection in any manner after all bonds issued
 22 prior to that date and the interest thereon have been fully
 23 paid or the state's liability thereon has been otherwise
 24 fully discharged.

25 (3) In all other respects the board is authorized to

1 prescribe the form and terms of the bonds and shall do
 2 whatever is lawful and necessary for their issuance and
 3 payment. Such bonds and any interest coupons appurtenant
 4 thereto shall be signed by the members of the board, and the
 5 bonds shall be issued under the great seal of the state of
 6 Montana. The bonds and coupons may be executed with
 7 facsimile signatures and seal in the manner and subject to
 8 the limitations prescribed by law. The state treasurer shall
 9 keep a record of all such bonds issued and sold.

10 (4) The board is hereby authorized to employ a fiscal
 11 agent to assist in the performance of its duties hereunder.

12 (5) All proceeds of bonds issued hereunder shall be
 13 deposited in the ~~clearance--fund--account~~ capital projects
 14 ~~fund~~, except that any premiums and accrued interest received
 15 shall be deposited in the ~~sinking--fund~~ debt service
 16 account."

17 Section 3. Section 17-5-404, MCA, is amended to read:

18 "17-5-404. Use of ~~clearance~~ capital projects fund. The
 19 ~~clearance--fund--account~~ capital projects fund shall be
 20 segregated by the treasurer from all other money in that or
 21 any other fund in the state treasury and used only to pay
 22 costs of the long-range building program, upon order of the
 23 department acting within the limits of the authority
 24 conferred upon it by the legislature."

25 Section 4. Section 17-5-405, MCA, is amended to read:

"17-5-405. ~~Sinking-fund Debt Service~~ account. (1) From and after the pledge and appropriation of any special tax to the ~~sinking-fund debt service~~ account, as provided and contemplated in this section, 17-5-407, and 17-5-408, such tax shall continue in force and shall be available and shall be pledged and appropriated for the payment of long-range building program bonds, and all moneys received from the collection thereof shall be deposited by the treasurer to the credit of the ~~sinking-fund debt service~~ account.

(2) No special taxes pledged to the ~~sinking-fund debt service~~ account on January 1, 1973, shall be discontinued or diverted to other funds until all bonds issued pursuant to this part prior to that date and the interest thereon have been fully paid or the state's liability thereon has been fully discharged, except to the extent, if any, that the right so to do has been reserved in the resolutions authorizing the issuance of such bonds.

(3) Subject to the provisions of subsections (1) and (2), the state reserves the right to modify from time to time the nature and amount of special taxes to be deposited to the credit of the ~~sinking-fund debt service~~ account.

(4) Money in the ~~sinking-fund debt service~~ account shall be used: first, to pay interest and principal when due on long-range building program bonds; second, to accumulate a reserve in the amount required below, for the further

security of such payments; and third, to maintain this reserve in an amount at least equal, after each interest and principal payment, to the maximum amount of interest and principal which will become due on all such bonds which are then outstanding in any subsequent fiscal year.

(5) Money at any time received in the ~~sinking-fund debt service~~ account in excess of the principal, interest, and reserve requirements stated in subsection (4) shall be transferred by the treasurer to the general fund. If the balance at any time on hand in the ~~sinking-fund debt service~~ account is not sufficient for compliance with subsection (4), the treasurer shall credit to said account an amount sufficient to restore said balance from the next collections of the special taxes appropriated to said account and from any other collections of taxes appropriated to the general fund, not exceeding the aggregate amount theretofore transferred from the ~~sinking-fund debt service~~ account to the general fund."

Section 5. Section 17-5-406, MCA, is amended to read:

"17-5-406. Use of ~~sinking-fund debt service account~~. The ~~sinking-fund debt service~~ account shall be segregated by the treasurer from all other money in that or any other fund in the treasury and used only to pay long-range building program bonds and interest thereon when due so long as any such bonds or interest remain unpaid."

Section 6. Section 17-5-407, MCA, is amended to read:

"17-5-407. Reservation of power to pledge taxes -- redemption -- refunding bonds. (1) The state reserves the power, by enactment of the legislature or the people, to levy, impose, and assess and to pledge and appropriate to the ~~sinking--fund~~ debt--service account any tax specially designated therein or any specified amount or percentage of the collections of such special tax. The state also reserves the power to appropriate any funds designated by enactment of the legislature or the people for the redemption and prepayment of any long-range building program bonds or to authorize the issuance and sale of bonds for the purpose of refunding any such outstanding bonds or interest thereon, upon such terms and conditions as may be provided in said enactments and consistent with covenants and agreements made for the security of the outstanding bonds.

(2) Refunding bonds issued in advance of the maturity of the bonds refunded shall be issued only subject to the conditions stated in 17-5-403(2), substituting for this purpose the principal and interest requirements of the refunding bonds for those of the bonds refunded.

(3) Nothing herein shall prevent the board from issuing and selling refunding bonds, payable from the ~~sinking--fund~~ debt--service account, to provide funds for payment of principal or interest due on long-range building

program bonds when and if and to the extent that the ~~sinking~~ fund debt--service account is insufficient for this purpose."

Section 7. Section 17-5-408, MCA, is amended to read:

"17-5-408. Percentage of income, corporation license, and cigarette tax pledged. (1) The state pledges and appropriates and directs to be credited as received to the ~~sinking--fund~~ debt--service account 11% of all money, except as provided in 15-31-702, received from the collection of the income tax and the corporation license tax referred to in 15-1-501 and such additional amount of said taxes, if any, as may at any time be needed to comply with the principal and interest and reserve requirements stated in 17-5-405(4), provided that no more than 11% of such tax collections shall be deemed to be pledged for the purpose of 17-5-403(2). The pledge and appropriation herein made shall be and remain at all times a first and prior charge upon all money received from the collection of said taxes.

(2) The state pledges and appropriates and directs to be credited to the ~~sinking--fund~~ debt--service account 73% of all money received from the collection of the 12-cent excise tax on cigarettes which is levied, imposed, and assessed by 16-11-111. The state also pledges and appropriates and directs to be credited as received to the ~~sinking--fund~~ debt--service account all money received from the collection of the taxes on other tobacco products which are or may

1 hereafter be levied, imposed, and assessed by law for that
 2 purpose, including the tax levied, imposed, and assessed by
 3 16-11-202. Nothing herein shall impair or otherwise affect
 4 the provisions and covenants contained in the resolutions
 5 authorizing the presently outstanding long-range building
 6 program bonds. Subject to the provisions of the preceding
 7 sentence, the pledge and appropriation herein made shall be
 8 and remain at all times a first and prior charge upon all
 9 money received from the collection of all taxes referred to
 10 in this subsection (2)."

11 Section 8. Section 17-5-411, MCA, is amended to read:

12 "17-5-411. Agreement with division of workers'
 13 compensation. If the proceeds of any bonds issued pursuant
 14 to 17-5-410 are appropriated for the purpose of constructing
 15 a workers' compensation building in Helena, the board of
 16 examiners and division of workers' compensation shall enter
 17 into an agreement pursuant to which the division shall agree
 18 to pay the state treasurer for deposit in the ~~sinking--fund~~
 19 ~~debt___service~~ account established pursuant to 17-5-405
 20 amounts sufficient to pay as due the principal of and
 21 interest on those bonds from which the appropriation was
 22 made and to accumulate and maintain the required reserve
 23 attributable to those bonds. The agreement shall provide
 24 that, to the extent not required for costs of completing the
 25 building, the income from investment of the bond proceeds

1 prior to expenditure and from investment of the reserve
 2 shall be credited against the division's payment obligation.
 3 The agreement shall allow for accumulation of the reserve
 4 during the first year the bonds are outstanding. The
 5 payments under the agreement shall be made from revenues and
 6 moneys of the division available therefor."

7 Section 9. Section 17-5-412, MCA, is amended to read:

8 "17-5-412. Agreement with employment security
 9 division. If the proceeds of any bonds issued pursuant to
 10 17-5-410 are appropriated for the purpose of constructing
 11 employment service buildings, the board of examiners and
 12 employment security division shall enter into an agreement
 13 pursuant to which the division shall agree to pay the state
 14 treasurer for deposit in the ~~sinking--fund~~ debt_service
 15 account established pursuant to 17-5-405 amounts sufficient
 16 to pay as due the principal of and interest on those bonds
 17 from which the appropriation was made and to accumulate and
 18 maintain the required reserve attributable to those bonds.
 19 The agreement shall provide that, to the extent not required
 20 for costs of completing the buildings, income from
 21 investment of the bond proceeds prior to expenditure and
 22 from investment of the reserve shall be credited against the
 23 division's payment obligation. The agreement shall allow
 24 for accumulation of the reserve during the first year the
 25 bonds are outstanding. The payments under the agreement

shall be made from revenues and moneys of the division available therefor."

Section 10. Section 17-5-421, MCA, is amended to read:

"17-5-421. Bonds for Montana college of mineral science and technology. (1) The board of examiners is authorized to issue and sell long-range building program bonds upon the conditions and in the manner stated in this part, in an amount not exceeding \$2,275,000, over and above the amount of the long-range building program bonds outstanding on January 1, 1977, for the purpose of paying costs of acquiring, constructing, and equipping a physical education facility for and to be located at Montana college of mineral science and technology. The issuance and sale of the bonds shall be subject to an undertaking by the board of regents to pay to the state treasurer for deposit in the ~~sinking--fund debt--service~~ account established pursuant to 17-5-405, from the sources hereinafter defined, amounts sufficient to pay as due the principal of and interest on the bonds; provided, however, this undertaking shall be enforceable only by the state treasurer and shall not be enforceable by the holders of such bonds. The payments by the board of regents shall be made from available revenues derived from resident and nonresident student building fees charged to students enrolled at Montana college of mineral science and technology, interest and income from lands

granted by the United States of America to the state pursuant to 25 Stat. 676 for the establishment and maintenance of the college and the operation of the physical education facility, and other revenue producing residence and student union facilities at the college, subject to the prior pledge and appropriation of such revenues to the payment of other obligations of the board of regents.

(2) The proceeds of the bonds authorized by subsection (1) of this section shall be deposited in the ~~clearance-fund~~ ~~account~~ capital_projects_fund created by 17-5-401."

Section 11. Section 17-5-422, MCA, is amended to read:

"17-5-422. Bonds for state capitol improvements. (1) The board of examiners is authorized to issue and sell long-range building program bonds, upon the conditions and in the manner stated in this part, in the principal amount not to exceed \$5 million, for the purpose of financing costs of improvements to the state capitol.

(2) There is appropriated to the ~~sinking--fund debt~~ ~~service~~ account established pursuant to 17-5-405 from the revenues of the capitol building land grant (exclusive of income derived from investment of accumulated revenues) in each fiscal year during the term of the bonds authorized by subsection (1) an amount sufficient to pay the principal of and interest on the bonds as due and to establish and maintain required reserves therefor. The appropriation shall

1 be reduced in each fiscal year by the amount, if any, of
2 income received in that year from investment of the reserve
3 attributable to the bonds. The appropriation made by this
4 section is solely for the benefit of the state and is not
5 enforceable by the holders of the bonds."

6 Section 12. Section 17-5-503, MCA, is amended to read:

7 "17-5-503. Amount authorized and reservation of future
8 authorizations -- payment. The aggregate amount of highway
9 bonds authorized by this part for the purpose expressed in
10 17-5-501 shall not exceed the sum of \$7,400,000. The state
11 reserves the privilege of issuing additional highway bonds,
12 when and if authorized by law, for this purpose and for any
13 other purpose for which money derived from the sources
14 described in Article VIII, section 6, of the constitution is
15 authorized by that section to be expended. The board of
16 examiners is also authorized to issue additional highway
17 bonds for the purpose of refunding bonds issued pursuant to
18 or as contemplated in this chapter, in amounts not exceeding
19 the principal amount of the bonds refunded, when the board
20 determines that the refunding of any outstanding bonds is in
21 the best interests of the state. All bonds issued for the
22 purposes contemplated in this section shall be payable from
23 the same sinking-fund ~~debt-service~~ account on a parity as to
24 both principal and interest with the bonds authorized in
25 17-5-501, provided that in the issuance of each series of

1 such bonds the amount, maturities, and interest rates
2 thereof shall be fixed in such manner that the maximum
3 amount of principal and interest to become due in any
4 subsequent fiscal year on such bonds then outstanding
5 (except bonds refunded) and on the series so to be issued
6 will not exceed 25% of the amount collected during the then
7 next preceding fiscal year from the tax or taxes pledged by
8 law to the sinking-fund ~~debt-service~~ account at the time of
9 such issuance. The provisions of this section shall not
10 constitute a covenant with the holders of any bonds issued
11 hereunder."

12 Section 13. Section 17-5-506, MCA, is amended to read:

13 "17-5-506. Deposit and use of proceeds. All proceeds
14 of bonds issued hereunder shall be deposited in a separate
15 highway subfund ~~capital-projects-fund~~ which is created
16 within the bond-proceeds--and--insurance--clearance ~~capital~~
17 projects fund type established by 17-2-102, referred to
18 herein as the "clearance--fund--account" ~~"highway capital~~
19 ~~projects-fund"~~, and shall be segregated by the treasurer
20 from all other money in that or any other fund in the state
21 treasury. The proceeds of the bonds authorized in 17-5-501
22 shall be used only to pay costs of acquiring land for and
23 erecting and equipping the buildings herein referred to,
24 upon order of the department of administration acting within
25 the limits of the authority conferred upon it by the

1 legislature and said proceeds are appropriated for the
 2 purpose of the capital items herein described. The proceeds
 3 of any additional bonds authorized as contemplated in
 4 17-5-503, except refunding bonds, shall be used only for
 5 purposes authorized under the provisions of Article VIII,
 6 section 6, of the constitution, upon order of the department
 7 acting within the limits of the authority conferred upon it
 8 by the legislature."

9 Section 14. Section 17-5-507, MCA, is amended to read:
 10 "17-5-507. State pledge of gasoline tax -- use. (1)
 11 The state pledges and appropriates and directs to be
 12 credited as received to the ~~sinking--fund~~ debt service
 13 account, as herein defined, that portion of the net proceeds
 14 from the collection of gasoline taxes which may from time to
 15 time be needed to comply with the principal and interest and
 16 reserve requirements stated in subsection (2) of this
 17 section. The pledge and appropriation herein made shall be
 18 and remain at all times a first and prior charge upon all
 19 money received as net proceeds from the collection of
 20 gasoline taxation. The term "net proceeds", as used herein,
 21 means all funds on hand in the treasury of the state as of
 22 any date, derived from the collection of the license tax
 23 imposed on gasoline distributors by 15-70-204, enacted by
 24 section 3, Chapter 369, Laws of 1969, as amended by section
 25 1, Chapter 202, and by section 2, Chapter 204, Laws of 1971,

1 and by section 90, Chapter 516, Laws of 1973, or by any
 2 subsequent enactment, less the amount of all refunds of such
 3 taxes for which applications have been made pursuant to law
 4 but which have not yet been paid or rejected. The term
 5 "~~sinking--fund~~ debt service account", as used herein, means
 6 a separate highway subfund ~~fund~~ which is created within the
 7 ~~sinking debt service~~ fund ~~type~~ established by 17-2-102 and
 8 shall be segregated by the treasurer from all other money in
 9 that or any other fund in the treasury and used only to pay
 10 highway bonds and interest thereon when due, so long as any
 11 such bonds or interest remain unpaid.

12 (2) Money in the ~~sinking--fund~~ debt service account
 13 shall be used: first, to pay interest and principal when due
 14 on highway bonds; second, to accumulate a reserve in the
 15 amount required below, for the further security of such
 16 payments; and third, to maintain this reserve in an amount
 17 at least equal, after each interest and principal payment,
 18 to the maximum amount of interest and principal which will
 19 become due on all such bonds which are then outstanding in
 20 any subsequent fiscal year.

21 (3) Money at any time received in the ~~sinking-fund~~
 22 debt service account in excess of the principal, interest,
 23 and reserve requirements stated in subsection (2) shall be
 24 transferred by the treasurer to the ~~the--earmarked a STATE~~
 25 special revenue fund, highway account. If the balance at any

1 time on hand in the sinking-fund ~~debt service~~ account is not
 2 sufficient for compliance with subsection (2), the treasurer
 3 shall credit to said account an amount sufficient to restore
 4 said balance from the next receipts of net proceeds from the
 5 collection of gasoline taxes."

6 Section 15. Section 17-5-608, MCA, is amended to read:

7 "17-5-608. Employment security building account. To
 8 provide for the payment of the interest and principal of the
 9 bonds authorized by 17-5-601 through 17-5-610, there is
 10 created an employment security commission building account
 11 within the--sinking ~~a debt service~~ fund in the state
 12 treasury. All sums of money dedicated and appropriated to
 13 the payment of the principal and interest of the bonds and
 14 the erection of the addition to the employment security
 15 building, including the landscaping and paving around it,
 16 shall be paid into that account."

17 Section 16. Section 17-5-618, MCA, is amended to read:

18 "17-5-618. Employment security building account. To
 19 provide for the payment of the interest and principal of the
 20 bonds authorized by 17-5-611 through 17-5-620, there is
 21 created an employment security commission building account
 22 within the sinking ~~debt service~~ fund ~~type~~ in the state
 23 treasury. All sums of money dedicated and appropriated to
 24 the payment of the principal and interest of the bonds and
 25 the erection of the buildings, including the landscaping and

1 paving around them, shall be paid into that account."

