

HOUSE BILL NO. 720

INTRODUCED BY LORY

IN THE HOUSE

February 11, 1983	Introduced and referred to Committee on Local Government.
February 21, 1983	Committee recommend bill do pass as amended. Report adopted.
February 22, 1983	Bill printed and placed on members' desks. Second reading, do pass.
February 23, 1983	Considered correctly engrossed. Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 1, 1983	Introduced and referred to Committee on Local Government.
March 23, 1983	Committee recommend bill be concurred in. Report adopted.
March 25, 1983	Second reading, concurred in as amended.
March 28, 1983	Third reading, concurred in. Ayes, 47; Noes, 0.

IN THE HOUSE

March 28, 1983

Returned to House with amendments.

April 4, 1983

Second reading, amendments concurred in.

April 5, 1983

Third reading, amendments concurred in.

Sent to enrolling.

April 8, 1983

On motion, taken from enrolling and Senate amendments referred to second reading this day.

Second reading, amendments not concurred in.

On motion, Free Conference Committee requested.

April 9, 1983

Free Conference Committee appointed.

April 18, 1983

Free Conference Committee reported.

Second reading, report adopted.

Third reading, report adopted.

April 20, 1983

Free Conference Committee report adopted by Senate.

Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 720
 2 INTRODUCED BY Log
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE
 5 NEGOTIATED SALE OF COUNTY, MUNICIPAL, AND SCHOOL DISTRICT
 6 GENERAL OBLIGATION REFUNDING BONDS AND MUNICIPAL REVENUE
 7 REFUNDING BONDS; AMENDING SECTIONS 7-7-2302, 7-7-4302,
 8 7-7-4311, 7-7-4501, 7-7-4503, AND 20-9-412, MCA."
 9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 7-7-2302, MCA, is amended to read:
 12 "7-7-2302. Applicability of certain other bond
 13 provisions. The provisions of 7-7-2203 through 7-7-2211,
 14 7-7-2222, and ~~7-7-2251~~ 7-7-2255 through 7-7-2274 apply to
 15 refunding bonds issued under this part; ~~however, the board~~
 16 ~~of county commissioners may at its option sell bonds issued~~
 17 ~~under this part at a private negotiated sale or at a public~~
 18 ~~sale conducted pursuant to the provisions of 7-7-2251~~
 19 ~~through 7-7-2254."~~
 20 Section 2. Section 7-7-4302, MCA, is amended to read:
 21 "7-7-4302. Applicability of certain other bond
 22 provisions. The provisions of 7-7-4201 through 7-7-4210 and
 23 ~~7-7-4251~~ 7-7-4255 through 7-7-4274 apply to refunding bonds
 24 issued under this part; ~~however, the city or town council~~
 25 ~~may at its option sell bonds issued under this part at a~~

1 ~~private negotiated sale or at a public sale conducted~~
 2 ~~pursuant to the provisions of 7-7-4251 through 7-7-4254."~~
 3 Section 3. Section 7-7-4311, MCA, is amended to read:
 4 "7-7-4311. Procedure to issue refunding general
 5 obligation bonds. In order to issue bonds to refund bonds
 6 theretofore issued and outstanding, it shall only be
 7 necessary for the council, at a regular or duly called
 8 special meeting, to pass and adopt a resolution setting
 9 forth the facts with regard to the indebtedness to be
 10 refunded, showing the reason for issuing such refunding
 11 bonds and fixing and determining the details thereof, giving
 12 ~~notice of sale thereof in the same manner that notice is~~
 13 ~~required to be given of sale of bonds authorized at an~~
 14 ~~election and then following the procedure in part 42 for the~~
 15 ~~sale and issuance of such bonds including whether the bonds~~
 16 ~~will be sold at a private negotiated sale or public sale."~~
 17 Section 4. Section 7-7-4503, MCA, is amended to read:
 18 "7-7-4503. Exchange or sale of refunding revenue
 19 bonds. (1) Refunding revenue bonds may, with the consent of
 20 the holders of the bonds to be refunded thereby, be
 21 exchanged at par plus accrued interest for all or part of
 22 such bonds or may be sold at a private negotiated sale or at
 23 a public sale conducted pursuant to the provisions of
 24 7-7-4433 and 7-7-4434 at a price not less than par plus
 25 accrued interest.

(2) Nothing herein shall require the holder of any outstanding bond to accept payment thereof or the delivery of a refunding bond in exchange therefor except in accordance with the terms of such outstanding bond."

Section 5. Section 7-7-4501, MCA, is amended to read:

"7-7-4501. Authority to issue refunding revenue bonds.

(1) In addition to the powers which it now may have, any municipality shall have the power under this part to refund bonds issued for any of the purposes listed in 7-7-4421(1), whether issued under authority of part 45 or of any other applicable law.

(2) Refunding revenue bonds issued as authorized in this section shall be governed by all of the provisions of part 44, ~~except 7-7-4433 and 7-7-4434~~, as fully as bonds issued for the initial financing of any undertaking and by the further provisions of this part.

(3) Bonds may be issued to refund interest as well as principal actually due and payable if the revenues pledged therefor are not sufficient, but not to refund any bonds or interest due which can be paid from revenues then on hand."