2 Section 17. Section 17-5-702, MCA, is amended to read:

3 "17-5-702. Purpose and intent. (1) The purpose of the
 4 coal severance tax trust fund bond provisions of this part
 5 is to establish the authority to issue and sell coal
 6 severance tax bonds that have been approved by act of the
 7 legislature for financing specific water resource
 8 development projects and activities in the state authorized
 9 by the legislature and to guarantee redemption of such bonds
 10 by revenue derived from the receipts from the coal severance
 11 tax imposed by Title 15, chapter 35, part 1, and such other
 12 money as the legislature may from time to time determine.

13 (2) The legislature intends that projects to be
 14 financed by coal severance tax bonds include water resource
 15 development projects and activities as part of the water
 16 development program established in Title 85, chapter 1, part
 17 6. The legislature further intends that the income from
 18 water resource development projects and activities in excess
 19 of the amount required for debt service and operation and
 20 maintenance of those projects and activities be deposited in
 21 the water development earmarked STATE special revenue
 22 account established in 85-1-604."

23 Section 18. Section 17-5-703, MCA, is amended to read:

24 "17-5-703. Coal severance tax trust subfunds ~~funds~~.
 25 (1) The trust established under Article IX, section 5, of

1 the Montana constitution shall be composed of the following
2 subfunds funds:

3 (a) a coal severance tax bond subfund fund into which
4 the constitutionally dedicated receipts from the coal
5 severance tax shall be deposited;

6 (b) a coal severance tax permanent subfund fund; and

7 (c) a coal severance tax income subfund fund.

8 (2) On each December 31 and June 30 the state
9 treasurer shall transfer to the coal severance tax permanent
10 subfund fund all money in the coal severance tax bond
11 subfund fund except the amount necessary to meet all
12 principal and interest payments on bonds payable from the
13 coal severance tax bond subfund fund on the next ensuing
14 semiannual payment date."

15 Section 19. Section 17-5-704, MCA, is amended to read:

16 "17-5-704. Investment of funds. (1) Money in the coal
17 severance tax bond subfund fund, the coal severance tax
18 permanent subfund fund, and the coal severance tax income
19 subfund fund must be invested in accordance with the
20 investment standards for coal severance tax funds except as
21 provided in subsection (2). Income and earnings from all
22 subfunds funds must be transferred to and retained in the
23 coal severance tax income subfund fund.

24 (2) Beginning on July 1, 1983, the legislature shall
25 appropriate 15% of the income and earnings from all subfunds

1 funds to be deposited to the coal severance tax permanent
2 subfund fund each year. The funds appropriated to the coal
3 severance tax permanent subfund fund under this subsection
4 may not be further appropriated except by vote of
5 three-fourths of the members of each house of the
6 legislature."

7 Section 20. Section 17-5-705, MCA, is amended to read:

8 "17-5-705. Pledge of coal severance tax bond subfund
9 fund. The money in the coal severance tax bond subfund fund
10 is pledged to the payment of the principal and interest on
11 all state of Montana coal severance tax bonds. All bonds
12 issued after July 1, 1981, wherein the money in the coal
13 severance tax bond subfund fund is pledged for their
14 retirement shall be called "state of Montana coal severance
15 tax bonds".

16 Section 21. Section 17-5-708, MCA, is amended to read:

17 "17-5-708. Special fund revenues. (1) If a law
18 authorizing a coal severance tax bond issue for a specific
19 purpose and in a specific amount contemplates the pledge and
20 receipt of revenues, assets, or money other than or in
21 addition to the money in the coal severance tax bond subfund
22 fund, then the money derived from such pledged revenues,
23 assets, and money must be paid into a special bond account
24 fund for the benefit of such bonds, which must be part of
25 the--sinking a debt service fund of the state treasury fund

1 structure.

2 (2) Money must be withdrawn from the coal severance
3 tax bond account fund and paid to the special bond fund as
4 necessary to provide for payment of principal and interest
5 on the coal severance tax bonds secured by a pledge of the
6 special account bond fund."

7 Section 22. Section 17-5-709, MCA, is amended to read:

8 "17-5-709. Continued tax deposit limit on additional
9 bonds. (1) The legislature shall provide for the continued
10 assessment, levy, collection, and deposit into the coal
11 severance tax bond subfund fund of the coal severance tax
12 which, together with such other revenues, assets, and money
13 as may be deposited to one or more special bond accounts
14 funds pledged for the benefit of coal severance tax bonds,
15 will be sufficient to produce an amount that is at least the
16 amount necessary to pay, when due, the annual debt service
17 charges on all outstanding coal severance tax bonds.

18 (2) The board of examiners may issue no coal severance
19 tax bonds unless the aggregate amount of coal severance tax
20 bonds outstanding, including the proposed issue and any
21 other coal severance tax bonds authorized but not yet
22 issued, can be serviced with no more than two-thirds of the
23 annual deposits into the coal severance tax bond subfund
24 fund, as determined by the average of the deposits during
25 the preceding 3 fiscal years, together with the average of

1 the aggregate amount of revenues, assets, or money deposited
2 in one or more special bond accounts funds used to pay debt
3 service on outstanding coal severance tax bonds during the
4 preceding 3 fiscal years.

5 (3) The provisions of this section may not be modified
6 so as to reduce the security for any coal severance tax
7 bonds while such bonds are outstanding."

8 Section 23. Section 17-5-710, MCA, is amended to read:

9 "17-5-710. Form -- principal and interest -- fiscal
10 agent -- deposit of proceeds. (1) Each series of coal
11 severance tax bonds must be issued by the board of examiners
12 at public or private sale, in such denominations and form,
13 whether payable to bearer or registered as to principal or
14 both principal and interest, with such provisions for the
15 conversion or exchange, bearing interest at such rate or
16 rates, maturing at such times not exceeding 40 years from
17 date of issue, subject to redemption at such earlier times
18 and prices and upon such notice, and payable at the office
19 of such fiscal agency of the state as the board of examiners
20 shall determine, subject to the limitations contained in
21 this part.

22 (2) In all other respects the board of examiners is
23 authorized to prescribe the form and terms of the bonds and
24 shall do whatever is lawful and necessary for their issuance
25 and payment.

1 (3) Coal severance tax bonds and any interest coupons
 2 appurtenant thereto shall be signed by the members of the
 3 board of examiners, and the bonds shall be issued under the
 4 great seal of the state of Montana. The bonds and coupons
 5 may be executed with facsimile signatures and seal in the
 6 manner and subject to the limitations prescribed by law. The
 7 state treasurer shall keep a record of all such bonds issued
 8 and sold.

9 (4) The board of examiners is authorized to employ a
 10 fiscal agent to assist in the performance of its duties
 11 hereunder.

12 (5) All proceeds of a state of Montana coal severance
 13 tax bonds issue shall be deposited in a ~~bond--proceeds--and~~
 14 ~~insurance--clearance-fund-account~~ capital projects fund or a
 15 STATE special revenue account established for that bond
 16 issue, except that any premiums and accrued interest
 17 received shall be deposited in a sinking debt service fund
 18 account established for that bond issue."

19 Section 24. Section 20-25-433, MCA, is amended to
 20 read:

21 "20-25-433. Sale and issuance of bonds --
 22 requirements. The sale and issuance of bonds pursuant to
 23 20-25-432 shall be subject to an undertaking by the board of
 24 regents to pay the state treasurer for deposit in the
 25 sinking debt service fund account established pursuant to

1 17-5-405 amounts sufficient to pay as due the principal of
 2 and interest on the bonds. The undertaking by the board of
 3 regents may be in the form of a revenue bond or bonds issued
 4 by the board of regents to the board of examiners or it may
 5 be in the form of an agreement between the board of regents
 6 and board of examiners. The payments under any such bonds or
 7 agreement shall be from such revenues, fees, and income as
 8 are lawfully available to the board of regents to pay the
 9 costs of facilities to be financed by the long-range
 10 building program bonds hereby authorized or to pay debt
 11 service on obligations of the board of regents incurred with
 12 respect to such facilities and costs. All agreements or
 13 bond arrangements entered into between the board of regents
 14 and the department of administration will specifically
 15 require the board to maintain debt service payments and the
 16 reserve requirement to the long-range building ~~sinking debt~~
 17 ~~service~~ fund. If enrollment reductions should endanger these
 18 payments, the regents shall insure continued payments
 19 through budget adjustments which include fee increases.
 20 With the approval of the board of examiners, any undertaking
 21 and the payments thereunder may be subordinated to other
 22 obligations of the board of regents upon such terms as the
 23 board of examiners considers appropriate. The undertaking of
 24 the board of regents shall be solely for the benefit of and
 25 enforceable by the state and may not be enforceable by the

1 holders of the long-range building program bonds. The bonds
2 may be issued in one or more series."

3 Section 25. Section 20-25-434, MCA, is amended to
4 read:

5 "20-25-434. Deposit and expenditure of bond proceeds.
6 The proceeds of the bonds authorized by 20-25-431 and
7 20-25-432 shall be deposited in the ~~clearance-fund-account~~
8 ~~capital---projects---fund~~ created by 17-5-401(2). No
9 construction or related bids shall be let until the bond
10 proceeds are deposited in the ~~clearance~~ capital_projects
11 fund. The amount of such proceeds is appropriated from the
12 ~~clearance-fund-account~~ capital_projects_fund to the board of
13 regents for the purpose for which the bonds are authorized."

14 Section 26. Section 60-3-201, MCA, is amended to read:

15 "60-3-201. Distribution and use of proceeds of
16 gasoline dealers' license tax. (1) All money received in
17 payment of license taxes under the Distributor's Gasoline
18 License Tax Act, except those amounts paid out of the
19 department of revenue's suspense account for gasoline tax
20 refund, shall be used and expended as provided in this
21 section. So much of that money on hand at any time as may be
22 needed to pay highway bonds and interest thereon when due
23 and to accumulate and maintain a reserve therefor, as
24 provided in laws and in resolutions of the state board of
25 examiners authorizing such bonds, shall be deposited in the

1 highway bond account in the ~~sinking debt_service~~ fund
2 established by 17-2-102. Subject to that provision, 9/10 of
3 1% of all money shall be deposited in the state park account
4 and 1/2 of 1% of all money shall be deposited in a
5 snowmobile account in the ~~earmarked a STATE special~~ revenue
6 fund. The remainder of the money shall be used by the
7 department of highways on the federal-aid highways in this
8 state selected and designated under Title 23, U.S.C., and on
9 highways leading from each county seat in the state to the
10 federal highway system of federal-aid roads where the county
11 seat is not on the system and on the other roads which have
12 been or may be authorized by the laws of Montana and for
13 collection of the license taxes and the enforcement of the
14 Montana highway code under Article VIII, section 6, of the
15 constitution of this state.

16 (2) The department shall, in expending this money,
17 carry forward construction from year to year, using the
18 money expended through the matching up of federal-aid
19 allotments to Montana upon the federal highway system in the
20 various parts of the state in accordance with 60-3-204
21 through 60-3-206. Nothing in this title conflicts with Title
22 23, U.S.C., and the rules by which it is administered.

23 (3) The department may enter into cooperative
24 agreements with the national park service and the federal
25 highway administration for the purpose of maintaining

1 national park approach roads in Montana.

2 (4) Money credited to the state park account in the
3 earmarked a STATE special revenue fund shall be used only
4 for the creation, improvement, and maintenance of state
5 parks where motorboating is allowed, except for the payment
6 of refunds under 15-70-221 through 15-70-226. The
7 legislature finds that of all the fuel sold in the state for
8 consumption in internal combustion engines, not less than
9 9/10 of 1% is used for propelling boats on waterways of this
10 state.

11 (5) Money credited to the snowmobile account may be
12 used only to develop and maintain facilities open to the
13 general public at no admission cost and to promote
14 snowmobile safety. For the 2 years following July 1, 1977,
15 15% of the amount deposited in the snowmobile fund account
16 each year shall be used to promote snowmobile safety.
17 Thereafter, 10% of the amount deposited in the snowmobile
18 fund account shall be used to promote snowmobile safety. The
19 legislature finds that of all fuels sold in this state for
20 consumption in internal combustion engines, not less than
21 1/2 of 1% is used for propelling snowmobiles on public lands
22 of this state."

23 Section 27. Section 60-11-1107, MCA, is amended to
24 read:

25 "60-11-1107. Bond accounts -- appropriation. (1) There

1 is a railroad rehabilitation account in the ~~bond~~ proceeds
2 and ~~insurance~~ ~~clearance~~ a STATE special revenue fund
3 provided for in 17-2-102. All bond proceeds shall be placed
4 in the railroad rehabilitation account, and all money
5 deposited in the account is continuously appropriated to the
6 department and may be expended by the department for the
7 purposes authorized in this part.

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

16 (3) If the department enters into a trust indenture
17 pursuant to 60-11-1106, it may provide for the establishment
18 of funds and accounts to be held by the trustee and may
19 pledge and appropriate the bond proceeds, capital reserves,
20 and loan payments to such funds and accounts notwithstanding
21 the provisions of subsections (1) and (2)."

22 Section 28. Section 76-15-507, MCA, is amended to
23 read:

24 "76-15-507. Investment of funds. The board of
25 supervisors shall have the power and authority to direct the

1 investment of funds in a sinking ~~debt~~ service fund in
 2 interest-bearing securities whenever in their judgment the
 3 same may be to the best interests of the district. But all
 4 such securities shall be converted into cash in time to meet
 5 the principal on the bonds payable from such sinking ~~debt~~
 6 service fund promptly at their maturity."

7 Section 29. Section 85-1-102, MCA, is amended to read:

8 "85-1-102. Definitions. Unless the context requires
 9 otherwise, in this chapter the following definitions apply:

10 (1) "Board" means the board of natural resources and
 11 conservation provided for in 2-15-3302.

12 (2) "Cost of works" means the cost of construction;
 13 the cost of all lands, property, rights, easements, and
 14 franchises acquired which are deemed necessary for the
 15 construction; the cost of all water rights acquired or
 16 exercised by the department in connection with those works;
 17 the cost of all machinery and equipment, financing charges,
 18 interest prior to and during construction and for a period
 19 not exceeding 3 years after the completion of construction;
 20 cost of engineering and legal expenses, plans,
 21 specifications, surveys, estimates of cost, and other
 22 expenses necessary or incident to determining the
 23 feasibility or practicability of any project; administrative
 24 expense; and such other expenses as may be necessary or
 25 incident to the financing herein authorized and the

1 construction of the works and the placing of the same in
 2 operation.

3 (3) "Department" means the department of natural
 4 resources and conservation provided for in Title 2, chapter
 5 15, part 33.

6 (4) "Owner" means all individuals, irrigation
 7 districts, drainage districts, flood control districts,
 8 incorporated companies, societies, or associations having
 9 any title or interest in any properties, rights, easements,
 10 or franchises to be acquired.

11 (5) "Private person" means any individual,
 12 association, partnership, corporation, or other
 13 nongovernmental entity not eligible for loans and grants
 14 under 85-1-605 but does not include a governmental entity
 15 such as an agency, local government, or political
 16 subdivision of the state, the United States, or any agency
 17 thereof, or any other governmental entity.

18 (6) "Project" means any one of the works herein
 19 defined or any combination of such works which are
 20 physically connected or jointly managed and operated as a
 21 single unit.

22 (7) "Public benefits" means those benefits that accrue
 23 from a water development project or activity to persons
 24 other than the private grant or loan recipient and that
 25 enhance the common well-being of the people of Montana.

1 Public benefits include but are not limited to recreation,
2 flood control, erosion reduction, agricultural flood damage
3 reduction, water quality enhancement, sediment reduction,
4 access to recreation opportunities, and wildlife
5 conservation.

6 (8) "Water development clearance account" means a
7 separate account created by 85-1-617 within the--bond
8 proceeds-and-insurance-clearance a--STATE--special--revenue
9 fund of the state treasury to finance loans under the
10 provisions of the water development program to agencies,
11 local governments, and political subdivisions of the state,
12 private persons, and any other eligible recipients from
13 proceeds of bonds issued under part 6 of this chapter.

14 (9) "Water development activity" means an action or
15 program to protect and enhance water-based recreation or to
16 protect or enhance water resources for the benefit of
17 agriculture, flood control, or other uses, including but not
18 limited to such purposes as the promotion of efficient use
19 of water in agriculture, the improvement of water quality in
20 agriculture and other nonpoint source uses, the protection
21 and enhancement of water-based recreation, the control of
22 erosion of streambanks and control of sedimentation of
23 rivers and streams, and providing greater local and state
24 control of Montana water resources. Water development
25 activities may provide any combination of marketable and

1 nonmarketable benefits.

2 (10) "Water development earmarked STATE special revenue
3 account" means a separate account created by 85-1-604 within
4 the--earmarked a--STATE--special revenue fund of the state
5 treasury for the purposes of the water development program
6 as set forth in 85-1-604.

7 (11) "Water development project" means a project as
8 defined in subsection (6), except that water development
9 projects are not limited to projects owned or operated by
10 the department.

11 (12) "Water development sinking--account debt service
12 fund" means a separate account fund created by 85-1-603
13 within the sinking debt service fund type of the state
14 treasury to be used as provided in 85-1-619.

15 (13) "Works" means all property, rights, easements, and
16 franchises relating thereto and deemed necessary or
17 convenient for their operation and all water rights acquired
18 or exercised by the department in connection with those
19 works and includes all means of conserving and distributing
20 water, including, without limiting the generality of the
21 foregoing, reservoirs, dams, diversion canals, distributing
22 canals, waste canals, drainage canals, dikes, lateral
23 ditches and pumping units, mains, pipelines, and waterworks
24 systems and includes all such works for the conservation,
25 development, storage, distribution, and utilization of

1 water, including without limiting the generality of the
2 foregoing, works for the purpose of irrigation, flood
3 prevention, drainage, fish and wildlife, recreation,
4 development of power, watering of stock, supplying of water
5 for public, domestic, industrial, or other uses and for fire
6 protection."