Section 6. Section 20-9-412, MCA, is amended to read:

"20-9-412. Issuance of refunding bonds without an election. (1) Bonds of a school district issued for the purpose of providing the money needed to redeem outstanding bonds may be issued without submitting the proposition to

the electorate at an election. In order to issue bonds for such purpose, the trustees, at a regular meeting or a duly called special meeting, shall adopt a resolution setting forth:

(a) the facts regarding the outstanding bonds that are to be redeemed;

(b) the reasons for issuing new bonds; and

(c) the term and details of the new bond issue.

(2) After the adoption of such resolution, the trustees shall:

~~(a) sell the bonds at a private negotiated sale; or~~

~~(b) at their option,~~ give notice of the sale of such new bonds in the same manner that notice is required to be given for the sale of bonds authorized at a school election. ~~Such and sell such~~ new bonds shall be sold in open competitive bidding, by written bids or by sealed bids.

~~(3)~~ Bonds shall not be refunded by the issuance of new bonds unless the rate of interest offered on the new bonds is at least 1/2 of 1% per annum less than the rate of interest in the bonds to be refunded or redeemed."

-End-

Approved by Comm.
on Local Government

1 HOUSE BILL NO. 720
2 INTRODUCED BY LORY
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE
5 NEGOTIATED SALE OF COUNTY, MUNICIPAL, AND SCHOOL DISTRICT
6 GENERAL OBLIGATION REFUNDING BONDS AND MUNICIPAL REVENUE
7 REFUNDING BONDS; TO PROVIDE FOR THE ISSUANCE OF ADVANCE
8 REFUNDING GENERAL OBLIGATION BONDS BY COUNTIES,
9 MUNICIPALITIES, AND SCHOOL DISTRICTS; AMENDING SECTIONS
10 7-7-2302, 7-7-4302, 7-7-4311, 7-7-4501, 7-7-4503, AND
11 20-9-412, MCA."
12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
14 Section 1. Section 7-7-2302, MCA, is amended to read:
15 "7-7-2302. Applicability of certain other bond
16 provisions. The provisions of 7-7-2203 through 7-7-2211,
17 7-7-2222, and ~~7-7-2251~~ 7-7-2251 through 7-7-2274 apply to
18 refunding bonds issued under this part; ~~however, the board~~
19 ~~of county commissioners may at its option sell bonds issued~~
20 ~~under this part at a private negotiated sale or at a public~~
21 ~~sale conducted pursuant to the provisions of 7-7-2251~~
22 ~~through 7-7-2254."~~
23 Section 2. Section 7-7-4302, MCA, is amended to read:
24 "7-7-4302. Applicability of certain other bond
25 provisions. The provisions of 7-7-4201 through 7-7-4210 and

1 ~~7-7-4251~~ 7-7-4251 through 7-7-4274 apply to refunding bonds
2 issued under this part; ~~however, the city or town council~~
3 ~~may at its option sell bonds issued under this part at a~~
4 ~~private negotiated sale or at a public sale conducted~~
5 ~~pursuant to the provisions of 7-7-4251 through 7-7-4254."~~
6 Section 3. Section 7-7-4311, MCA, is amended to read:
7 "7-7-4311. Procedure to issue refunding general
8 obligation bonds. In order to issue bonds to refund bonds
9 theretofore issued and outstanding, it shall only be
10 necessary for the council, at a regular or duly called
11 special meeting, to pass and adopt a resolution setting
12 forth the facts with regard to the indebtedness to be
13 refunded, showing the reason for issuing such refunding
14 bonds and fixing and determining the details thereof, giving
15 ~~notice of sale thereof in the same manner that notice is~~
16 ~~required to be given of sale of bonds authorized at an~~
17 ~~election and then following the procedure in part 42 for the~~
18 ~~sale and issuance of such bonds including whether the bonds~~
19 ~~will be sold at a private negotiated sale or public sale."~~
20 Section 4. Section 7-7-4503, MCA, is amended to read:
21 "7-7-4503. Exchange or sale of refunding revenue
22 bonds. (1) Refunding revenue bonds may, with the consent of
23 the holders of the bonds to be refunded thereby, be
24 exchanged at par plus accrued interest for all or part of
25 such bonds or may be sold at a private negotiated sale or at

1 ~~a public sale conducted pursuant to the provisions of~~
 2 ~~7-7-4433 and 7-7-4434~~ at a price not less than par plus
 3 accrued interest.

4 (2) Nothing herein shall require the holder of any
 5 outstanding bond to accept payment thereof or the delivery
 6 of a refunding bond in exchange therefor except in
 7 accordance with the terms of such outstanding bond."

8 Section 5. Section 7-7-4501, MCA, is amended to read:

9 "7-7-4501. Authority to issue refunding revenue bonds.

10 (1) In addition to the powers which it now may have, any
 11 municipality shall have the power under this part to refund
 12 bonds issued for any of the purposes listed in 7-7-4421(1),
 13 whether issued under authority of part 45 or of any other
 14 applicable law.

15 (2) Refunding revenue bonds issued as authorized in
 16 this section shall be governed by all of the provisions of
 17 part 44, ~~except 7-7-4433 and 7-7-4434~~, as fully as bonds
 18 issued for the initial financing of any undertaking and by
 19 the further provisions of this part.

20 (3) Bonds may be issued to refund interest as well as
 21 principal actually due and payable if the revenues pledged
 22 therefor are not sufficient, but not to refund any bonds or
 23 interest due which can be paid from revenues then on hand."

24 Section 6. Section 20-9-412, MCA, is amended to read:

25 "20-9-412. Issuance of refunding bonds without an

1 election. (1) Bonds of a school district issued for the
 2 purpose of providing the money needed to redeem outstanding
 3 bonds may be issued without submitting the proposition to
 4 the electorate at an election. In order to issue bonds for
 5 such purpose, the trustees, at a regular meeting or a duly
 6 called special meeting, shall adopt a resolution setting
 7 forth:

8 (a) the facts regarding the outstanding bonds that are
 9 to be redeemed;

10 (b) the reasons for issuing new bonds; and

11 (c) the term and details of the new bond issue.

12 (2) After the adoption of such resolution, the
 13 trustees shall:

14 ~~(a) sell the bonds at a private negotiated sale; or~~

15 ~~(b) at their option,~~ give notice of the sale of such
 16 new bonds in the same manner that notice is required to be
 17 given for the sale of bonds authorized at a school election=
 18 ~~such and sell such~~ new bonds shall--be--sold in open
 19 competitive bidding, by written bids or by sealed bids.

20 (3) Bonds shall not be refunded by the issuance of new
 21 bonds unless the rate of interest offered on the new bonds
 22 is at least 1/2 of 1% per annum less than the rate of
 23 interest in the bonds to be refunded or redeemed.

24 ~~(4) REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION~~
 25 ~~MAY BE ISSUED TO REFUND OUTSTANDING BONDS IN ADVANCE OF THE~~

1 DATE ON WHICH SUCH BONDS MATURE OR ARE SUBJECT TO
 2 REDEMPTION, PROVIDED THE PROCEEDS OF THE REFUNDING BONDS,
 3 LESS ANY ACCRUED INTEREST OR PREMIUM RECEIVED UPON THE SALE
 4 THEREOF, ARE DEPOSITED WITH OTHER FUNDS APPROPRIATED TO THE
 5 PAYMENT OF THE OUTSTANDING BONDS IN ESCROW WITH A SUITABLE
 6 BANKING INSTITUTION IN OR OUT OF THE STATE. FUNDS DEPOSITED
 7 SHALL BE INVESTED IN SECURITIES WHICH ARE GENERAL
 8 OBLIGATIONS OF THE UNITED STATES OR THE PRINCIPAL AND
 9 INTEREST OF WHICH IS GUARANTEED BY THE UNITED STATES AND
 10 WHICH MATURE OR ARE CALLABLE AT THE OPTION OF THE HOLDER ON
 11 SUCH DATES AND BEAR INTEREST AT SUCH RATES AND PAYABLE ON
 12 SUCH DATES AS SHALL BE REQUIRED TO PROVIDE FUNDS SUFFICIENT,
 13 WITH ANY CASH RETAINED IN THE ESCROW ACCOUNT, TO PAY WHEN
 14 DUE THE INTEREST TO ACCRUE ON EACH REFUNDED BOND TO ITS
 15 MATURITY OR REDEMPTION DATE, IF CALLED FOR REDEMPTION, AND
 16 TO PAY THE PRINCIPAL THEREOF AT MATURITY OR UPON SUCH
 17 REDEMPTION DATE, AND TO PAY ANY REDEMPTION PREMIUM. THE
 18 ESCROW ACCOUNT SHALL BE IRREVOCABLY APPROPRIATED TO THE
 19 PAYMENT OF THE PRINCIPAL OF AND INTEREST AND REDEMPTION
 20 PREMIUM, IF ANY, ON THE REFUNDED BONDS. FUNDS TO THE CREDIT
 21 OF THE DEBT SERVICE FUND FOR THE PAYMENT OF THE REFUNDED
 22 BONDS AND NOT REQUIRED FOR THE PAYMENT OF PRINCIPAL OF OR
 23 INTEREST THEREON DUE PRIOR TO ISSUANCE OF THE REFUNDING
 24 BONDS MAY BE APPROPRIATED BY THE DISTRICT TO THE ESCROW
 25 ACCOUNT. THE SCHOOL DISTRICT MAY PAY THE REASONABLE COSTS

1 AND EXPENSES OF PRINTING THE REFUNDING BONDS AND OF
 2 ESTABLISHING AND MAINTAINING THE ESCROW ACCOUNT. BONDS
 3 REFUNDED PURSUANT TO THIS PART ARE NOT TO BE CONSIDERED
 4 OUTSTANDING FOR PURPOSES OF 20-9-406 OR ANY OTHER DEBT
 5 LIMITATION."