7 Section 30. Section 85-1-304, MCA, is amended to read:

8 "85-1-304. Lien upon bond proceeds. All moneys
9 received from any bonds issued pursuant to 85-1-301 and
10 85-1-303 shall be applied solely to the payment of the cost
11 of the works or to the apportionment ~~sinking debt service~~ fund
12 and to the "administration fund", as hereinafter provided,
13 and there shall be and hereby is created and granted a lien
14 upon such moneys, until so applied, in favor of the holders
15 of the bonds or the trustee hereinafter provided for in
16 respect of such bonds."

17 Section 31. Section 85-1-307, MCA, is amended to read:

18 "85-1-307. Provisions to secure payment of bonds. In
19 connection with the issuance of the bonds for the purpose of
20 paying in whole (or as supplemented by a grant from the
21 United States or any instrumentality or agency thereof) the
22 cost of the works or project or in order to secure the
23 payment of the bonds, the board may:

24 (1) pledge all or any part of the income, profit, and
25 revenue of the works or project and all moneys received from

1 the sale or disposal of water, use of water, water storage,
2 or other service and from the operation, lease, sale, or
3 other disposition of all or any part of the works or project
4 and covenant to pay the income, profit, and revenue into the
5 appropriate water fund and ~~sinking debt service~~ fund;

6 (2) covenant against pledging all or any part of the
7 income, profit, and revenue of the works or project and all
8 moneys received from the sale or disposal of water, use of
9 water, water storage, or other service and from the
10 operation, lease, sale, or other disposition of all or any
11 part of the works or project;

12 (3) covenant against mortgaging all or any part of the
13 works or project or against permitting or suffering any lien
14 thereon;

15 (4) covenant to fix and establish such prices, rates,
16 and charges for water and other services made available in
17 connection with the works or project so as to provide at all
18 times funds which will be sufficient to:

19 (a) pay all costs of operation and maintenance of the
20 works or project, together with necessary repairs thereto;

21 (b) meet and pay the principal and interest of all the
22 bonds as they severally become due and payable; and

23 (c) create such reserves for the principal and
24 interest of all the bonds and for the meeting of
25 contingencies in the operation and maintenance of the works

1 or project as the board determines;
 2 (5) make such further covenants as to such prices,
 3 rates, and charges as the board determines;
 4 (6) create special funds, in addition to those
 5 required by this chapter, for moneys reserved for principal
 6 and interest on bonds or for the meeting of contingencies in
 7 the operation and maintenance of the works or project and
 8 determine the manner in which and the depository or
 9 depositories in which those funds shall be deposited and the
 10 manner in which they shall be secured, and it is lawful for
 11 any bank or trust company incorporated under the laws of the
 12 state to act as that depository and to furnish such
 13 indemnifying bonds or to pledge such securities as required
 14 by the board;
 15 (7) provide for the replacement of lost, destroyed, or
 16 mutilated bonds;
 17 (8) covenant against extending the time for the
 18 payment of the principal or interest on any of the bonds,
 19 directly or indirectly, by any means or in any manner;
 20 (9) prescribe and covenant as to the events of default
 21 and terms and conditions upon which any or all of the bonds
 22 shall become or may be declared due before maturity and as
 23 to the terms and conditions upon which the declaration and
 24 its consequences may be waived;
 25 (10) covenant as to the rights, liabilities, powers,

1 and duties arising upon the breach by it of any covenant,
 2 condition, or obligation;
 3 (11) vest in a trustee or trustees the right to enforce
 4 any covenant made to secure or to pay the bonds or to
 5 foreclose any trust indenture in relation thereto, provide
 6 for the powers and duties of the trustee or trustees, limit
 7 the liabilities thereof, and provide the terms and
 8 conditions upon which the trustee or trustees or the holders
 9 of bonds or any proportion of them may enforce the covenant
 10 or exercise the right of foreclosure;
 11 (12) make such covenants and do any and all such acts
 12 and things as may be necessary or convenient or desirable in
 13 order to secure the bonds or, in the absolute discretion of
 14 the board, to make the bonds more marketable,
 15 notwithstanding that the covenants, acts, or things may not
 16 be enumerated or expressly authorized herein;
 17 (13) do all things in the issuance of the bonds and
 18 provide for their security not inconsistent with the
 19 constitution of Montana."
 20 Section 32. Section 85-1-321, MCA, is amended to read:
 21 "85-1-321. Funds in general. The board shall create a
 22 fund to be known as the "administration fund" and shall also
 23 create three separate funds in respect of the bonds of each
 24 series, one fund to be known as the "construction fund,
 25 series", another fund to be known as the "water fund,

1 series", and another fund to be known as the "sinking
2 debt_service fund, series", each fund to be identified
3 by the same series letter or letters as the bonds of the
4 series. The moneys in each fund shall be deposited in such
5 depository or depositories and secured in such manner as
6 determined by the board. It is lawful for any bank or trust
7 company incorporated under the laws of this state to act as
8 the depository and to furnish such indemnifying bonds or to
9 pledge such securities as may be required by the board. A
10 separate account shall be kept in each construction fund and
11 in each water fund for each project. All expenditures not
12 properly chargeable to the construction fund account or to
13 the water fund account of any one project shall be charged
14 by the department in such proportions as it shall determine
15 to the construction fund accounts or to the water fund
16 accounts, as the case may be, of the projects in respect of
17 which the expenditures were incurred."

18 Section 33. Section 85-1-322, MCA, is amended to read:
19 "85-1-322. Construction capital_projects funds. The
20 proceeds of the bonds of each series issued under 85-1-301
21 and 85-1-303 shall be placed to the credit of the
22 appropriate construction capital_projects fund, which fund
23 shall at all times be kept segregated and set apart from all
24 other funds. There shall also be credited to the appropriate
25 construction capital_projects fund all accrued interest upon

1 the bonds and the interest received upon the deposits of
2 moneys in the fund and moneys received by way of grant from
3 the United States or from any other source for the
4 construction of the works. The moneys in each construction
5 capital_projects fund shall be paid out or disbursed in such
6 manner as may be determined by the department, subject to
7 this chapter, to pay the cost of the works. Any surplus
8 which may remain in any construction capital_projects fund
9 after providing for the payment of the cost of the works
10 shall be added to and become a part of the appropriate
11 sinking debt_service fund hereinafter provided for."

12 Section 34. Section 85-1-323, MCA, is amended to read:
13 "85-1-323. Sinking Debt_service funds. (1) The board
14 shall provide, in the proceedings authorizing the issuance
15 of each series of bonds or in the trust indenture securing
16 the same, for the paying into the appropriate sinking debt
17 service fund at stated intervals all moneys then remaining
18 in the water fund after paying all costs of operation,
19 maintenance, and repairs of the works. All moneys in each
20 sinking debt_service fund shall be pledged for the payment
21 of and used only for the purpose of paying:

22 (a) the interest upon the bonds as such interest shall
23 fall due;

24 (b) the necessary fiscal agency charges for paying
25 bonds and interest;

(c) the principal of the bonds as they fall due; and

(d) any premiums upon bonds retired by call or purchase as herein provided.

(2) Prior to the issuance of the bonds of each series, the board may provide by resolution or by such trust indenture for using the sinking debt service fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof but not exceeding the price, if any, at which the same shall at the next interest date be payable or redeemable, and all bonds redeemed or purchased shall forthwith be canceled and no bonds shall be issued in place thereof. The moneys in each sinking debt service fund, less such reserve as may be provided for in the resolution authorizing the bonds or in the trust indenture for the payment of interest and/or principal, if not used within a reasonable time for the purchase of bonds for cancellation as provided above, shall be applied to the redemption of bonds then subject to redemption at the redemption price then applicable."

Section 35. Section 85-1-603, MCA, is amended to read:

"85-1-603. Water development sinking--account debt service fund created -- coal severance tax allocated. (1) There is created a water development sinking--account debt service fund within the sinking debt service fund type established in 17-2-102.

(2) The state pledges and allocates and directs to be credited to the water development sinking--account debt service fund, as received, 1 1/4% of all money from time to time received from the coal severance tax collected under Title 15, chapter 35, and remaining after allocation of such tax to the trust fund established under Article IX, section 5, of The Constitution of the State of Montana."

Section 36. Section 85-1-604, MCA, is amended to read:

"85-1-604. Water development earmarked STATE special revenue account created -- revenues allocated -- limitations on appropriations from account. (1) There is created a water development earmarked STATE special revenue account within the earmarked STATE special revenue fund established in 17-2-102.

(2) There shall be paid into the water development earmarked STATE special revenue account:

(a) all revenues of the works and other money as provided in 85-1-332;

(b) 30% of the interest income of the resource indemnity trust account fund as provided in and subject to the conditions of 15-38-202;

(c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the water development sinking account debt service fund above debt service requirements as provided in and subject to the conditions of 85-1-619.

(3) Appropriations may be made from the water development earmarked STATE special revenue account for the following purposes and subject to the following conditions:

(a) An amount less than or equal to that paid into the account under 85-1-332 and only that amount may be appropriated for the operation and maintenance of state-owned projects and works. If the amount of money available for appropriation under this subsection (3)(a) is greater than that necessary for operation and maintenance expenses, the excess may be appropriated as provided in subsection (3)(b).

(b) An amount less than or equal to that paid into the account from the resource indemnity trust ~~account~~ fund plus any excess from subsection (3)(a) and only that amount may be appropriated from the account for:

(i) the rehabilitation of state-owned projects and works, including the rehabilitation of spillways of state-owned dams;

(ii) the formulation of downstream emergency warning and evacuation plans for state-owned dams;

(iii) the development of the hydropower potential of state-owned dams;

(iv) assistance in the implementation of the water reservations established under 85-2-316 of conservation districts;

(v) the promotion of the development of offstream and tributary storage;

(vi) the promotion of joint state-tribal, state-federal, and state-tribal-federal water development;

(vii) administrative expenses, including but not limited to the salaries and expenses of personnel, equipment, office space, and other necessities incurred in the administration of the water development program except the administration of loans and grants; and

(viii) any other expenditures that meet the policies and objectives of the state water development program.

(c) An amount less than or equal to that paid into the account from the water development ~~sinking-account~~ debt service fund and only that amount may be appropriated from the account for loans and grants for water development projects and activities and for administrative expenses, including but not limited to the salaries and expenses of personnel, equipment, office space, and other necessities incurred in administering the loans and grants."

Section 37. Section 85-1-605, MCA, is amended to read:

"85-1-605. Grants and loans to state and local governments. (1) The department may recommend to the legislature that grants and loans be made from coal severance tax proceeds deposited in the water development earmarked STATE special revenue account and loans be made

1 from water development bond proceeds deposited in the water
 2 development clearance account to a department, agency,
 3 board, commission, or other division of state government or
 4 to a city, county, or other political subdivision or local
 5 government body of the state. The legislature may approve by
 6 appropriation or other appropriate means those grants and
 7 loans it finds consistent with the policies and purposes of
 8 the program.

9 (2) The grants and loans provided for by this section
 10 may be made for the purchase, lease, development, or
 11 construction of water development projects and activities
 12 for the conservation, management, use, development, or
 13 protection of the water and related agricultural, land,
 14 fish, wildlife, and water recreation resources in the state;
 15 for the purpose of feasibility and design studies for such
 16 projects; for development of plans for and the
 17 rehabilitation, expansion, and modification of water
 18 development projects; for other water development projects
 19 and activities that will enhance the water resources of the
 20 state; and for similar purposes approved by the
 21 legislature."

22 Section 38. Section 85-1-606, MCA, is amended to read:

23 "85-1-606. Grants and loans to private persons. (1) To
 24 encourage the construction and development of water
 25 development projects and activities, the department may make

1 grants and loans to private persons from funds appropriated
 2 from the water development earmarked STATE special revenue
 3 account and may make loans to private persons from the water
 4 development clearance account.

5 (2) The department shall publicize the statutes and
 6 rules governing grants and loans to private persons for
 7 water development projects and activities, set and publicize
 8 application deadlines, and accept applications for grants
 9 and loans.

10 (3) The department shall review, evaluate, and select
 11 water development projects and activities for which grants
 12 or loans may be awarded."

13 Section 39. Section 85-1-613, MCA, is amended to read:

14 "85-1-613. Limits on loans. (1) No loan for a water
 15 development project or activity may be made from the water
 16 development earmarked STATE special revenue account or
 17 clearance water development account that exceeds the least
 18 of \$100,000, 10% of the estimated total funds potentially
 19 available for loans in the water development earmarked STATE
 20 special revenue account and clearance---accounts water
 21 development account in the biennium in which the loan will
 22 be made, or 80% of the fair market value of the security
 23 given therefor. In determining the fair market value for the
 24 security given for a loan, the department shall consider
 25 appraisals made by qualified appraisers and other factors it

1 considers important.

2 (2) The period for repayment of loans may not exceed
3 30 years.

4 (3) The board shall from time to time establish the
5 interest rate at which loans may be made under this part."

6 Section 40. Section 85-1-614, MCA, is amended to read:

7 "85-1-614. Limits on grants from water development
8 earmarked SIAIE special revenue account. The maximum grant
9 awarded to a private person may not exceed 5% of the
10 estimated total funds potentially available in the water
11 development earmarked SIAIE special revenue account for
12 grants in the biennium in which the grant will be made or
13 25% of the total project cost, whichever is less."

14 Section 41. Section 85-1-615, MCA, is amended to read:

15 "85-1-615. Security interests. The state has a lien
16 upon a project constructed with money from the water
17 development earmarked SIAIE special revenue account or
18 clearance water development account for the amount of the
19 loan and interest due the state. This lien may attach to any
20 project facilities, equipment, easements, real property, and
21 property of any kind or nature owned by the debtor,
22 including all water rights. The department shall file with
23 the county clerk and recorder of each county in which a part
24 of the project is located either a financing statement or a
25 real estate mortgage covering the loan, its amount, terms,

1 and a description of the security. The county clerk and
2 recorder shall record and index the lien as other liens are
3 required by law to be recorded and indexed. The lien shall
4 be valid until paid in full or otherwise discharged. The
5 lien shall be foreclosed in accordance with applicable state
6 law governing foreclosure of mortgages and liens."

7 Section 42. Section 85-1-617, MCA, is amended to read:

8 "85-1-617. Issuing bonds. (1) When authorized by the
9 legislature and within the limits of the authorization and
10 within the further limitations established in this section,
11 the board of examiners may issue and sell water development
12 bonds of the state in the amount and manner it considers
13 necessary and proper to finance the water development loan
14 program. The full faith and credit and taxing powers of the
15 state are pledged for the prompt and full payment of all
16 bonds so issued and interest and redemption premiums payable
17 thereon according to their terms.

18 (2) Each series of water development bonds may be
19 issued by the board of examiners, upon request of the board
20 of natural resources and conservation, at public or private
21 sale, in such denominations and forms, whether payable to
22 bearer with attached interest coupons or registered as to
23 principal or as to both principal and interest, with such
24 provisions for conversion or exchange and for the issuance
25 of notes in anticipation of the issuance of definitive

1 bonds, bearing interest at such rate or rates, maturing at
 2 such rate or rates, maturing at such time or times not
 3 exceeding 30 years from date of issue, subject to optional
 4 or mandatory redemption at such earlier times and prices and
 5 upon such notice, with such provisions for payment and
 6 discharge by the deposit of funds or securities in escrow
 7 for that purpose, and payable at the office of such banking
 8 institution or institutions within or outside the state, as
 9 the board of examiners shall determine subject to the
 10 limitations contained in this section.

11 (3) In the issuance of each series of water
 12 development bonds, the interest rates and the maturities and
 13 any mandatory redemption provisions thereof shall be
 14 established in such manner that the funds then specifically
 15 pledged and appropriated by law to the water development
 16 ~~sinking--account debt service fund~~ will in the judgment of
 17 the board of examiners be received in an amount sufficient
 18 in each year to pay all principal, redemption premiums, and
 19 interest due and payable in that year with respect to that
 20 and all prior series of such bonds, except outstanding bonds
 21 as to which the obligation of the state has been discharged
 22 by the deposit of funds or securities sufficient for their
 23 payment in accordance with the terms of the resolutions by
 24 which they are authorized to be issued.

25 (4) In all other respects, the board of examiners is

1 authorized to prescribe the form and terms of the bonds and
 2 shall do whatever is lawful and necessary for their issuance
 3 and payment. Such bonds and any interest coupons appurtenant
 4 thereto must be signed by the members of the board of
 5 examiners, and the bonds must be issued under the great seal
 6 of the state of Montana. The bonds and coupons may be
 7 executed with facsimile signatures and seal in the manner
 8 and subject to the limitations prescribed by law. The state
 9 treasurer shall keep a record of all such bonds issued and
 10 sold.

11 (5) There is created a water development clearance
 12 account within the ~~bond-proceeds-and-insurance--clearance~~ a
 13 ~~STATE special revenue~~ fund established in 17-2-102.

14 (6) All proceeds of bonds issued under this section,
 15 other than refunding bonds, must be deposited in the water
 16 development clearance account established in subsection (5),
 17 except that any principal and accrued interest received in
 18 repayment of a loan made from the proceeds of bonds issued
 19 under this section must be deposited in the water
 20 development ~~sinking-account debt service fund~~ and must be
 21 applied to the payment, redemption premiums, and interest on
 22 the particular bond issue from whose proceeds the loan was
 23 made. All proceeds of refunding bonds must be deposited in
 24 the water development ~~sinking-account debt service fund~~ and
 25 applied to the payment and redemption of outstanding bonds

issued under this section as directed by the board, whether at maturity or on any earlier date on which they may be prepaid according to their terms.

(7) All actions taken by the board of examiners under this section or 85-1-619 must be authorized by a vote of a majority of the members of the board of examiners."

Section 43. Section 85-1-619, MCA, is amended to read:

"85-1-619. Sinking Debt_Service fund account -- pledge and administration of sufficient balance. (1) The legislature may levy, impose, assess, and pledge and appropriate to the water development sinking-account debt_service_fund any tax, charge, fee, rental, or other income from any designated source. The state reserves the right to modify from time to time the nature and amount of special taxes and other revenues pledged and appropriated to the water development sinking--account debt___service___fund, provided that the aggregate resources so pledged and appropriated are determined by the legislature to be sufficient for the prompt and full payment of the principal of and interest and redemption premiums when due on all bonds payable from that account fund and provided that the pledge of the full faith and credit and taxing powers of the state for the security of all such bonds shall be and remain irrevocable until they are fully paid.

(2) Money in the water development sinking--account

debt__service__fund must be used first, to pay interest, principal, and redemption premiums when due and payable with respect to water development bonds; second, to accumulate a reserve for the further security of such payments, to the amount required each month to meet those payments due within 12 months thereafter; and third, to restore the reserve to this amount after each payment.

(3) After the reserve provided for in subsection (2) has been accumulated in the water development sinking account debt_service_fund, money at any time received in the water development sinking--account debt__service__fund in excess of that amount must be transferred by the treasurer to the water development earmarked STATE_special_revenue account. If the balance on hand at any time in the water development sinking--account debt__service__fund is not sufficient to accumulate required reserves under subsection (2) and is not restored to the required amount within 3 months thereafter from funds specifically pledged and appropriated to the water development sinking-account debt_service_fund, the treasurer in accordance with the pledge of the full faith and credit and taxing powers of the state shall transfer an amount sufficient to restore the required balance from the general fund to the water development sinking-account debt_service_fund."

Section 44. Section 85-1-620, MCA, is amended to read:

1 "85-1-620. Water development refunding bonds. (1) The
 2 board of examiners may issue refunding bonds at such times
 3 and in such amounts, if any, as may be necessary to pay
 4 principal or interest due that cannot be paid from funds
 5 then on hand in the water development sinking-account ~~debt~~
 6 ~~service_fund~~. The board of examiners may also issue
 7 refunding bonds to refund outstanding bonds before maturity
 8 for the purpose of extending the maturities thereof so far
 9 as determined by the board of examiners to be necessary to
 10 assure that the funds then pledged to the water development
 11 ~~sinking--account debt--service_fund~~ will be sufficient for
 12 payment of principal and interest due in subsequent years.
 13 The board of examiners may also issue refunding bonds to
 14 refund outstanding bonds before maturity for the purpose of
 15 reducing the interest cost or the total amount of principal
 16 and interest payable thereon.

17 (2) No refunding bonds may be issued and sold more
 18 than 3 months before all bonds refunded thereby mature or
 19 are called for redemption unless the proceeds thereof, with
 20 any other funds in the water development ~~sinking-account~~
 21 ~~debt_service_fund~~ that are needed and available for the
 22 purpose or securities purchased from such proceeds and other
 23 funds, are deposited with a suitable banking institution
 24 within or outside the state, in escrow, for the retirement
 25 of the refunded bonds at maturity or at a prior date or

1 dates on which they have been called for redemption in
 2 accordance with their terms, in an amount and in a manner
 3 sufficient under the provisions securing the refunded bonds,
 4 so that the state's obligation to pay the same, from sources
 5 other than the escrow fund, is discharged.

6 (3) No new debt may be created by the issuance of
 7 refunding bonds in accordance with this section, but such
 8 refunding bonds shall evidence the debt previously created
 9 and shall be secured by the pledge of the full faith and
 10 credit and taxing powers of the state and by the further
 11 provisions of this part in the same manner as the bonds
 12 refunded thereby."

13 Section 45. Section 85-1-623, MCA, is amended to read:
 14 "85-1-623. Authorization of water development bonds.
 15 The legislature, through the enactment of this section by a
 16 two-thirds vote of the members of each house, authorizes the
 17 creation of state debt in an amount not to exceed \$5 million
 18 and the issuance and sale of water development bonds in this
 19 amount for the purpose of providing funds appropriated to
 20 the water development ~~clearance-fund~~ account for loans as
 21 provided in the water development program."

22 Section 46. Section 90-2-102, MCA, is amended to read:
 23 "90-2-102. Definitions. Unless the context requires
 24 otherwise, in this part the following definitions apply:

25 (1) "Renewable resource development program" means

1 such developments in the public interest of renewable
2 natural resources of the state as shall from time to time be
3 acquired, constructed, and financed from funds appropriated
4 to the ~~accounts account and fund~~ referred to in this section
5 and from the proceeds of bonds issued in anticipation of the
6 receipt of these funds.

7 (2) "Renewable resource development bonds" means all
8 series of bonds authorized by law to be issued pursuant to
9 90-2-121 to finance any part of the renewable resource
10 development program or to refund any such bonds.

11 (3) "Renewable resource development account" or
12 ~~"clearance-fund-account"~~ means a separate account which is
13 created within the ~~bond and insurance clearance~~ a STATE
14 special revenue fund established in 17-2-102 and shall be
15 segregated by the treasurer from all other money in that or
16 any other fund in the state treasury and used only to pay
17 costs of the renewable resource development program, upon
18 order of the board of natural resources and conservation
19 under authority and within limitations provided by law.

20 (4) "Renewable resource development bond account fund"
21 ~~or "sinking fund account"~~ means a separate account fund
22 which is created within the ~~sinking~~ debt service fund type
23 established in 17-2-102 and shall be segregated by the
24 treasurer from all other money in that or any other fund in
25 the treasury and used only as provided for herein.

1 (5) "Treasurer" means the state treasurer."

2 Section 47. Section 90-2-112, MCA, is amended to read:
3 "90-2-112. Bond proceeds not for grants. Unless
4 specifically authorized by the legislature, no bond proceeds
5 may be used for the purpose of making grants. Grants may be
6 made only from such sums as are deposited in the ~~sinking~~
7 debt service fund account from the collection of the coal
8 severance tax as provided in 90-2-124."

9 Section 48. Section 90-2-121, MCA, is amended to read:
10 "90-2-121. Issuing bonds. (1) Within the limits
11 authorized by 90-2-127 and within the further limitations in
12 this section, the board of examiners may issue and sell
13 bonds of the state in such manner as it considers necessary
14 and proper to finance the renewable resource development
15 program. The full faith and credit and taxing powers of the
16 state shall be pledged for the prompt and full payment of
17 all bonds so issued and interest and redemption premiums
18 payable thereon according to their terms.

19 (2) Each series of such bonds shall be issued by the
20 board of examiners upon request of the board of natural
21 resources and conservation in such denominations and forms,
22 whether payable to bearer with attached interest coupons or
23 registered as to principal or as to both principal and
24 interest, with such provisions for conversion or exchange
25 and for the issuance of notes in anticipation of the

1 issuance of definitive bonds, bearing interest at such rate
 2 or rates, maturing at such time or times not exceeding 30
 3 years from date of issue, subject to optional or mandatory
 4 redemption at such earlier times and prices and upon such
 5 notice, with such provisions for payment and discharge by
 6 the deposit of funds or securities in escrow for that
 7 purpose, and payable at the office of such banking
 8 institution or institutions within or outside the state, as
 9 the board shall determine subject to the limitations
 10 contained in this section.

11 (3) In the issuance of each series of such bonds the
 12 interest rates and the maturities and any mandatory
 13 redemption provisions thereof shall be established in such
 14 manner that the funds then specifically pledged and
 15 appropriated by law to the ~~sinking debt service~~ fund account
 16 will in the judgment of the board be received in an amount
 17 sufficient in each year to pay all principal, redemption
 18 premiums, and interest due and payable in that year with
 19 respect to that and all prior series of such bonds, except
 20 outstanding bonds as to which the obligation of the state
 21 has been discharged by the deposit of funds or securities
 22 sufficient for their payment in accordance with the terms of
 23 the resolutions by which they are authorized to be issued.

24 (4) In all other respects the board of examiners is
 25 authorized to prescribe the form and terms of the bonds and

1 shall do whatever is lawful and necessary for their issuance
 2 and payment. Such bonds and any interest coupons appurtenant
 3 thereto shall be signed by the members of the board of
 4 examiners, and the bonds shall be issued under the great
 5 seal of the state of Montana. The bonds and coupons may be
 6 executed with facsimile signatures and seal in the manner
 7 and subject to the limitations prescribed by law. The state
 8 treasurer shall keep a record of all such bonds issued and
 9 sold.

10 (5) All proceeds of bonds issued hereunder, other than
 11 refunding bonds, shall be deposited in the ~~clearance-fund~~
 12 ~~renewable resource development~~ account, except that any
 13 principal and accrued interest received in repayment of the
 14 loans provided for in this part shall be deposited in the
 15 ~~sinking debt service~~ fund account. All proceeds of
 16 refunding bonds shall be deposited in the ~~sinking debt~~
 17 ~~service~~ fund account and applied to the payment and
 18 redemption of outstanding bonds issued hereunder as directed
 19 by the board, whether at maturity or on any previous date on
 20 which they may be prepaid according to their terms."

21 Section 49. Section 90-2-122, MCA, is amended to read:

22 "90-2-122. Refunding bonds. (1) The board of examiners
 23 is authorized to issue refunding bonds at such times and in
 24 such amounts, if any, as may be necessary to pay principal
 25 or interest due which cannot be paid from funds then on hand

1 in the sinking debt service fund account. It may also issue
 2 refunding bonds to refund outstanding bonds before maturity
 3 for the purpose of extending the maturities thereof so far
 4 as determined by the board to be necessary to assure that
 5 the funds then pledged to the sinking debt service fund
 6 account will be sufficient for payment of principal and
 7 interest due in subsequent years. It may also issue
 8 refunding bonds to refund outstanding bonds before maturity
 9 for the purpose of reducing the interest cost or the total
 10 amount of principal and interest payable thereon.

11 (2) No refunding bonds may be issued and sold more
 12 than 3 months before all bonds refunded thereby mature or
 13 are called for redemption unless the proceeds thereof, with
 14 any other funds in the sinking debt service fund account
 15 which are needed and available for the purpose, or
 16 securities purchased from such proceeds and other funds, are
 17 deposited with a suitable banking institution within or
 18 outside the state, in escrow for the retirement of the
 19 refunded bonds at maturity or at a prior date or dates on
 20 which they have been called for redemption in accordance
 21 with their terms, in an amount and in a manner sufficient
 22 under the provisions securing the refunded bonds so that the
 23 state's obligation to pay the same, from sources other than
 24 the escrow fund, is discharged.

25 (3) No new debt may be created by the issuance of

1 refunding bonds in accordance with this section, but such
 2 refunding bonds shall evidence the debt previously created
 3 and shall be secured by the pledge of the full faith and
 4 credit and taxing powers of the state and by the further
 5 provisions of this part in the same manner as the bonds
 6 refunded thereby."

7 Section 50. Section 90-2-123, MCA, is amended to read:

8 "90-2-123. Sinking Debt Service fund account. (1) The
 9 state may by enactment of the legislature or the people
 10 levy, impose, assess, and pledge and appropriate to the
 11 sinking debt service fund account any tax, charge, fee,
 12 rental, or other income from any designated source. The
 13 state reserves the right to modify from time to time the
 14 nature and amount of special taxes and other revenues
 15 pledged and appropriated to the sinking debt service fund
 16 account, provided that the aggregate resources so pledged
 17 and appropriated are determined by the legislature to be
 18 sufficient for the prompt and full payment of the principal
 19 of and interest and redemption premiums when due on all
 20 bonds payable from that account fund, and provided that the
 21 pledge of the full faith and credit and taxing powers of the
 22 state for the security of all such bonds shall be and remain
 23 irrevocable until they are fully paid.

24 (2) Money in the sinking debt service fund account
 25 shall be used first to pay interest, principal, and

1 redemption premiums when due and payable with respect to
2 renewable resource development bonds; second to accumulate a
3 reserve for the further security of such payments, to the
4 amount required each month to meet those payments due within
5 12 months thereafter; and third to restore the reserve to
6 this amount after each payment.

7 (3) After the reserve provided for in subsection (2)
8 above is in the ~~sinking debt service~~ fund, money at any time
9 received in the ~~sinking debt service~~ fund in excess of that
10 amount shall be transferred by the treasurer to the
11 ~~clearance--fund~~ renewable__resource_development account. If
12 the balance at any time on hand in the ~~sinking debt service~~
13 fund is not sufficient for compliance with subsection (2)
14 and is not restored to the required amount within 3 months
15 thereafter from funds specifically pledged and appropriated
16 to the ~~sinking debt service~~ fund account, the treasurer
17 shall transfer thereto from the general fund an amount
18 sufficient to restore the required balance."

19 Section 51. Section 90-2-124, MCA, is amended to read:

20 "90-2-124. Appropriation of coal severance tax. The
21 state pledges and appropriates and directs to be credited to
22 the ~~sinking debt service~~ fund account, as received, 1 1/4%
23 of all money from time to time received from the collection
24 of the severance tax and remaining after allocation of such
25 tax to the trust fund established under section 5, Article

1 IX, of the Montana constitution and such additional amount
2 thereof, if any, as may be required from time to time to
3 provide sufficient funds for the purposes stated in
4 90-2-123(2), provided that no more than 1 1/4% of such tax
5 collections shall be deemed to be pledged for the purpose of
6 90-2-121(3)."

7 Section 52. Section 90-2-125, MCA, is amended to read:

8 "90-2-125. ~~Clearance--fund~~ Renewable__resource
9 development account. The state may by enactment of the
10 legislature or the people levy, impose, assess, and pledge
11 and appropriate to the ~~clearance-fund~~ renewable_resource
12 development account any tax, charge, fee, rental, or other
13 income from any source."

14 Section 53. Section 90-2-126, MCA, is amended to read:

15 "90-2-126. Costs and expenditures. (1) The costs of
16 the board of examiners, the board of natural resources and
17 conservation, and the department of natural resources and
18 conservation incurred in the administration of this part
19 shall be met from the ~~clearance-fund~~ renewable_resource
20 development account moneys which shall from time to time as
21 needed be transferred to an--earmarked a STATE special
22 revenue fund account established for that purpose.

23 (2) The board of examiners and the department of
24 natural resources may, within the limits of appropriation
25 made therefore, make necessary expenditures for the purchase

or hire of such personnel, facilities, and services as they may from time to time find necessary for the proper administration of this part."

Section 54. Section 90-2-127, MCA, is amended to read:

"90-2-127. Authorization of bonds. The legislature, through the enactment of this law by a two-thirds vote of the members of each house, authorizes the creation of state debt in an amount not to exceed \$5 million and the issuance and sale of renewable resource development bonds in this amount for the purpose of providing funds appropriated to the ~~clearance fund~~ renewable resource development account for developments included in the renewable resource development program."

~~NEW SECTION.~~ Section 55. Code commissioner to make changes. Whenever a reference to a treasury fund type, fund, or account appears in any new material enacted by the 48th legislature and approved by the governor, whether in new sections or amended sections, the code commissioner, in consultation with the department of administration and the legislative fiscal analyst, shall change the reference in that material as necessary to reflect the fund structure provided for in 17-2-102. The code commissioner may make other incidental changes to reflect the intent of [this act] without changing the meaning.

~~NEW SECTION.~~ Section 56. Effective date. This act is

1 effective July 1, 1983.

-End-

1 HOUSE BILL NO. 533

2 INTRODUCED BY BARDANOUE

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
6 LANGUAGE IN CODE SECTIONS DEALING WITH THE ISSUANCE OF BONDS
7 IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE
8 CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER
9 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 17-5-401,
10 17-5-403 THROUGH 17-5-408, 17-5-411, 17-5-412, 17-5-421,
11 17-5-422, 17-5-503, 17-5-506, 17-5-507, 17-5-608, 17-5-618,
12 17-5-702 THROUGH 17-5-705, 17-5-708 THROUGH 17-5-710,
13 20-25-433, 20-25-434, 60-3-201, 60-11-1107, 76-15-507,
14 85-1-102, 85-1-304, 85-1-307, 85-1-321 THROUGH 85-1-323,
15 85-1-603 THROUGH 85-1-606, 85-1-613 THROUGH 85-1-615,
16 85-1-617, 85-1-619, 85-1-620, 85-1-623, 90-2-102, 90-2-112,
17 AND 90-2-121 THROUGH 90-2-127, MCA; INSTRUCTING THE CODE
18 COMMISSIONER TO MAKE NECESSARY CHANGES; AND PROVIDING AN
19 EFFECTIVE DATE."

20

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

22 Section 1. Section 17-5-401, MCA, is amended to read:

23 "17-5-401. Definitions. (1) "Board", "department", and
24 "treasurer" mean the board of examiners, department of
25 administration, and state treasurer, respectively.

THIRD READING

There are no changes in H B 533 second reading (yellow)
amended. Please refer to it for complete text.