6 THERE IS A NEW MCA SECTION THAT READS:

7 Section 7. Advance refunding bonds. The board of
 8 county commissioners may issue refunding bonds pursuant to
 9 this section to refund outstanding bonds in advance of the
 10 date on which such bonds mature or are subject to
 11 redemption, provided the proceeds of the refunding bonds,
 12 less any accrued interest or premium received upon the sale
 13 thereof, are deposited with other funds appropriated to the
 14 payment of the outstanding bonds in escrow with a suitable
 15 banking institution in or out of the state. Funds so
 16 deposited shall be invested in securities which are general
 17 obligations of the United States or the principal and
 18 interest of which is guaranteed by the United States and
 19 which mature or are callable at the option of the holder on
 20 such dates and bear interest at such rates and payable on
 21 such dates as shall be required to provide funds sufficient,
 22 with any cash retained in the escrow account, to pay when
 23 due the interest to accrue on each refunded bond to its
 24 maturity or redemption date, if called for redemption, and
 25 to pay the principal thereof at maturity or upon such

1 redemption date, and to pay any redemption premium. The
 2 escrow account shall be irrevocably appropriated to the
 3 payment of the principal of and interest and redemption
 4 premium, if any, on the refunded bonds. Funds to the credit
 5 of the sinking fund account for the refunded bonds and not
 6 required for the payment of principal of or interest thereon
 7 due prior to issuance of the refunding bonds may be
 8 appropriated by the county to the escrow account. The county
 9 may pay the reasonable costs and expenses of printing the
 10 refunding account. Bonds refunded pursuant to this part are
 11 not considered outstanding for purposes of 7-7-2203 or any
 12 other debt limitation.

13 HERE IS A NEW MCA SECTION THAT READS:

14 Section 8. Advance refunding bonds. A city or town may
 15 issue refunding bonds pursuant to this section to refund
 16 outstanding bonds in advance of the date on which such bonds
 17 mature or are subject to redemption, provided that proceeds
 18 of the refunding bonds, less any accrued interest or premium
 19 received upon the sale thereof, are deposited with other
 20 funds appropriated to the payment of the outstanding bonds
 21 in escrow with a suitable banking institution in or out of
 22 the state. Funds so deposited shall be invested in
 23 securities which are general obligations of the United
 24 States or the principal and interest of which is guaranteed
 25 by the United States and which mature or are callable at the

1 option of the holder on such dates and bear interest at such
 2 rates and payable on such dates as shall be required to
 3 provide funds sufficient, with any cash retained in the
 4 escrow account, to pay when due the interest to accrue on
 5 each refunded redemption, and to pay the principal thereof
 6 at maturity or upon such redemption date, and to pay any
 7 redemption premium. The escrow account shall be irrevocably
 8 appropriated to the payment of the principal of and interest
 9 and redemption premium, if any, on the refunded bonds. Funds
 10 to the credit of the sinking fund account for the refunded
 11 bonds and not required for the payment of principal of or
 12 interest thereon due prior to issuance of the refunding
 13 bonds may be appropriated by the city or town to the escrow
 14 account. The city may pay the reasonable costs and expenses
 15 of printing the refunding bonds and of establishing and
 16 maintaining the escrow account. Bonds refunded pursuant to
 17 this part are not to be considered outstanding for purposes
 18 of 7-7-4201 or any other debt limitation.

-End-

HOUSE BILL NO. 720

INTRODUCED BY LORY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE NEGOTIATED SALE OF COUNTY, MUNICIPAL, AND SCHOOL DISTRICT GENERAL OBLIGATION REFUNDING BONDS AND MUNICIPAL REVENUE REFUNDING BONDS; TO PROVIDE FOR THE ISSUANCE OF ADVANCE REFUNDING GENERAL OBLIGATION BONDS BY COUNTIES, MUNICIPALITIES, AND SCHOOL DISTRICTS; AMENDING SECTIONS 7-7-2302, 7-7-4302, 7-7-4311, 7-7-4501, 7-7-4503, AND 20-9-412, MCA."

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

Section 1. Section 7-7-2302, MCA, is amended to read:

"7-7-2302. Applicability of certain other bond provisions. The provisions of 7-7-2203 through 7-7-2211, 7-7-2222, and ~~7-7-2251 through 7-7-2274~~ apply to refunding bonds issued under this part; ~~however, the board of county commissioners may at its option sell bonds issued under this part at a private negotiated sale or at a public sale conducted pursuant to the provisions of 7-7-2251 through 7-7-2274.~~"

Section 2. Section 7-7-4302, MCA, is amended to read:

"7-7-4302. Applicability of certain other bond provisions. The provisions of 7-7-4201 through 7-7-4210 and

~~7-7-4251 through 7-7-4274~~ apply to refunding bonds issued under this part; ~~however, the city or town council may at its option sell bonds issued under this part at a private negotiated sale or at a public sale conducted pursuant to the provisions of 7-7-4251 through 7-7-4254.~~"

Section 3. Section 7-7-4311, MCA, is amended to read:

"7-7-4311. Procedure to issue refunding general obligation bonds. In order to issue bonds to refund bonds theretofore issued and outstanding, it shall only be necessary for the council, at a regular or duly called special meeting, to pass and adopt a resolution setting forth the facts with regard to the indebtedness to be refunded, showing the reason for issuing such refunding bonds and fixing and determining the details thereof, giving ~~notice of sale thereof in the same manner that notice is required to be given of sale of bonds authorized at an election and then following the procedure in part 42 for the sale and issuance of such bonds including whether the bonds will be sold at a private negotiated sale or public sale.~~"

Section 4. Section 7-7-4503, MCA, is amended to read:

"7-7-4503. Exchange or sale of refunding revenue bonds. (1) Refunding revenue bonds may, with the consent of the holders of the bonds to be refunded thereby, be exchanged at par plus accrued interest for all or part of such bonds or may be sold at a private negotiated sale or at

1 ~~a public sale conducted pursuant to the provisions of~~
 2 ~~7-7-4433 and 7-7-4434~~ at a price not less than par plus
 3 accrued interest.

4 (2) Nothing herein shall require the holder of any
 5 outstanding bond to accept payment thereof or the delivery
 6 of a refunding bond in exchange therefor except in
 7 accordance with the terms of such outstanding bond."

8 Section 5. Section 7-7-4501, MCA, is amended to read:
 9 "7-7-4501. Authority to issue refunding revenue bonds.

10 (1) In addition to the powers which it now may have, any
 11 municipality shall have the power under this part to refund
 12 bonds issued for any of the purposes listed in 7-7-4421(1),
 13 whether issued under authority of part 45 or of any other
 14 applicable law.

15 (2) Refunding revenue bonds issued as authorized in
 16 this section shall be governed by all of the provisions of
 17 part 44, ~~except 7-7-4433 and 7-7-4434~~, as fully as bonds
 18 issued for the initial financing of any undertaking and by
 19 the further provisions of this part.

20 (3) Bonds may be issued to refund interest as well as
 21 principal actually due and payable if the revenues pledged
 22 therefor are not sufficient, but not to refund any bonds or
 23 interest due which can be paid from revenues then on hand."

24 Section 6. Section 20-9-412, MCA, is amended to read:
 25 "20-9-412. Issuance of refunding bonds without an

1 election. (1) Bonds of a school district issued for the
 2 purpose of providing the money needed to redeem outstanding
 3 bonds may be issued without submitting the proposition to
 4 the electorate at an election. In order to issue bonds for
 5 such purpose, the trustees, at a regular meeting or a duly
 6 called special meeting, shall adopt a resolution setting
 7 forth:

8 (a) the facts regarding the outstanding bonds that are
 9 to be redeemed;

10 (b) the reasons for issuing new bonds; and

11 (c) the term and details of the new bond issue.

12 (2) After the adoption of such resolution, the
 13 trustees shall:

14 ~~(a) sell the bonds at a private negotiated sale; or~~

15 ~~(b) at their option~~, give notice of the sale of such
 16 new bonds in the same manner that notice is required to be
 17 given for the sale of bonds authorized at a school election;
 18 ~~such and sell such new bonds shall--be--sold~~ in open
 19 competitive bidding, by written bids or by sealed bids.

20 (3) Bonds shall not be refunded by the issuance of new
 21 bonds unless the rate of interest offered on the new bonds
 22 is at least 1/2 of 1% per annum less than the rate of
 23 interest in the bonds to be refunded or redeemed.

24 ~~(4) REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION~~
 25 ~~MAY BE ISSUED TO REFUND OUTSTANDING BONDS IN ADVANCE OF THE~~

1 DATE ON WHICH SUCH BONDS MATURE OR ARE SUBJECT TO
 2 REDEMPTION, PROVIDED THE PROCEEDS OF THE REFUNDING BONDS,
 3 LESS ANY ACCRUED INTEREST OR PREMIUM RECEIVED UPON THE SALE
 4 THEREOF, ARE DEPOSITED WITH OTHER FUNDS APPROPRIATED TO THE
 5 PAYMENT OF THE OUTSTANDING BONDS IN ESCROW WITH A SUITABLE
 6 BANKING INSTITUTION IN OR OUT OF THE STATE. FUNDS DEPOSITED
 7 SHALL BE INVESTED IN SECURITIES WHICH ARE GENERAL
 8 OBLIGATIONS OF THE UNITED STATES OR THE PRINCIPAL AND
 9 INTEREST OF WHICH IS GUARANTEED BY THE UNITED STATES AND
 10 WHICH MATURE OR ARE CALLABLE AT THE OPTION OF THE HOLDER ON
 11 SUCH DATES AND BEAR INTEREST AT SUCH RATES AND PAYABLE ON
 12 SUCH DATES AS SHALL BE REQUIRED TO PROVIDE FUNDS SUFFICIENT,
 13 WITH ANY CASH RETAINED IN THE ESCROW ACCOUNT, TO PAY WHEN
 14 DUE THE INTEREST TO ACCRUE ON EACH REFUNDED BOND TO ITS
 15 MATURITY OR REDEMPTION DATE, IF CALLED FOR REDEMPTION, AND
 16 TO PAY THE PRINCIPAL THEREOF AT MATURITY OR UPON SUCH
 17 REDEMPTION DATE, AND TO PAY ANY REDEMPTION PREMIUM. THE
 18 ESCROW ACCOUNT SHALL BE IRREVOCABLY APPROPRIATED TO THE
 19 PAYMENT OF THE PRINCIPAL OF AND INTEREST AND REDEMPTION
 20 PREMIUM, IF ANY, ON THE REFUNDED BONDS. FUNDS TO THE CREDIT
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 22 BONDS AND NOT REQUIRED FOR THE PAYMENT OF PRINCIPAL OF OR
 23 INTEREST THEREON DUE PRIOR TO ISSUANCE OF THE REFUNDING
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 25 ACCOUNT. THE SCHOOL DISTRICT MAY PAY THE REASONABLE COSTS

1 AND EXPENSES OF PRINTING THE REFUNDING BONDS AND OF
 2 ESTABLISHING AND MAINTAINING THE ESCROW ACCOUNT. BONDS
 3 REFUNDED PURSUANT TO THIS PART ARE NOT TO BE CONSIDERED
 4 OUTSTANDING FOR PURPOSES OF 20-9-406 OR ANY OTHER DEBT
 5 LIMITATION."