HB 533

HOUSE BILL NO. 533

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE ISSUANCE OF BONDS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 17-5-401, 17-5-403 THROUGH 17-5-408, 17-5-411, 17-5-412, 17-5-421, 17-5-422, 17-5-503, 17-5-506, 17-5-507, 17-5-608, 17-5-618, 17-5-702 THROUGH 17-5-705, 17-5-708 THROUGH 17-5-710, 20-25-433, 20-25-434, 60-3-201, 60-11-1107, 76-15-507, 85-1-112, 85-1-304, 85-1-307, 85-1-321 THROUGH 85-1-323, 85-1-603 THROUGH 85-1-606, 85-1-613 THROUGH 85-1-615, 85-1-617, 85-1-619, 85-1-620, 85-1-623, 90-2-102, 90-2-112, AND 90-2-121 THROUGH 90-2-127, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-5-401, MCA, is amended to read:

"17-5-401. Definitions. (1) "Board", "department", and "treasurer" mean the board of examiners, department of administration, and state treasurer, respectively.

(2) ~~"Eteerance--fund--account"~~ "Capital projects fund"

means a separate long-range building program ~~subfund fund~~ which is created within the ~~bond-proceeds-and-insurance~~ eteerance capital projects fund type established in 17-2-102.

(3) "Long-range building program" means and includes all buildings, structures, and facilities to be constructed, repaired, used, equipped, or furnished and land to be acquired therefor with the consent of the legislature in accordance with 17-7-202 and 18-2-101 through 18-2-105.

(4) "Long-range building program bonds" means and includes all series of bonds issued to finance any portion of the long-range building program or to refund outstanding bonds, as authorized in this part.

(5) ~~"Sinking--fund~~ "Debt service account" means a separate long-range building program ~~subfund fund~~ which is created within the ~~sinking debt service~~ fund type established in 17-2-102."

Section 2. Section 17-5-403, MCA, is amended to read:

"17-5-403. Form, principal and interest, fiscal agent, and deposit of proceeds. (1) Each series of such bonds shall be issued by the board upon request of the department, in such denominations and form, whether payable to bearer or registered as to principal or both principal and interest, with such provisions for conversion or exchange and for the

1 issuance of notes in anticipation of the execution and
 2 delivery of definitive bonds, bearing interest at such rate
 3 or rates, maturing at such times not exceeding 30 years from
 4 date of issue, subject to redemption at such earlier times
 5 and prices and upon such notice, and payable at the office
 6 of such fiscal agency of the state as the board shall
 7 determine subject to the limitations contained in this
 8 section and 17-5-402.

9 (2) In the issuance of each series of such bonds, the
 10 amount, maturities, and interest rates thereof shall be
 11 fixed in such manner that the maximum amount of principal
 12 and interest to become due in any subsequent fiscal year on
 13 all such bonds then outstanding and on the series so to be
 14 issued will not exceed 50% of the average annual amount
 15 collected during the 3 then next preceding fiscal years from
 16 the special taxes pledged by law to the ~~sinking-fund debt~~
 17 ~~service~~ account at the time of such issuance, except that
 18 this provision shall not constitute a covenant of the state
 19 for the security of the bonds issued pursuant to this part
 20 after January 1, 1973, and the state reserves the right to
 21 amend this subsection in any manner after all bonds issued
 22 prior to that date and the interest thereon have been fully
 23 paid or the state's liability thereon has been otherwise
 24 fully discharged.

25 (3) In all other respects the board is authorized to

1 prescribe the form and terms of the bonds and shall do
 2 whatever is lawful and necessary for their issuance and
 3 payment. Such bonds and any interest coupons appurtenant
 4 thereto shall be signed by the members of the board, and the
 5 bonds shall be issued under the great seal of the state of
 6 Montana. The bonds and coupons may be executed with
 7 facsimile signatures and seal in the manner and subject to
 8 the limitations prescribed by law. The state treasurer shall
 9 keep a record of all such bonds issued and sold.

10 (4) The board is hereby authorized to employ a fiscal
 11 agent to assist in the performance of its duties hereunder.

12 (5) All proceeds of bonds issued hereunder shall be
 13 deposited in the ~~clearance--fund--account capital projects~~
 14 ~~fund~~, except that any premiums and accrued interest received
 15 shall be deposited in the ~~sinking--fund debt service~~
 16 ~~account~~.

17 Section 3. Section 17-5-404, MCA, is amended to read:

18 "17-5-404. Use of ~~clearance capital projects~~ fund. The
 19 ~~clearance--fund--account capital projects fund~~ shall be
 20 segregated by the treasurer from all other money in that or
 21 any other fund in the state treasury and used only to pay
 22 costs of the long-range building program, upon order of the
 23 department acting within the limits of the authority
 24 conferred upon it by the legislature."

25 Section 4. Section 17-5-405, MCA, is amended to read:

"17-5-405. Sinking-fund Debt Service account. (1) From and after the pledge and appropriation of any special tax to the sinking-fund debt service account, as provided and contemplated in this section, 17-5-407, and 17-5-408, such tax shall continue in force and shall be available and shall be pledged and appropriated for the payment of long-range building program bonds, and all moneys received from the collection thereof shall be deposited by the treasurer to the credit of the sinking-fund debt service account.

(2) No special taxes pledged to the sinking-fund debt service account on January 1, 1973, shall be discontinued or diverted to other funds until all bonds issued pursuant to this part prior to that date and the interest thereon have been fully paid or the state's liability thereon has been fully discharged, except to the extent, if any, that the right so to do has been reserved in the resolutions authorizing the issuance of such bonds.

(3) Subject to the provisions of subsections (1) and (2), the state reserves the right to modify from time to time the nature and amount of special taxes to be deposited to the credit of the sinking-fund debt service account.

(4) Money in the sinking-fund debt service account shall be used: first, to pay interest and principal when due on long-range building program bonds; second, to accumulate a reserve in the amount required below, for the further

security of such payments; and third, to maintain this reserve in an amount at least equal, after each interest and principal payment, to the maximum amount of interest and principal which will become due on all such bonds which are then outstanding in any subsequent fiscal year.

(5) Money at any time received in the sinking-fund debt service account in excess of the principal, interest, and reserve requirements stated in subsection (4) shall be transferred by the treasurer to the general fund. If the balance at any time on hand in the sinking-fund debt service account is not sufficient for compliance with subsection (4), the treasurer shall credit to said account an amount sufficient to restore said balance from the next collections of the special taxes appropriated to said account and from any other collections of taxes appropriated to the general fund, not exceeding the aggregate amount theretofore transferred from the sinking-fund debt service account to the general fund."

Section 5. Section 17-5-406, MCA, is amended to read:

"17-5-406. Use of sinking-fund debt service account. The sinking-fund debt service account shall be segregated by the treasurer from all other money in that or any other fund in the treasury and used only to pay long-range building program bonds and interest thereon when due so long as any such bonds or interest remain unpaid."

Section 6. Section 17-5-407, MCA, is amended to read:

"17-5-407. Reservation of power to pledge taxes -- redemption -- refunding bonds. (1) The state reserves the power, by enactment of the legislature or the people, to levy, impose, and assess and to pledge and appropriate to the sinking--fund debt service account any tax specially designated therein or any specified amount or percentage of the collections of such special tax. The state also reserves the power to appropriate any funds designated by enactment of the legislature or the people for the redemption and prepayment of any long-range building program bonds or to authorize the issuance and sale of bonds for the purpose of refunding any such outstanding bonds or interest thereon, upon such terms and conditions as may be provided in said enactments and consistent with covenants and agreements made for the security of the outstanding bonds.

(2) Refunding bonds issued in advance of the maturity of the bonds refunded shall be issued only subject to the conditions stated in 17-5-403(2), substituting for this purpose the principal and interest requirements of the refunding bonds for those of the bonds refunded.

(3) Nothing herein shall prevent the board from issuing and selling refunding bonds, payable from the sinking--fund debt service account, to provide funds for payment of principal or interest due on long-range building

program bonds when and if and to the extent that the sinking fund debt service account is insufficient for this purpose."

Section 7. Section 17-5-408, MCA, is amended to read:

"17-5-408. Percentage of income, corporation license, and cigarette tax pledged. (1) The state pledges and appropriates and directs to be credited as received to the sinking--fund debt service account 11% of all money, except as provided in 15-31-702, received from the collection of the income tax and the corporation license tax referred to in 15-1-501 and such additional amount of said taxes, if any, as may at any time be needed to comply with the principal and interest and reserve requirements stated in 17-5-405(4), provided that no more than 11% of such tax collections shall be deemed to be pledged for the purpose of 17-5-403(2). The pledge and appropriation herein made shall be and remain at all times a first and prior charge upon all money received from the collection of said taxes.

(2) The state pledges and appropriates and directs to be credited to the sinking--fund debt service account 73% of all money received from the collection of the 12-cent excise tax on cigarettes which is levied, imposed, and assessed by 16-11-111. The state also pledges and appropriates and directs to be credited as received to the sinking--fund debt service account all money received from the collection of the taxes on other tobacco products which are or may

1 hereafter be levied, imposed, and assessed by law for that
 2 purpose, including the tax levied, imposed, and assessed by
 3 16-11-202. Nothing herein shall impair or otherwise affect
 4 the provisions and covenants contained in the resolutions
 5 authorizing the presently outstanding long-range building
 6 program bonds. Subject to the provisions of the preceding
 7 sentence, the pledge and appropriation herein made shall be
 8 and remain at all times a first and prior charge upon all
 9 money received from the collection of all taxes referred to
 10 in this subsection (2)."

11 Section 8. Section 17-5-411, MCA, is amended to read:
 12 "17-5-411. Agreement with division of workers'
 13 compensation. If the proceeds of any bonds issued pursuant
 14 to 17-5-410 are appropriated for the purpose of constructing
 15 a workers' compensation building in Helena, the board of
 16 examiners and division of workers' compensation shall enter
 17 into an agreement pursuant to which the division shall agree
 18 to pay the state treasurer for deposit in the ~~sinking--fund~~
 19 ~~debt___service~~ account established pursuant to 17-5-405
 20 amounts sufficient to pay as due the principal of and
 21 interest on those bonds from which the appropriation was
 22 made and to accumulate and maintain the required reserve
 23 attributable to those bonds. The agreement shall provide
 24 that, to the extent not required for costs of completing the
 25 building, the income from investment of the bond proceeds

1 prior to expenditure and from investment of the reserve
 2 shall be credited against the division's payment obligation.
 3 The agreement shall allow for accumulation of the reserve
 4 during the first year the bonds are outstanding. The
 5 payments under the agreement shall be made from revenues and
 6 moneys of the division available therefor."

7 Section 9. Section 17-5-412, MCA, is amended to read:
 8 "17-5-412. Agreement with employment security
 9 division. If the proceeds of any bonds issued pursuant to
 10 17-5-410 are appropriated for the purpose of constructing
 11 employment service buildings, the board of examiners and
 12 employment security division shall enter into an agreement
 13 pursuant to which the division shall agree to pay the state
 14 treasurer for deposit in the ~~sinking--fund~~ debt service
 15 account established pursuant to 17-5-405 amounts sufficient
 16 to pay as due the principal of and interest on those bonds
 17 from which the appropriation was made and to accumulate and
 18 maintain the required reserve attributable to those bonds.
 19 The agreement shall provide that, to the extent not required
 20 for costs of completing the buildings, income from
 21 investment of the bond proceeds prior to expenditure and
 22 from investment of the reserve shall be credited against the
 23 division's payment obligation. The agreement shall allow
 24 for accumulation of the reserve during the first year the
 25 bonds are outstanding. The payments under the agreement

shall be made from revenues and moneys of the division available therefor."

Section 10. Section 17-5-421, MCA, is amended to read:

"17-5-421. Bonds for Montana college of mineral science and technology. (1) The board of examiners is authorized to issue and sell long-range building program bonds upon the conditions and in the manner stated in this part, in an amount not exceeding \$2,275,000, over and above the amount of the long-range building program bonds outstanding on January 1, 1977, for the purpose of paying costs of acquiring, constructing, and equipping a physical education facility for and to be located at Montana college of mineral science and technology. The issuance and sale of the bonds shall be subject to an undertaking by the board of regents to pay to the state treasurer for deposit in the ~~sinking--fund debt service~~ account established pursuant to 17-5-405, from the sources hereinafter defined, amounts sufficient to pay as due the principal of and interest on the bonds; provided, however, this undertaking shall be enforceable only by the state treasurer and shall not be enforceable by the holders of such bonds. The payments by the board of regents shall be made from available revenues derived from resident and nonresident student building fees charged to students enrolled at Montana college of mineral science and technology, interest and income from lands

granted by the United States of America to the state pursuant to 25 Stat. 676 for the establishment and maintenance of the college and the operation of the physical education facility, and other revenue producing residence and student union facilities at the college, subject to the prior pledge and appropriation of such revenues to the payment of other obligations of the board of regents.

(2) The proceeds of the bonds authorized by subsection (1) of this section shall be deposited in the ~~clearance-fund~~ capital projects fund created by 17-5-401."

Section 11. Section 17-5-422, MCA, is amended to read:

"17-5-422. Bonds for state capitol improvements. (1) The board of examiners is authorized to issue and sell long-range building program bonds, upon the conditions and in the manner stated in this part, in the principal amount not to exceed \$5 million, for the purpose of financing costs of improvements to the state capitol.

(2) There is appropriated to the ~~sinking--fund debt service~~ account established pursuant to 17-5-405 from the revenues of the capitol building land grant (exclusive of income derived from investment of accumulated revenues) in each fiscal year during the term of the bonds authorized by subsection (1) an amount sufficient to pay the principal of and interest on the bonds as due and to establish and maintain required reserves therefor. The appropriation shall

1 be reduced in each fiscal year by the amount, if any, of
2 income received in that year from investment of the reserve
3 attributable to the bonds. The appropriation made by this
4 section is solely for the benefit of the state and is not
5 enforceable by the holders of the bonds."

6 Section 12. Section 17-5-503, MCA, is amended to read:

7 "17-5-503. Amount authorized and reservation of future
8 authorizations -- payment. The aggregate amount of highway
9 bonds authorized by this part for the purpose expressed in
10 17-5-501 shall not exceed the sum of \$7,400,000. The state
11 reserves the privilege of issuing additional highway bonds,
12 when and if authorized by law, for this purpose and for any
13 other purpose for which money derived from the sources
14 described in Article VIII, section 6, of the constitution is
15 authorized by that section to be expended. The board of
16 examiners is also authorized to issue additional highway
17 bonds for the purpose of refunding bonds issued pursuant to
18 or as contemplated in this chapter, in amounts not exceeding
19 the principal amount of the bonds refunded, when the board
20 determines that the refunding of any outstanding bonds is in
21 the best interests of the state. All bonds issued for the
22 purposes contemplated in this section shall be payable from
23 the same sinking-fund debt service account on a parity as to
24 both principal and interest with the bonds authorized in
25 17-5-501, provided that in the issuance of each series of

1 such bonds the amount, maturities, and interest rates
2 thereof shall be fixed in such manner that the maximum
3 amount of principal and interest to become due in any
4 subsequent fiscal year on such bonds then outstanding
5 (except bonds refunded) and on the series so to be issued
6 will not exceed 25% of the amount collected during the then
7 next preceding fiscal year from the tax or taxes pledged by
8 law to the sinking-fund debt service account at the time of
9 such issuance. The provisions of this section shall not
10 constitute a covenant with the holders of any bonds issued
11 hereunder."

12 Section 13. Section 17-5-506, MCA, is amended to read:

13 "17-5-506. Deposit and use of proceeds. All proceeds
14 of bonds issued hereunder shall be deposited in a separate
15 highway subfund capital projects fund which is created
16 within the bond-proceeds--and--insurance--clearance capital
17 projects fund type established by 17-2-102, referred to
18 herein as the "clearance--fund--account" "highway capital
19 projects fund", and shall be segregated by the treasurer
20 from all other money in that or any other fund in the state
21 treasury. The proceeds of the bonds authorized in 17-5-501
22 shall be used only to pay costs of acquiring land for and
23 erecting and equipping the buildings herein referred to,
24 upon order of the department of administration acting within
25 the limits of the authority conferred upon it by the

legislature and said proceeds are appropriated for the purpose of the capital items herein described. The proceeds of any additional bonds authorized as contemplated in 17-5-503, except refunding bonds, shall be used only for purposes authorized under the provisions of Article VIII, section 6, of the constitution, upon order of the department acting within the limits of the authority conferred upon it by the legislature."

Section 14. Section 17-5-507, MCA, is amended to read:

"17-5-507. State pledge of gasoline tax -- use. (1) The state pledges and appropriates and directs to be credited as received to the ~~sinking--fund~~ debt service account, as herein defined, that portion of the net proceeds from the collection of gasoline taxes which may from time to time be needed to comply with the principal and interest and reserve requirements stated in subsection (2) of this section. The pledge and appropriation herein made shall be and remain at all times a first and prior charge upon all money received as net proceeds from the collection of gasoline taxation. The term "net proceeds", as used herein, means all funds on hand in the treasury of the state as of any date, derived from the collection of the license tax imposed on gasoline distributors by 15-70-204, enacted by section 3, Chapter 369, Laws of 1969, as amended by section 1, Chapter 202, and by section 2, Chapter 204, Laws of 1971,

and by section 90, Chapter 516, Laws of 1973, or by any subsequent enactment, less the amount of all refunds of such taxes for which applications have been made pursuant to law but which have not yet been paid or rejected. The term "~~sinking--fund~~ debt service account", as used herein, means a separate highway ~~subfund fund~~ which is created within the ~~sinking debt service~~ fund type established by 17-2-102 and shall be segregated by the treasurer from all other money in that or any other fund in the treasury and used only to pay highway bonds and interest thereon when due, so long as any such bonds or interest remain unpaid.

(2) Money in the ~~sinking--fund~~ debt service account shall be used: first, to pay interest and principal when due on highway bonds; second, to accumulate a reserve in the amount required below, for the further security of such payments; and third, to maintain this reserve in an amount at least equal, after each interest and principal payment, to the maximum amount of interest and principal which will become due on all such bonds which are then outstanding in any subsequent fiscal year.