6 THERE IS A NEW MCA SECTION THAT READS:

7 Section 7. Advance refunding bonds. The board of
 8 county commissioners may issue refunding bonds pursuant to
 9 this section to refund outstanding bonds in advance of the
 10 date on which such bonds mature or are subject to
 11 redemption, provided the proceeds of the refunding bonds,
 12 less any accrued interest or premium received upon the sale
 13 thereof, are deposited with other funds appropriated to the
 14 payment of the outstanding bonds in escrow with a suitable
 15 banking institution in or out of the state. Funds so
 16 deposited shall be invested in securities which are general
 17 obligations of the United States or the principal and
 18 interest of which is guaranteed by the United States and
 19 which mature or are callable at the option of the holder on
 20 such dates and bear interest at such rates and payable on
 21 such dates as shall be required to provide funds sufficient,
 22 with any cash retained in the escrow account, to pay when
 23 due the interest to accrue on each refunded bond to its
 24 maturity or redemption date, if called for redemption, and
 25 to pay the principal thereof at maturity or upon such

1 redemption date, and to pay any redemption premium. The
 2 escrow account shall be irrevocably appropriated to the
 3 payment of the principal of and interest and redemption
 4 premium, if any, on the refunded bonds. Funds to the credit
 5 of the sinking fund account for the refunded bonds and not
 6 required for the payment of principal of or interest thereon
 7 due prior to issuance of the refunding bonds may be
 8 appropriated by the county to the escrow account. The county
 9 may pay the reasonable costs and expenses of printing the
 10 refunding account. Bonds refunded pursuant to this part are
 11 not considered outstanding for purposes of 7-7-2203 or any
 12 other debt limitation.

13 HERE IS A NEW MCA SECTION THAT READS:

14 Section 8. Advance refunding bonds. A city or town may
 15 issue refunding bonds pursuant to this section to refund
 16 outstanding bonds in advance of the date on which such bonds
 17 mature or are subject to redemption, provided that proceeds
 18 of the refunding bonds, less any accrued interest or premium
 19 received upon the sale thereof, are deposited with other
 20 funds appropriated to the payment of the outstanding bonds
 21 in escrow with a suitable banking institution in or out of
 22 the state. Funds so deposited shall be invested in
 23 securities which are general obligations of the United
 24 States or the principal and interest of which is guaranteed
 25 by the United States and which mature or are callable at the

1 option of the holder on such dates and bear interest at such
 2 rates and payable on such dates as shall be required to
 3 provide funds sufficient, with any cash retained in the
 4 escrow account, to pay when due the interest to accrue on
 5 each refunded redemption, and to pay the principal thereof
 6 at maturity or upon such redemption date, and to pay any
 7 redemption premium. The escrow account shall be irrevocably
 8 appropriated to the payment of the principal of and interest
 9 and redemption premium, if any, on the refunded bonds. Funds
 10 to the credit of the sinking fund account for the refunded
 11 bonds and not required for the payment of principal of or
 12 interest thereon due prior to issuance of the refunding
 13 bonds may be appropriated by the city or town to the escrow
 14 account. The city may pay the reasonable costs and expenses
 15 of printing the refunding bonds and of establishing and
 16 maintaining the escrow account. Bonds refunded pursuant to
 17 this part are not to be considered outstanding for purposes
 18 of 7-7-4201 or any other debt limitation.

-End-

March 25, 1983

SENATE COMMITTEE OF THE WHOLE AMENDMENT

That House Bill No. 720 be amended as follows:

1. Title, line 11.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

2. Page 8, line 18.

Following: line 18

Insert: "Section 9. Effective date. This act is
effective on passage and approval."

HOUSE BILL NO. 720

INTRODUCED BY LORY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE NEGOTIATED SALE OF COUNTY, MUNICIPAL, AND SCHOOL DISTRICT GENERAL OBLIGATION REFUNDING BONDS AND MUNICIPAL REVENUE REFUNDING BONDS; TO PROVIDE FOR THE ISSUANCE OF ADVANCE REFUNDING GENERAL OBLIGATION BONDS BY COUNTIES, MUNICIPALITIES, AND SCHOOL DISTRICTS; AMENDING SECTIONS 7-7-2302, 7-7-4302, 7-7-4311, 7-7-4501, 7-7-4503, AND 20-9-412, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-7-2302, MCA, is amended to read:

"7-7-2302. Applicability of certain other bond provisions. The provisions of 7-7-2203 through 7-7-2211, 7-7-2222, and ~~7-7-2251~~ 7-7-2255 through 7-7-2274 apply to refunding bonds issued under this part; ~~however, the board of county commissioners may at its option sell bonds issued under this part at a private negotiated sale or at a public sale conducted pursuant to the provisions of 7-7-2251 through 7-7-2254.~~"

Section 2. Section 7-7-4302, MCA, is amended to read:

"7-7-4302. Applicability of certain other bond provisions. The provisions of 7-7-4201 through 7-7-4210 and

~~7-7-4251~~ 7-7-4255 through 7-7-4274 apply to refunding bonds issued under this part; ~~however, the city or town council may at its option sell bonds issued under this part at a private negotiated sale or at a public sale conducted pursuant to the provisions of 7-7-4251 through 7-7-4254.~~"

Section 3. Section 7-7-4311, MCA, is amended to read:

"7-7-4311. Procedure to issue refunding general obligation bonds. In order to issue bonds to refund bonds theretofore issued and outstanding, it shall only be necessary for the council, at a regular or duly called special meeting, to pass and adopt a resolution setting forth the facts with regard to the indebtedness to be refunded, showing the reason for issuing such refunding bonds and fixing and determining the details thereof, ~~giving notice--of--sale--thereof--in-the-same-manner--that--notice--is--required--to--be--given--of--sale--of--bonds--authorized--at--an--election--and--then--following--the--procedure--in--part--42--for--the--sale--and--issuance--of--such--bonds~~ including whether the bonds will be sold at a private negotiated sale or public sale."

Section 4. Section 7-7-4503, MCA, is amended to read:

"7-7-4503. Exchange or sale of refunding revenue bonds. (1) Refunding revenue bonds may, with the consent of the holders of the bonds to be refunded thereby, be exchanged at par plus accrued interest for all or part of such bonds or may be sold at a private negotiated sale or at

1 ~~a public sale conducted pursuant to the provisions of~~
2 ~~7-7-4433 and 7-7-4434~~ at a price not less than par plus
3 accrued interest.

4 (2) Nothing herein shall require the holder of any
5 outstanding bond to accept payment thereof or the delivery
6 of a refunding bond in exchange therefor except in
7 accordance with the terms of such outstanding bond."

8 Section 5. Section 7-7-4501, MCA, is amended to read:

9 "7-7-4501. Authority to issue refunding revenue bonds.

10 (1) In addition to the powers which it now may have, any
11 municipality shall have the power under this part to refund
12 bonds issued for any of the purposes listed in 7-7-4421(1),
13 whether issued under authority of part 45 or of any other
14 applicable law.

15 (2) Refunding revenue bonds issued as authorized in
16 this section shall be governed by all of the provisions of
17 part 44, ~~except 7-7-4433 and 7-7-4434~~, as fully as bonds
18 issued for the initial financing of any undertaking and by
19 the further provisions of this part.

20 (3) Bonds may be issued to refund interest as well as
21 principal actually due and payable if the revenues pledged
22 therefor are not sufficient, but not to refund any bonds or
23 interest due which can be paid from revenues then on hand."

24 Section 6. Section 20-9-412, MCA, is amended to read:

25 "20-9-412. Issuance of refunding bonds without an

1 election. (1) Bonds of a school district issued for the
2 purpose of providing the money needed to redeem outstanding
3 bonds may be issued without submitting the proposition to
4 the electorate at an election. In order to issue bonds for
5 such purpose, the trustees, at a regular meeting or a duly
6 called special meeting, shall adopt a resolution setting
7 forth:

8 (a) the facts regarding the outstanding bonds that are
9 to be redeemed;

10 (b) the reasons for issuing new bonds; and

11 (c) the term and details of the new bond issue.

12 (2) After the adoption of such resolution, the
13 trustees shall:

14 ~~(a) sell the bonds at a private negotiated sale; or~~

15 ~~(b) at their option,~~ give notice of the sale of such
16 new bonds in the same manner that notice is required to be
17 given for the sale of bonds authorized at a school election;
18 ~~such and sell such~~ new bonds ~~shall--be--sold~~ in open
19 competitive bidding, by written bids or by sealed bids.

20 ~~(3) Bonds shall not be refunded by the issuance of new~~
21 bonds unless the rate of interest offered on the new bonds
22 is at least 1/2 of 1% per annum less than the rate of
23 interest in the bonds to be refunded or redeemed.

24 ~~(4) REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION~~
25 ~~MAY BE ISSUED TO REFUND OUTSTANDING BONDS IN ADVANCE OF THE~~