(3) Money at any time received in the ~~sinking--fund~~ debt service account in excess of the principal, interest, and reserve requirements stated in subsection (2) shall be transferred by the treasurer to the ~~earmarked~~ a STATE special revenue fund, highway account. If the balance at any

1 time on hand in the ~~sinking-fund debt service~~ account is not
 2 sufficient for compliance with subsection (2), the treasurer
 3 shall credit to said account an amount sufficient to restore
 4 said balance from the next receipts of net proceeds from the
 5 collection of gasoline taxes."

6 Section 15. Section 17-5-608, MCA, is amended to read:

7 "17-5-608. Employment security building account. To
 8 provide for the payment of the interest and principal of the
 9 bonds authorized by 17-5-601 through 17-5-610, there is
 10 created an employment security commission building account
 11 within the ~~sinking a debt service~~ fund in the state
 12 treasury. All sums of money dedicated and appropriated to
 13 the payment of the principal and interest of the bonds and
 14 the erection of the addition to the employment security
 15 building, including the landscaping and paving around it,
 16 shall be paid into that account."

17 Section 16. Section 17-5-618, MCA, is amended to read:

18 "17-5-618. Employment security building account. To
 19 provide for the payment of the interest and principal of the
 20 bonds authorized by 17-5-611 through 17-5-620, there is
 21 created an employment security commission building account
 22 within the ~~sinking debt service~~ fund ~~type~~ in the state
 23 treasury. All sums of money dedicated and appropriated to
 24 the payment of the principal and interest of the bonds and
 25 the erection of the buildings, including the landscaping and

1 paving around them, shall be paid into that account."

2 Section 17. Section 17-5-702, MCA, is amended to read:

3 "17-5-702. Purpose and intent. (1) The purpose of the
 4 coal severance tax trust fund bond provisions of this part
 5 is to establish the authority to issue and sell coal
 6 severance tax bonds that have been approved by act of the
 7 legislature for financing specific water resource
 8 development projects and activities in the state authorized
 9 by the legislature and to guarantee redemption of such bonds
 10 by revenue derived from the receipts from the coal severance
 11 tax imposed by Title 15, chapter 35, part 1, and such other
 12 money as the legislature may from time to time determine.

13 (2) The legislature intends that projects to be
 14 financed by coal severance tax bonds include water resource
 15 development projects and activities as part of the water
 16 development program established in Title 85, chapter 1, part
 17 6. The legislature further intends that the income from
 18 water resource development projects and activities in excess
 19 of the amount required for debt service and operation and
 20 maintenance of those projects and activities be deposited in
 21 the water development earmarked ~~SIAIF special revenue~~
 22 account established in 85-1-604."

23 Section 18. Section 17-5-703, MCA, is amended to read:

24 "17-5-703. Coal severance tax trust ~~subfunds funds~~.
 25 (1) The trust established under Article IX, section 5, of

1 the Montana constitution shall be composed of the following
2 ~~subfunds funds~~:

3 (a) a coal severance tax bond ~~subfund fund~~ into which
4 the constitutionally dedicated receipts from the coal
5 severance tax shall be deposited;

6 (b) a coal severance tax permanent ~~subfund fund~~; and

7 (c) a coal severance tax income ~~subfund fund~~.

8 (2) On each December 31 and June 30 the state
9 treasurer shall transfer to the coal severance tax permanent
10 ~~subfund fund~~ all money in the coal severance tax bond
11 ~~subfund fund~~ except the amount necessary to meet all
12 principal and interest payments on bonds payable from the
13 coal severance tax bond ~~subfund fund~~ on the next ensuing
14 semiannual payment date."

15 Section 19. Section 17-5-704, MCA, is amended to read:

16 "17-5-704. Investment of funds. (1) Money in the coal
17 severance tax bond ~~subfund fund~~, the coal severance tax
18 permanent ~~subfund fund~~, and the coal severance tax income
19 ~~subfund fund~~ must be invested in accordance with the
20 investment standards for coal severance tax funds except as
21 provided in subsection (2). Income and earnings from all
22 ~~subfunds funds~~ must be transferred to and retained in the
23 coal severance tax income ~~subfund fund~~.

24 (2) Beginning on July 1, 1983, the legislature shall
25 appropriate 15% of the income and earnings from all ~~subfunds~~

1 funds to be deposited to the coal severance tax permanent
2 ~~subfund fund~~ each year. The funds appropriated to the coal
3 severance tax permanent ~~subfund fund~~ under this subsection
4 may not be further appropriated except by vote of
5 three-fourths of the members of each house of the
6 legislature."

7 Section 20. Section 17-5-705, MCA, is amended to read:

8 "17-5-705. Pledge of coal severance tax bond ~~subfund~~
9 ~~fund~~. The money in the coal severance tax bond ~~subfund fund~~
10 is pledged to the payment of the principal and interest on
11 all state of Montana coal severance tax bonds. All bonds
12 issued after July 1, 1981, wherein the money in the coal
13 severance tax bond ~~subfund fund~~ is pledged for their
14 retirement shall be called "state of Montana coal severance
15 tax bonds".

16 Section 21. Section 17-5-708, MCA, is amended to read:

17 "17-5-708. Special fund revenues. (1) If a law
18 authorizing a coal severance tax bond issue for a specific
19 purpose and in a specific amount contemplates the pledge and
20 receipt of revenues, assets, or money other than or in
21 addition to the money in the coal severance tax bond ~~subfund~~
22 ~~fund~~, then the money derived from such pledged revenues,
23 assets, and money must be paid into a special bond account
24 ~~fund~~ for the benefit of such bonds, which must be part of
25 the--sinking a debt service fund of the state treasury fund

1 structure.

2 (2) Money must be withdrawn from the coal severance
3 tax bond account fund and paid to the special bond fund as
4 necessary to provide for payment of principal and interest
5 on the coal severance tax bonds secured by a pledge of the
6 special account bond fund."

7 Section 22. Section 17-5-709, MCA, is amended to read:

8 "17-5-709. Continued tax deposit limit on additional
9 bonds. (1) The legislature shall provide for the continued
10 assessment, levy, collection, and deposit into the coal
11 severance tax bond subfund fund of the coal severance tax
12 which, together with such other revenues, assets, and money
13 as may be deposited to one or more special bond accounts
14 funds pledged for the benefit of coal severance tax bonds,
15 will be sufficient to produce an amount that is at least the
16 amount necessary to pay, when due, the annual debt service
17 charges on all outstanding coal severance tax bonds.

18 (2) The board of examiners may issue no coal severance
19 tax bonds unless the aggregate amount of coal severance tax
20 bonds outstanding, including the proposed issue and any
21 other coal severance tax bonds authorized but not yet
22 issued, can be serviced with no more than two-thirds of the
23 annual deposits into the coal severance tax bond subfund
24 fund, as determined by the average of the deposits during
25 the preceding 3 fiscal years, together with the average of

1 the aggregate amount of revenues, assets, or money deposited
2 in one or more special bond accounts funds used to pay debt
3 service on outstanding coal severance tax bonds during the
4 preceding 3 fiscal years.

5 (3) The provisions of this section may not be modified
6 so as to reduce the security for any coal severance tax
7 bonds while such bonds are outstanding."

8 Section 23. Section 17-5-710, MCA, is amended to read:

9 "17-5-710. Form -- principal and interest -- fiscal
10 agent -- deposit of proceeds. (1) Each series of coal
11 severance tax bonds must be issued by the board of examiners
12 at public or private sale, in such denominations and form,
13 whether payable to bearer or registered as to principal or
14 both principal and interest, with such provisions for the
15 conversion or exchange, bearing interest at such rate or
16 rates, maturing at such times not exceeding 40 years from
17 date of issue, subject to redemption at such earlier times
18 and prices and upon such notice, and payable at the office
19 of such fiscal agency of the state as the board of examiners
20 shall determine, subject to the limitations contained in
21 this part.

22 (2) In all other respects the board of examiners is
23 authorized to prescribe the form and terms of the bonds and
24 shall do whatever is lawful and necessary for their issuance
25 and payment.

1 (3) Coal severance tax bonds and any interest coupons
2 appurtenant thereto shall be signed by the members of the
3 board of examiners, and the bonds shall be issued under the
4 great seal of the state of Montana. The bonds and coupons
5 may be executed with facsimile signatures and seal in the
6 manner and subject to the limitations prescribed by law. The
7 state treasurer shall keep a record of all such bonds issued
8 and sold.

9 (4) The board of examiners is authorized to employ a
10 fiscal agent to assist in the performance of its duties
11 hereunder.

12 (5) All proceeds of a state of Montana coal severance
13 tax bonds issue shall be deposited in a ~~bond--proceeds--and~~
14 ~~insurance--clearance-fund-account~~ capital projects fund or a
15 STATE special revenue account established for that bond
16 issue, except that any premiums and accrued interest
17 received shall be deposited in a sinking debt service fund
18 ~~account~~ established for that bond issue."

19 Section 24. Section 20-25-433, MCA, is amended to
20 read:

21 "20-25-433. Sale and issuance of bonds --
22 requirements. The sale and issuance of bonds pursuant to
23 20-25-432 shall be subject to an undertaking by the board of
24 regents to pay the state treasurer for deposit in the
25 sinking debt service fund ~~account~~ established pursuant to

1 17-5-405 amounts sufficient to pay as due the principal of
2 and interest on the bonds. The undertaking by the board of
3 regents may be in the form of a revenue bond or bonds issued
4 by the board of regents to the board of examiners or it may
5 be in the form of an agreement between the board of regents
6 and board of examiners. The payments under any such bonds or
7 agreement shall be from such revenues, fees, and income as
8 are lawfully available to the board of regents to pay the
9 costs of facilities to be financed by the long-range
10 building program bonds hereby authorized or to pay debt
11 service on obligations of the board of regents incurred with
12 respect to such facilities and costs. All agreements or
13 bond arrangements entered into between the board of regents
14 and the department of administration will specifically
15 require the board to maintain debt service payments and the
16 reserve requirement to the long-range building ~~sinking debt~~
17 ~~service~~ fund. If enrollment reductions should endanger these
18 payments, the regents shall insure continued payments
19 through budget adjustments which include fee increases.
20 With the approval of the board of examiners, any undertaking
21 and the payments thereunder may be subordinated to other
22 obligations of the board of regents upon such terms as the
23 board of examiners considers appropriate. The undertaking of
24 the board of regents shall be solely for the benefit of and
25 enforceable by the state and may not be enforceable by the

1 holders of the long-range building program bonds. The bonds
2 may be issued in one or more series."

3 Section 25. Section 20-25-434, MCA, is amended to
4 read:

5 "20-25-434. Deposit and expenditure of bond proceeds.
6 The proceeds of the bonds authorized by 20-25-431 and
7 20-25-432 shall be deposited in the ~~clearance-fund-account~~
8 capital_projects_fund created by 17-5-401(2). No
9 construction or related bids shall be let until the bond
10 proceeds are deposited in the ~~clearance~~ capital_projects
11 fund. The amount of such proceeds is appropriated from the
12 ~~clearance-fund-account~~ capital_projects_fund to the board of
13 regents for the purpose for which the bonds are authorized."

14 Section 26. Section 60-3-201, MCA, is amended to read:

15 "60-3-201. Distribution and use of proceeds of
16 gasoline dealers' license tax. (1) All money received in
17 payment of license taxes under the Distributor's Gasoline
18 License Tax Act, except those amounts paid out of the
19 department of revenue's suspense account for gasoline tax
20 refund, shall be used and expended as provided in this
21 section. So much of that money on hand at any time as may be
22 needed to pay highway bonds and interest thereon when due
23 and to accumulate and maintain a reserve therefor, as
24 provided in laws and in resolutions of the state board of
25 examiners authorizing such bonds, shall be deposited in the

1 highway bond account in the ~~sinking debt_service~~ fund
2 established by 17-2-102. Subject to that provision, 9/10 of
3 1% of all money shall be deposited in the state park account
4 and 1/2 of 1% of all money shall be deposited in a
5 snowmobile account in the ~~earmarked~~ STATE special revenue
6 fund. The remainder of the money shall be used by the
7 department of highways on the federal-aid highways in this
8 state selected and designated under Title 23, U.S.C., and on
9 highways leading from each county seat in the state to the
10 federal highway system of federal-aid roads where the county
11 seat is not on the system and on the other roads which have
12 been or may be authorized by the laws of Montana and for
13 collection of the license taxes and the enforcement of the
14 Montana highway code under Article VIII, section 6, of the
15 constitution of this state.

16 (2) The department shall, in expending this money,
17 carry forward construction from year to year, using the
18 money expended through the matching up of federal-aid
19 allotments to Montana upon the federal highway system in the
20 various parts of the state in accordance with 60-3-204
21 through 60-3-206. Nothing in this title conflicts with Title
22 23, U.S.C., and the rules by which it is administered.

23 (3) The department may enter into cooperative
24 agreements with the national park service and the federal
25 highway administration for the purpose of maintaining

national park approach roads in Montana.

(4) Money credited to the state park account in the earmarked a STATE special revenue fund shall be used only for the creation, improvement, and maintenance of state parks where motorboating is allowed, except for the payment of refunds under 15-70-221 through 15-70-226. The legislature finds that of all the fuel sold in the state for consumption in internal combustion engines, not less than 9/10 of 1% is used for propelling boats on waterways of this state.

(5) Money credited to the snowmobile account may be used only to develop and maintain facilities open to the general public at no admission cost and to promote snowmobile safety. For the 2 years following July 1, 1977, 15% of the amount deposited in the snowmobile fund account each year shall be used to promote snowmobile safety. Thereafter, 10% of the amount deposited in the snowmobile fund account shall be used to promote snowmobile safety. The legislature finds that of all fuels sold in this state for consumption in internal combustion engines, not less than 1/2 of 1% is used for propelling snowmobiles on public lands of this state."

Section 27. Section 60-11-1107, MCA, is amended to read:

"60-11-1107. Bond accounts -- appropriation. (1) There

is a railroad rehabilitation account in the ~~bond--proceeds~~ and ~~insurance--clearance~~ a STATE special revenue fund provided for in 17-2-102. All bond proceeds shall be placed in the railroad rehabilitation account, and all money deposited in the account is continuously appropriated to the department and may be expended by the department for the purposes authorized in this part.

(2) There is a railroad rehabilitation reserve account ~~in the sinking debt service~~ fund as provided for in 17-2-102. Loan repayments and required capital reserves shall be deposited in the railroad rehabilitation reserve account debt service fund, and all money deposited in the account debt service fund is continuously appropriated to the department and may be expended for the payment of principal and interest on the bonds as they become due.

(3) If the department enters into a trust indenture pursuant to 60-11-1106, it may provide for the establishment of funds and accounts to be held by the trustee and may pledge and appropriate the bond proceeds, capital reserves, and loan payments to such funds and accounts notwithstanding the provisions of subsections (1) and (2)."

Section 28. Section 76-15-507, MCA, is amended to read:

"76-15-507. Investment of funds. The board of supervisors shall have the power and authority to direct the

1 investment of funds in a sinking debt service fund in
2 interest-bearing securities whenever in their judgment the
3 same may be to the best interests of the district. But all
4 such securities shall be converted into cash in time to meet
5 the principal on the bonds payable from such sinking debt
6 service fund promptly at their maturity."

7 Section 29. Section 85-1-102, MCA, is amended to read:
8 "85-1-102. Definitions. Unless the context requires
9 otherwise, in this chapter the following definitions apply:

10 (1) "Board" means the board of natural resources and
11 conservation provided for in 2-15-3302.

12 (2) "Cost of works" means the cost of construction;
13 the cost of all lands, property, rights, easements, and
14 franchises acquired which are deemed necessary for the
15 construction; the cost of all water rights acquired or
16 exercised by the department in connection with those works;
17 the cost of all machinery and equipment, financing charges,
18 interest prior to and during construction and for a period
19 not exceeding 3 years after the completion of construction;
20 cost of engineering and legal expenses, plans,
21 specifications, surveys, estimates of cost, and other
22 expenses necessary or incident to determining the
23 feasibility or practicability of any project; administrative
24 expense; and such other expenses as may be necessary or
25 incident to the financing herein authorized and the

1 construction of the works and the placing of the same in
2 operation.

3 (3) "Department" means the department of natural
4 resources and conservation provided for in Title 2, chapter
5 15, part 33.

6 (4) "Owner" means all individuals, irrigation
7 districts, drainage districts, flood control districts,
8 incorporated companies, societies, or associations having
9 any title or interest in any properties, rights, easements,
10 or franchises to be acquired.

11 (5) "Private person" means any individual,
12 association, partnership, corporation, or other
13 nongovernmental entity not eligible for loans and grants
14 under 85-1-605 but does not include a governmental entity
15 such as an agency, local government, or political
16 subdivision of the state, the United States, or any agency
17 thereof, or any other governmental entity.

18 (6) "Project" means any one of the works herein
19 defined or any combination of such works which are
20 physically connected or jointly managed and operated as a
21 single unit.

22 (7) "Public benefits" means those benefits that accrue
23 from a water development project or activity to persons
24 other than the private grant or loan recipient and that
25 enhance the common well-being of the people of Montana.

Public benefits include but are not limited to recreation, flood control, erosion reduction, agricultural flood damage reduction, water quality enhancement, sediment reduction, access to recreation opportunities, and wildlife conservation.

(8) "Water development clearance account" means a separate account created by 85-1-617 within the ~~proceeds-and-insurance-clearance~~ a STATE special revenue fund of the state treasury to finance loans under the provisions of the water development program to agencies, local governments, and political subdivisions of the state, private persons, and any other eligible recipients from proceeds of bonds issued under part 6 of this chapter.

(9) "Water development activity" means an action or program to protect and enhance water-based recreation or to protect or enhance water resources for the benefit of agriculture, flood control, or other uses, including but not limited to such purposes as the promotion of efficient use of water in agriculture, the improvement of water quality in agriculture and other nonpoint source uses, the protection and enhancement of water-based recreation, the control of erosion of streambanks and control of sedimentation of rivers and streams, and providing greater local and state control of Montana water resources. Water development activities may provide any combination of marketable and

nonmarketable benefits.

(10) "Water development earmarked STATE special revenue account" means a separate account created by 85-1-604 within the ~~earmarked~~ a STATE special revenue fund of the state treasury for the purposes of the water development program as set forth in 85-1-604.

(11) "Water development project" means a project as defined in subsection (6), except that water development projects are not limited to projects owned or operated by the department.

(12) "Water development ~~sinking~~ account debt service fund" means a separate ~~account~~ fund created by 85-1-603 within the ~~sinking debt service~~ fund ~~type~~ of the state treasury to be used as provided in 85-1-619.

(13) "Works" means all property, rights, easements, and franchises relating thereto and deemed necessary or convenient for their operation and all water rights acquired or exercised by the department in connection with those works and includes all means of conserving and distributing water, including, without limiting the generality of the foregoing, reservoirs, dams, diversion canals, distributing canals, waste canals, drainage canals, dikes, lateral ditches and pumping units, mains, pipelines, and waterworks systems and includes all such works for the conservation, development, storage, distribution, and utilization of

1 water, including without limiting the generality of the
2 foregoing, works for the purpose of irrigation, flood
3 prevention, drainage, fish and wildlife, recreation,
4 development of power, watering of stock, supplying of water
5 for public, domestic, industrial, or other uses and for fire
6 protection."

7 Section 30. Section 85-1-304, MCA, is amended to read:

8 "85-1-304. Lien upon bond proceeds. All moneys
9 received from any bonds issued pursuant to 85-1-301 and
10 85-1-303 shall be applied solely to the payment of the cost
11 of the works or to the appurtenant ~~stinking debt service~~ fund
12 and to the "administration fund", as hereinafter provided,
13 and there shall be and hereby is created and granted a lien
14 upon such moneys, until so applied, in favor of the holders
15 of the bonds or the trustee hereinafter provided for in
16 respect of such bonds."

17 Section 31. Section 85-1-307, MCA, is amended to read:

18 "85-1-307. Provisions to secure payment of bonds. In
19 connection with the issuance of the bonds for the purpose of
20 paying in whole (or as supplemented by a grant from the
21 United States or any instrumentality or agency thereof) the
22 cost of the works or project or in order to secure the
23 payment of the bonds, the board may:

24 (1) pledge all or any part of the income, profit, and
25 revenue of the works or project and all moneys received from

1 the sale or disposal of water, use of water, water storage,
2 or other service and from the operation, lease, sale, or
3 other disposition of all or any part of the works or project
4 and covenant to pay the income, profit, and revenue into the
5 appropriate water fund and ~~stinking debt service~~ fund;

6 (2) covenant against pledging all or any part of the
7 income, profit, and revenue of the works or project and all
8 moneys received from the sale or disposal of water, use of
9 water, water storage, or other service and from the
10 operation, lease, sale, or other disposition of all or any
11 part of the works or project;

12 (3) covenant against mortgaging all or any part of the
13 works or project or against permitting or suffering any lien
14 thereon;

15 (4) covenant to fix and establish such prices, rates,
16 and charges for water and other services made available in
17 connection with the works or project so as to provide at all
18 times funds which will be sufficient to:

19 (a) pay all costs of operation and maintenance of the
20 works or project, together with necessary repairs thereto;

21 (b) meet and pay the principal and interest of all the
22 bonds as they severally become due and payable; and

23 (c) create such reserves for the principal and
24 interest of all the bonds and for the meeting of
25 contingencies in the operation and maintenance of the works

1 or project as the board determines;
 2 (5) make such further covenants as to such prices,
 3 rates, and charges as the board determines;
 4 (6) create special funds, in addition to those
 5 required by this chapter, for moneys reserved for principal
 6 and interest on bonds or for the meeting of contingencies in
 7 the operation and maintenance of the works or project and
 8 determine the manner in which and the depository or
 9 depositories in which those funds shall be deposited and the
 10 manner in which they shall be secured, and it is lawful for
 11 any bank or trust company incorporated under the laws of the
 12 state to act as that depository and to furnish such
 13 indemnifying bonds or to pledge such securities as required
 14 by the board;
 15 (7) provide for the replacement of lost, destroyed, or
 16 mutilated bonds;
 17 (8) covenant against extending the time for the
 18 payment of the principal or interest on any of the bonds,
 19 directly or indirectly, by any means or in any manner;
 20 (9) prescribe and covenant as to the events of default
 21 and terms and conditions upon which any or all of the bonds
 22 shall become or may be declared due before maturity and as
 23 to the terms and conditions upon which the declaration and
 24 its consequences may be waived;
 25 (10) covenant as to the rights, liabilities, powers,

1 and duties arising upon the breach by it of any covenant,
 2 condition, or obligation;
 3 (11) vest in a trustee or trustees the right to enforce
 4 any covenant made to secure or to pay the bonds or to
 5 foreclose any trust indenture in relation thereto, provide
 6 for the powers and duties of the trustee or trustees, limit
 7 the liabilities thereof, and provide the terms and
 8 conditions upon which the trustee or trustees or the holders
 9 of bonds or any proportion of them may enforce the covenant
 10 or exercise the right of foreclosure;
 11 (12) make such covenants and do any and all such acts
 12 and things as may be necessary or convenient or desirable in
 13 order to secure the bonds or, in the absolute discretion of
 14 the board, to make the bonds more marketable,
 15 notwithstanding that the covenants, acts, or things may not
 16 be enumerated or expressly authorized herein;
 17 (13) do all things in the issuance of the bonds and
 18 provide for their security not inconsistent with the
 19 constitution of Montana."
 20 Section 32. Section 85-1-321, MCA, is amended to read:
 21 "85-1-321. Funds in general. The board shall create a
 22 fund to be known as the "administration fund" and shall also
 23 create three separate funds in respect of the bonds of each
 24 series, one fund to be known as the "construction fund,
 25 series", another fund to be known as the "water fund,

1 series", and another fund to be known as the "sinking
2 debt__service fund, series", each fund to be identified
3 by the same series letter or letters as the bonds of the
4 series. The moneys in each fund shall be deposited in such
5 depository or depositories and secured in such manner as
6 determined by the board. It is lawful for any bank or trust
7 company incorporated under the laws of this state to act as
8 the depository and to furnish such indemnifying bonds or to
9 pledge such securities as may be required by the board. A
10 separate account shall be kept in each construction fund and
11 in each water fund for each project. All expenditures not
12 properly chargeable to the construction fund account or to
13 the water fund account of any one project shall be charged
14 by the department in such proportions as it shall determine
15 to the construction fund accounts or to the water fund
16 accounts, as the case may be, of the projects in respect of
17 which the expenditures were incurred."

18 Section 33. Section 85-1-322, MCA, is amended to read:

19 "85-1-322. Construction capital_projects funds. The
20 proceeds of the bonds of each series issued under 85-1-301
21 and 85-1-303 shall be placed to the credit of the
22 appropriate construction capital_projects fund, which fund
23 shall at all times be kept segregated and set apart from all
24 other funds. There shall also be credited to the appropriate
25 construction capital_projects fund all accrued interest upon

1 the bonds and the interest received upon the deposits of
2 moneys in the fund and moneys received by way of grant from
3 the United States or from any other source for the
4 construction of the works. The moneys in each construction
5 capital_projects fund shall be paid out or disbursed in such
6 manner as may be determined by the department, subject to
7 this chapter, to pay the cost of the works. Any surplus
8 which may remain in any construction capital_projects fund
9 after providing for the payment of the cost of the works
10 shall be added to and become a part of the appropriate
11 sinking debt_service fund hereinafter provided for."

12 Section 34. Section 85-1-323, MCA, is amended to read:

13 "85-1-323. Sinking Debt_Service funds. (1) The board
14 shall provide, in the proceedings authorizing the issuance
15 of each series of bonds or in the trust indenture securing
16 the same, for the paying into the appropriate sinking debt
17 service fund at stated intervals all moneys then remaining
18 in the water fund after paying all costs of operation,
19 maintenance, and repairs of the works. All moneys in each
20 sinking debt__service fund shall be pledged for the payment
21 of and used only for the purpose of paying:

22 (a) the interest upon the bonds as such interest shall
23 fall due;

24 (b) the necessary fiscal agency charges for paying
25 bonds and interest;

(c) the principal of the bonds as they fall due; and

(d) any premiums upon bonds retired by call or purchase as herein provided.

(2) Prior to the issuance of the bonds of each series, the board may provide by resolution or by such trust indenture for using the ~~sinking debt service~~ fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof but not exceeding the price, if any, at which the same shall at the next interest date be payable or redeemable, and all bonds redeemed or purchased shall forthwith be canceled and no bonds shall be issued in place thereof. The moneys in each ~~sinking debt service~~ fund, less such reserve as may be provided for in the resolution authorizing the bonds or in the trust indenture for the payment of interest and/or principal, if not used within a reasonable time for the purchase of bonds for cancellation as provided above, shall be applied to the redemption of bonds then subject to redemption at the redemption price then applicable."

Section 35. Section 85-1-603, MCA, is amended to read:

"85-1-603. Water development ~~sinking--account debt service fund~~ created -- coal severance tax allocated. (1) There is created a water development ~~sinking--account debt service fund~~ within the ~~sinking debt service~~ fund type established in 17-2-102.

(2) The state pledges and allocates and directs to be credited to the water development ~~sinking--account debt service fund~~, as received, 1 1/4% of all money from time to time received from the coal severance tax collected under Title 15, chapter 35, and remaining after allocation of such tax to the trust fund established under Article IX, section 5, of The Constitution of the State of Montana."

Section 36. Section 85-1-604, MCA, is amended to read:

"85-1-604. Water development earmarked STATE special revenue account created -- revenues allocated -- limitations on appropriations from account. (1) There is created a water development earmarked STATE special revenue account within the--earmarked a STATE special revenue fund established in 17-2-102.

(2) There shall be paid into the water development earmarked STATE special revenue account:

(a) all revenues of the works and other money as provided in 85-1-332;

(b) 30% of the interest income of the resource indemnity trust ~~account fund~~ as provided in and subject to the conditions of 15-38-202;

(c) the excess of the coal severance tax proceeds allocated by 85-1-603 to the water development ~~sinking account debt service fund~~ above debt service requirements as provided in and subject to the conditions of 85-1-619.

1 (3) Appropriations may be made from the water
2 development ~~earmarked~~ STATE special revenue account for the
3 following purposes and subject to the following conditions:

4 (a) An amount less than or equal to that paid into the
5 account under 85-1-332 and only that amount may be
6 appropriated for the operation and maintenance of
7 state-owned projects and works. If the amount of money
8 available for appropriation under this subsection (3)(a) is
9 greater than that necessary for operation and maintenance
10 expenses, the excess may be appropriated as provided in
11 subsection (3)(b).

12 (b) An amount less than or equal to that paid into the
13 account from the resource indemnity trust ~~account~~ fund plus
14 any excess from subsection (3)(a) and only that amount may
15 be appropriated from the account for:

16 (i) the rehabilitation of state-owned projects and
17 works, including the rehabilitation of spillways of
18 state-owned dams;

19 (ii) the formulation of downstream emergency warning
20 and evacuation plans for state-owned dams;

21 (iii) the development of the hydropower potential of
22 state-owned dams;

23 (iv) assistance in the implementation of the water
24 reservations established under 85-2-316 of conservation
25 districts;

1 (v) the promotion of the development of offstream and
2 tributary storage;

3 (vi) the promotion of joint state-tribal,
4 state-federal, and state-tribal-federal water development;

5 (vii) administrative expenses, including but not
6 limited to the salaries and expenses of personnel,
7 equipment, office space, and other necessities incurred in
8 the administration of the water development program except
9 the administration of loans and grants; and

10 (viii) any other expenditures that meet the policies
11 and objectives of the state water development program.

12 (c) An amount less than or equal to that paid into the
13 account from the water development ~~sinking-account~~ debt
14 service fund and only that amount may be appropriated from
15 the account for loans and grants for water development
16 projects and activities and for administrative expenses,
17 including but not limited to the salaries and expenses of
18 personnel, equipment, office space, and other necessities
19 incurred in administering the loans and grants."

20 Section 37. Section 85-1-605, MCA, is amended to read:

21 "85-1-605. Grants and loans to state and local
22 governments. (1) The department may recommend to the
23 legislature that grants and loans be made from coal
24 severance tax proceeds deposited in the water development
25 ~~earmarked~~ STATE special revenue account and loans be made

1 from water development bond proceeds deposited in the water
2 development clearance account to a department, agency,
3 board, commission, or other division of state government or
4 to a city, county, or other political subdivision or local
5 government body of the state. The legislature may approve by
6 appropriation or other appropriate means those grants and
7 loans it finds consistent with the policies and purposes of
8 the program.

9 (2) The grants and loans provided for by this section
10 may be made for the purchase, lease, development, or
11 construction of water development projects and activities
12 for the conservation, management, use, development, or
13 protection of the water and related agricultural, land,
14 fish, wildlife, and water recreation resources in the state;
15 for the purpose of feasibility and design studies for such
16 projects; for development of plans for and the
17 rehabilitation, expansion, and modification of water
18 development projects; for other water development projects
19 and activities that will enhance the water resources of the
20 state; and for similar purposes approved by the
21 legislature."

22 Section 38. Section 85-1-606, MCA, is amended to read:

23 "85-1-606. Grants and loans to private persons. (1) To
24 encourage the construction and development of water
25 development projects and activities, the department may make

1 grants and loans to private persons from funds appropriated
2 from the water development earmarked STATE special revenue
3 account and may make loans to private persons from the water
4 development clearance account.

5 (2) The department shall publicize the statutes and
6 rules governing grants and loans to private persons for
7 water development projects and activities, set and publicize
8 application deadlines, and accept applications for grants
9 and loans.

10 (3) The department shall review, evaluate, and select
11 water development projects and activities for which grants
12 or loans may be awarded."

13 Section 39. Section 85-1-613, MCA, is amended to read:

14 "85-1-613. Limits on loans. (1) No loan for a water
15 development project or activity may be made from the water
16 development earmarked STATE special revenue account or
17 clearance water development account that exceeds the least
18 of \$100,000, 10% of the estimated total funds potentially
19 available for loans in the water development earmarked STATE
20 special revenue account and clearance---accounts water
21 development account in the biennium in which the loan will
22 be made, or 80% of the fair market value of the security
23 given therefor. In determining the fair market value for the
24 security given for a loan, the department shall consider
25 appraisals made by qualified appraisers and other factors it

1 considers important.

2 (2) The period for repayment of loans may not exceed
3 30 years.

4 (3) The board shall from time to time establish the
5 interest rate at which loans may be made under this part."

6 Section 40. Section 85-1-614, MCA, is amended to read:

7 "85-1-614. Limits on grants from water development
8 earmarked STATE special revenue account. The maximum grant
9 awarded to a private person may not exceed 5% of the
10 estimated total funds potentially available in the water
11 development earmarked STATE special revenue account for
12 grants in the biennium in which the grant will be made or
13 25% of the total project cost, whichever is less."

14 Section 41. Section 85-1-615, MCA, is amended to read:

15 "85-1-615. Security interests. The state has a lien
16 upon a project constructed with money from the water
17 development earmarked STATE special revenue account or
18 ~~clearance~~ water development account for the amount of the
19 loan and interest due the state. This lien may attach to any
20 project facilities, equipment, easements, real property, and
21 property of any kind or nature owned by the debtor,
22 including all water rights. The department shall file with
23 the county clerk and recorder of each county in which a part
24 of the project is located either a financing statement or a
25 real estate mortgage covering the loan, its amount, terms,

1 and a description of the security. The county clerk and
2 recorder shall record and index the lien as other liens are
3 required by law to be recorded and indexed. The lien shall
4 be valid until paid in full or otherwise discharged. The
5 lien shall be foreclosed in accordance with applicable state
6 law governing foreclosure of mortgages and liens."

7 Section 42. Section 85-1-617, MCA, is amended to read:

8 "85-1-617. Issuing bonds. (1) When authorized by the
9 legislature and within the limits of the authorization and
10 within the further limitations established in this section,
11 the board of examiners may issue and sell water development
12 bonds of the state in the amount and manner it considers
13 necessary and proper to finance the water development loan
14 program. The full faith and credit and taxing powers of the
15 state are pledged for the prompt and full payment of all
16 bonds so issued and interest and redemption premiums payable
17 thereon according to their terms.

18 (2) Each series of water development bonds may be
19 issued by the board of examiners, upon request of the board
20 of natural resources and conservation, at public or private
21 sale, in such denominations and forms, whether payable to
22 bearer with attached interest coupons or registered as to
23 principal or as to both principal and interest, with such
24 provisions for conversion or exchange and for the issuance
25 of notes in anticipation of the issuance of definitive

1 bonds, bearing interest at such rate or rates, maturing at
 2 such rate or rates, maturing at such time or times not
 3 exceeding 30 years from date of issue, subject to optional
 4 or mandatory redemption at such earlier times and prices and
 5 upon such notice, with such provisions for payment and
 6 discharge by the deposit of funds or securities in escrow
 7 for that purpose, and payable at the office of such banking
 8 institution or institutions within or outside the state, as
 9 the board of examiners shall determine subject to the
 10 limitations contained in this section.

11 (3) In the issuance of each series of water
 12 development bonds, the interest rates and the maturities and
 13 any mandatory redemption provisions thereof shall be
 14 established in such manner that the funds then specifically
 15 pledged and appropriated by law to the water development
 16 sinking--account debt service fund will in the judgment of
 17 the board of examiners be received in an amount sufficient
 18 in each year to pay all principal, redemption premiums, and
 19 interest due and payable in that year with respect to that
 20 and all prior series of such bonds, except outstanding bonds
 21 as to which the obligation of the state has been discharged
 22 by the deposit of funds or securities sufficient for their
 23 payment in accordance with the terms of the resolutions by
 24 which they are authorized to be issued.

25 (4) In all other respects, the board of examiners is

1 authorized to prescribe the form and terms of the bonds and
 2 shall do whatever is lawful and necessary for their issuance
 3 and payment. Such bonds and any interest coupons appurtenant
 4 thereto must be signed by the members of the board of
 5 examiners, and the bonds must be issued under the great seal
 6 of the state of Montana. The bonds and coupons may be
 7 executed with facsimile signatures and seal in the manner
 8 and subject to the limitations prescribed by law. The state
 9 treasurer shall keep a record of all such bonds issued and
 10 sold.

11 (5) There is created a water development clearance
 12 account within the ~~bond proceeds and insurance~~ clearance a
 13 STATE special revenue fund established in 17-2-102.

14 (6) All proceeds of bonds issued under this section,
 15 other than refunding bonds, must be deposited in the water
 16 development clearance account established in subsection (5),
 17 except that any principal and accrued interest received in
 18 repayment of a loan made from the proceeds of bonds issued
 19 under this section must be deposited in the water
 20 development sinking-account debt service fund and must be
 21 applied to the payment, redemption premiums, and interest on
 22 the particular bond issue from whose proceeds the loan was
 23 made. All proceeds of refunding bonds must be deposited in
 24 the water development sinking-account debt service fund and
 25 applied to the payment and redemption of outstanding bonds

1 issued under this section as directed by the board, whether
2 at maturity or on any earlier date on which they may be
3 prepaid according to their terms.

4 (7) All actions taken by the board of examiners under
5 this section or 85-1-619 must be authorized by a vote of a
6 majority of the members of the board of examiners."

7 Section 43. Section 85-1-619, MCA, is amended to read:

8 "85-1-619. Sinking Debt Service fund account -- pledge
9 and administration of sufficient balance. (1) The
10 legislature may levy, impose, assess, and pledge and
11 appropriate to the water development sinking-account debt
12 service fund any tax, charge, fee, rental, or other income
13 from any designated source. The state reserves the right to
14 modify from time to time the nature and amount of special
15 taxes and other revenues pledged and appropriated to the
16 water development sinking-account debt service fund,
17 provided that the aggregate resources so pledged and
18 appropriated are determined by the legislature to be
19 sufficient for the prompt and full payment of the principal
20 of and interest and redemption premiums when due on all
21 bonds payable from that account fund and provided that the
22 pledge of the full faith and credit and taxing powers of the
23 state for the security of all such bonds shall be and remain
24 irrevocable until they are fully paid.

25 (2) Money in the water development sinking-account

1 debt service fund must be used first, to pay interest,
2 principal, and redemption premiums when due and payable with
3 respect to water development bonds; second, to accumulate a
4 reserve for the further security of such payments, to the
5 amount required each month to meet those payments due within
6 12 months thereafter; and third, to restore the reserve to
7 this amount after each payment.

8 (3) After the reserve provided for in subsection (2)
9 has been accumulated in the water development sinking
10 account debt service fund, money at any time received in the
11 water development sinking-account debt service fund in
12 excess of that amount must be transferred by the treasurer
13 to the water development earmarked STATE special revenue
14 account. If the balance on hand at any time in the water
15 development sinking-account debt service fund is not
16 sufficient to accumulate required reserves under subsection
17 (2) and is not restored to the required amount within 3
18 months thereafter from funds specifically pledged and
19 appropriated to the water development sinking-account debt
20 service fund, the treasurer in accordance with the pledge of
21 the full faith and credit and taxing powers of the state
22 shall transfer an amount sufficient to restore the required
23 balance from the general fund to the water development
24 sinking-account debt service fund."

25 Section 44. Section 85-1-620, MCA, is amended to read:

1 "85-1-620. Water development refunding bonds. (1) The
2 board of examiners may issue refunding bonds at such times
3 and in such amounts, if any, as may be necessary to pay
4 principal or interest due that cannot be paid from funds
5 then on hand in the water development ~~sinking-account debt~~
6 ~~service_fund~~. The board of examiners may also issue
7 refunding bonds to refund outstanding bonds before maturity
8 for the purpose of extending the maturities thereof so far
9 as determined by the board of examiners to be necessary to
10 assure that the funds then pledged to the water development
11 ~~sinking-account debt_service_fund~~ will be sufficient for
12 payment of principal and interest due in subsequent years.
13 The board of examiners may also issue refunding bonds to
14 refund outstanding bonds before maturity for the purpose of
15 reducing the interest cost or the total amount of principal
16 and interest payable thereon.

17 (2) No refunding bonds may be issued and sold more
18 than 3 months before all bonds refunded thereby mature or
19 are called for redemption unless the proceeds thereof, with
20 any other funds in the water development ~~sinking-account~~
21 ~~debt_service_fund~~ that are needed and available for the
22 purpose or securities purchased from such proceeds and other
23 funds, are deposited with a suitable banking institution
24 within or outside the state, in escrow, for the retirement
25 of the refunded bonds at maturity or at a prior date or

1 dates on which they have been called for redemption in
2 accordance with their terms, in an amount and in a manner
3 sufficient under the provisions securing the refunded bonds,
4 so that the state's obligation to pay the same, from sources
5 other than the escrow fund, is discharged.

6 (3) No new debt may be created by the issuance of
7 refunding bonds in accordance with this section, but such
8 refunding bonds shall evidence the debt previously created
9 and shall be secured by the pledge of the full faith and
10 credit and taxing powers of the state and by the further
11 provisions of this part in the same manner as the bonds
12 refunded thereby."

13 Section 45. Section 85-1-623, MCA, is amended to read:

14 "85-1-623. Authorization of water development bonds.
15 The legislature, through the enactment of this section by a
16 two-thirds vote of the members of each house, authorizes the
17 creation of state debt in an amount not to exceed \$5 million
18 and the issuance and sale of water development bonds in this
19 amount for the purpose of providing funds appropriated to
20 the water development ~~clearance-fund~~ account for loans as
21 provided in the water development program."

22 Section 46. Section 90-2-102, MCA, is amended to read:

23 "90-2-102. Definitions. Unless the context requires
24 otherwise, in this part the following definitions apply:

25 (1) "Renewable resource development program" means

such developments in the public interest of renewable natural resources of the state as shall from time to time be acquired, constructed, and financed from funds appropriated to the ~~separate account and fund~~ referred to in this section and from the proceeds of bonds issued in anticipation of the receipt of these funds.

(2) "Renewable resource development bonds" means all series of bonds authorized by law to be issued pursuant to 90-2-121 to finance any part of the renewable resource development program or to refund any such bonds.

(3) "Renewable resource development account" or ~~"clearance-fund-account"~~ means a separate account which is created within the ~~the--bond--and--insurance-clearance~~ a STATE special-revenue fund established in 17-2-102 and shall be segregated by the treasurer from all other money in that or any other fund in the state treasury and used only to pay costs of the renewable resource development program, upon order of the board of natural resources and conservation under authority and within limitations provided by law.

(4) "Renewable resource development bond ~~account fund~~" or ~~"sinking-fund-account"~~ means a separate ~~account fund~~ which is created within the ~~sinking debt service~~ fund type established in 17-2-102 and shall be segregated by the treasurer from all other money in that or any other fund in the treasury and used only as provided for herein.

(5) "Treasurer" means the state treasurer."

Section 47. Section 90-2-112, MCA, is amended to read:

"90-2-112. Bond proceeds not for grants. Unless specifically authorized by the legislature, no bond proceeds may be used for the purpose of making grants. Grants may be made only from such sums as are deposited in the ~~sinking debt service~~ fund ~~account~~ from the collection of the coal severance tax as provided in 90-2-124."

Section 48. Section 90-2-121, MCA, is amended to read:

"90-2-121. Issuing bonds. (1) Within the limits authorized by 90-2-127 and within the further limitations in this section, the board of examiners may issue and sell bonds of the state in such manner as it considers necessary and proper to finance the renewable resource development program. The full faith and credit and taxing powers of the state shall be pledged for the prompt and full payment of all bonds so issued and interest and redemption premiums payable thereon according to their terms.

(2) Each series of such bonds shall be issued by the board of examiners upon request of the board of natural resources and conservation in such denominations and forms, whether payable to bearer with attached interest coupons or registered as to principal or as to both principal and interest, with such provisions for conversion or exchange and for the issuance of notes in anticipation of the

1 issuance of definitive bonds, bearing interest at such rate
 2 or rates, maturing at such time or times not exceeding 30
 3 years from date of issue, subject to optional or mandatory
 4 redemption at such earlier times and prices and upon such
 5 notice, with such provisions for payment and discharge by
 6 the deposit of funds or securities in escrow for that
 7 purpose, and payable at the office of such banking
 8 institution or institutions within or outside the state, as
 9 the board shall determine subject to the limitations
 10 contained in this section.

11 (3) In the issuance of each series of such bonds the
 12 interest rates and the maturities and any mandatory
 13 redemption provisions thereof shall be established in such
 14 manner that the funds then specifically pledged and
 15 appropriated by law to the ~~sinking debt service~~ fund account
 16 will in the judgment of the board be received in an amount
 17 sufficient in each year to pay all principal, redemption
 18 premiums, and interest due and payable in that year with
 19 respect to that and all prior series of such bonds, except
 20 outstanding bonds as to which the obligation of the state
 21 has been discharged by the deposit of funds or securities
 22 sufficient for their payment in accordance with the terms of
 23 the resolutions by which they are authorized to be issued.

24 (4) In all other respects the board of examiners is
 25 authorized to prescribe the form and terms of the bonds and

1 shall do whatever is lawful and necessary for their issuance
 2 and payment. Such bonds and any interest coupons appurtenant
 3 thereto shall be signed by the members of the board of
 4 examiners, and the bonds shall be issued under the great
 5 seal of the state of Montana. The bonds and coupons may be
 6 executed with facsimile signatures and seal in the manner
 7 and subject to the limitations prescribed by law. The state
 8 treasurer shall keep a record of all such bonds issued and
 9 sold.

10 (5) All proceeds of bonds issued hereunder, other than
 11 refunding bonds, shall be deposited in the ~~clearance-fund~~
 12 ~~renewable resource development~~ account, except that any
 13 principal and accrued interest received in repayment of the
 14 loans provided for in this part shall be deposited in the
 15 ~~sinking debt~~ service fund account. All proceeds of
 16 refunding bonds shall be deposited in the ~~sinking debt~~
 17 ~~service~~ fund account and applied to the payment and
 18 redemption of outstanding bonds issued hereunder as directed
 19 by the board, whether at maturity or on any previous date on
 20 which they may be prepaid according to their terms."

21 Section 49. Section 90-2-122, MCA, is amended to read:

22 "90-2-122. Refunding bonds. (1) The board of examiners
 23 is authorized to issue refunding bonds at such times and in
 24 such amounts, if any, as may be necessary to pay principal
 25 or interest due which cannot be paid from funds then on hand

1 In the ~~sinking debt service~~ fund account. It may also issue
 2 refunding bonds to refund outstanding bonds before maturity
 3 for the purpose of extending the maturities thereof so far
 4 as determined by the board to be necessary to assure that
 5 the funds then pledged to the ~~sinking debt service~~ fund
 6 account will be sufficient for payment of principal and
 7 interest due in subsequent years. It may also issue
 8 refunding bonds to refund outstanding bonds before maturity
 9 for the purpose of reducing the interest cost or the total
 10 amount of principal and interest payable thereon.

11 (2) No refunding bonds may be issued and sold more
 12 than 3 months before all bonds refunded thereby mature or
 13 are called for redemption unless the proceeds thereof, with
 14 any other funds in the ~~sinking debt service~~ fund account
 15 which are needed and available for the purpose, or
 16 securities purchased from such proceeds and other funds, are
 17 deposited with a suitable banking institution within or
 18 outside the state, in escrow for the retirement of the
 19 refunded bonds at maturity or at a prior date or dates on
 20 which they have been called for redemption in accordance
 21 with their terms, in an amount and in a manner sufficient
 22 under the provisions securing the refunded bonds so that the
 23 state's obligation to pay the same, from sources other than
 24 the escrow fund, is discharged.

25 (3) No new debt may be created by the issuance of

1 refunding bonds in accordance with this section, but such
 2 refunding bonds shall evidence the debt previously created
 3 and shall be secured by the pledge of the full faith and
 4 credit and taxing powers of the state and by the further
 5 provisions of this part in the same manner as the bonds
 6 refunded thereby."

7 Section 50. Section 90-2-123, MCA, is amended to read:
 8 "90-2-123. ~~Sinking Debt Service~~ fund account. (1) The
 9 state may by enactment of the legislature or the people
 10 levy, impose, assess, and pledge and appropriate to the
 11 ~~sinking debt service~~ fund account any tax, charge, fee,
 12 rental, or other income from any designated source. The
 13 state reserves the right to modify from time to time the
 14 nature and amount of special taxes and other revenues
 15 pledged and appropriated to the ~~sinking debt service~~ fund
 16 account, provided that the aggregate resources so pledged
 17 and appropriated are determined by the legislature to be
 18 sufficient for the prompt and full payment of the principal
 19 of and interest and redemption premiums when due on all
 20 bonds payable from that account fund, and provided that the
 21 pledge of the full faith and credit and taxing powers of the
 22 state for the security of all such bonds shall be and remain
 23 irrevocable until they are fully paid.

24 (2) Money in the ~~sinking debt service~~ fund account
 25 shall be used first to pay interest, principal, and

redemption premiums when due and payable with respect to renewable resource development bonds; second to accumulate a reserve for the further security of such payments, to the amount required each month to meet those payments due within 12 months thereafter; and third to restore the reserve to this amount after each payment.

(3) After the reserve provided for in subsection (2) above is in the ~~sinking debt service~~ fund, money at any time received in the ~~sinking debt service~~ fund in excess of that amount shall be transferred by the treasurer to the ~~clearance--fund renewable resource development~~ account. If the balance at any time on hand in the ~~sinking debt service~~ fund is not sufficient for compliance with subsection (2) and is not restored to the required amount within 3 months thereafter from funds specifically pledged and appropriated to the ~~sinking debt service~~ fund account, the treasurer shall transfer thereto from the general fund an amount sufficient to restore the required balance."

Section 51. Section 90-2-124, MCA, is amended to read:

"90-2-124. Appropriation of coal severance tax. The state pledges and appropriates and directs to be credited to the ~~sinking debt service~~ fund account, as received, 1 1/4% of all money from time to time received from the collection of the severance tax and remaining after allocation of such tax to the trust fund established under section 5, Article

IX, of the Montana constitution and such additional amount thereof, if any, as may be required from time to time to provide sufficient funds for the purposes stated in 90-2-123(2), provided that no more than 1 1/4% of such tax collections shall be deemed to be pledged for the purpose of 90-2-121(3)."

Section 52. Section 90-2-125, MCA, is amended to read:

"90-2-125. ~~Clearance--fund~~ Renewable resource development account. The state may by enactment of the legislature or the people levy, impose, assess, and pledge and appropriate to the ~~clearance-fund renewable resource development~~ account any tax, charge, fee, rental, or other income from any source."

Section 53. Section 90-2-126, MCA, is amended to read:

"90-2-126. Costs and expenditures. (1) The costs of the board of examiners, the board of natural resources and conservation, and the department of natural resources and conservation incurred in the administration of this part shall be met from the ~~clearance-fund renewable resource development~~ account moneys which shall from time to time as needed be transferred to an ~~earmarked~~ a STATE special revenue fund account established for that purpose.

(2) The board of examiners and the department of natural resources may, within the limits of appropriation made therefore, make necessary expenditures for the purchase

1 or hire of such personnel, facilities, and services as they
2 may from time to time find necessary for the proper
3 administration of this part."

4 Section 54. Section 90-2-127, MCA, is amended to read:
5 "90-2-127. Authorization of bonds. The legislature,
6 through the enactment of this law by a two-thirds vote of
7 the members of each house, authorizes the creation of state
8 debt in an amount not to exceed \$5 million and the issuance
9 and sale of renewable resource development bonds in this
10 amount for the purpose of providing funds appropriated to
11 the ~~clearance-fund~~ renewable_resource_development account
12 for developments included in the renewable resource
13 development program."

14 ~~NEW_SECTION.~~ Section 55. Code commissioner to make
15 changes. Whenever a reference to a treasury fund type, fund,
16 or account appears in any new material enacted by the 48th
17 legislature and approved by the governor, whether in new
18 sections or amended sections, the code commissioner, in
19 consultation with the department of administration and the
20 legislative fiscal analyst, shall change the reference in
21 that material as necessary to reflect the fund structure
22 provided for in 17-2-102. The code commissioner may make
23 other incidental changes to reflect the intent of [this act]
24 without changing the meaning.

25 ~~NEW_SECTION.~~ Section 56. Effective date. This act is

1 effective July 1, 1983.

-End-