1 DATE ON WHICH SUCH BONDS MATURE OR ARE SUBJECT TO
 2 REDEMPTION, PROVIDED THE PROCEEDS OF THE REFUNDING BONDS,
 3 LESS ANY ACCRUED INTEREST OR PREMIUM RECEIVED UPON THE SALE
 4 THEREOF, ARE DEPOSITED WITH OTHER FUNDS APPROPRIATED TO THE
 5 PAYMENT OF THE OUTSTANDING BONDS IN ESCROW WITH A SUITABLE
 6 BANKING INSTITUTION IN OR OUT OF THE STATE. FUNDS DEPOSITED
 7 SHALL BE INVESTED IN SECURITIES WHICH ARE GENERAL
 8 OBLIGATIONS OF THE UNITED STATES OR THE PRINCIPAL AND
 9 INTEREST OF WHICH IS GUARANTEED BY THE UNITED STATES AND
 10 WHICH MATURE OR ARE CALLABLE AT THE OPTION OF THE HOLDER ON
 11 SUCH DATES AND BEAR INTEREST AT SUCH RATES AND PAYABLE ON
 12 SUCH DATES AS SHALL BE REQUIRED TO PROVIDE FUNDS SUFFICIENT,
 13 WITH ANY CASH RETAINED IN THE ESCROW ACCOUNT, TO PAY WHEN
 14 DUE THE INTEREST TO ACCRUE ON EACH REFUNDED BOND TO ITS
 15 MATURITY OR REDEMPTION DATE, IF CALLED FOR REDEMPTION, AND
 16 TO PAY THE PRINCIPAL THEREOF AT MATURITY OR UPON SUCH
 17 REDEMPTION DATE, AND TO PAY ANY REDEMPTION PREMIUM, THE
 18 ESCROW ACCOUNT SHALL BE IRREVOCABLY APPROPRIATED TO THE
 19 PAYMENT OF THE PRINCIPAL OF AND INTEREST AND REDEMPTION
 20 PREMIUM, IF ANY, ON THE REFUNDED BONDS, FUNDS TO THE CREDIT
 21 OF THE DEBT SERVICE FUND FOR THE PAYMENT OF THE REFUNDED
 22 BONDS, AND NOT REQUIRED FOR THE PAYMENT OF PRINCIPAL OF OR
 23 INTEREST THEREON DUE PRIOR TO ISSUANCE OF THE REFUNDING
 24 BONDS MAY BE APPROPRIATED BY THE DISTRICT TO THE ESCROW
 25 ACCOUNT. THE SCHOOL DISTRICT MAY PAY THE REASONABLE COSTS

1 AND EXPENSES OF PRINTING THE REFUNDING BONDS AND OF
 2 ESTABLISHING AND MAINTAINING THE ESCROW ACCOUNT. BONDS
 3 REFUNDED PURSUANT TO THIS PART ARE NOT TO BE CONSIDERED
 4 OUTSTANDING FOR PURPOSES OF 20-9-406 OR ANY OTHER DEBT
 5 LIMITATION.*

6 THERE IS A NEW MCA SECTION THAT READS:

7 Section 7. Advance refunding bonds. The board of
 8 county commissioners may issue refunding bonds pursuant to
 9 this section to refund outstanding bonds in advance of the
 10 date on which such bonds mature or are subject to
 11 redemption, provided the proceeds of the refunding bonds,
 12 less any accrued interest or premium received upon the sale
 13 thereof, are deposited with other funds appropriated to the
 14 payment of the outstanding bonds in escrow with a suitable
 15 banking institution in or out of the state. Funds so
 16 deposited shall be invested in securities which are general
 17 obligations of the United States or the principal and
 18 interest of which is guaranteed by the United States and
 19 which mature or are callable at the option of the holder on
 20 such dates and bear interest at such rates and payable on
 21 such dates as shall be required to provide funds sufficient,
 22 with any cash retained in the escrow account, to pay when
 23 due the interest to accrue on each refunded bond to its
 24 maturity or redemption date, if called for redemption, and
 25 to pay the principal thereof at maturity or upon such

1 redemption date, and to pay any redemption premium. The
 2 escrow account shall be irrevocably appropriated to the
 3 payment of the principal of and interest and redemption
 4 premium, if any, on the refunded bonds. Funds to the credit
 5 of the sinking fund account for the refunded bonds and not
 6 required for the payment of principal of or interest thereon
 7 due prior to issuance of the refunding bonds may be
 8 appropriated by the county to the escrow account. The county
 9 may pay the reasonable costs and expenses of printing the
 10 refunding account. Bonds refunded pursuant to this part are
 11 not considered outstanding for purposes of 7-7-2203 or any
 12 other debt limitation.

13 HERE IS A NEW MCA SECTION THAT READS:

14 Section 8. Advance refunding bonds. A city or town may
 15 issue refunding bonds pursuant to this section to refund
 16 outstanding bonds in advance of the date on which such bonds
 17 mature or are subject to redemption, provided that proceeds
 18 of the refunding bonds, less any accrued interest or premium
 19 received upon the sale thereof, are deposited with other
 20 funds appropriated to the payment of the outstanding bonds
 21 in escrow with a suitable banking institution in or out of
 22 the state. Funds so deposited shall be invested in
 23 securities which are general obligations of the United
 24 States or the principal and interest of which is guaranteed
 25 by the United States and which mature or are callable at the

1 option of the holder on such dates and bear interest at such
 2 rates and payable on such dates as shall be required to
 3 provide funds sufficient, with any cash retained in the
 4 escrow account, to pay when due the interest to accrue on
 5 each refunded redemption, and to pay the principal thereof
 6 at maturity or upon such redemption date, and to pay any
 7 redemption premium. The escrow account shall be irrevocably
 8 appropriated to the payment of the principal of and interest
 9 and redemption premium, if any, on the refunded bonds. Funds
 10 to the credit of the sinking fund account for the refunded
 11 bonds and not required for the payment of principal of or
 12 interest thereon due prior to issuance of the refunding
 13 bonds may be appropriated by the city or town to the escrow
 14 account. The city may pay the reasonable costs and expenses
 15 of printing the refunding bonds and of establishing and
 16 maintaining the escrow account. Bonds refunded pursuant to
 17 this part are not to be considered outstanding for purposes
 18 of 7-7-4201 or any other debt limitation.

19 SECTION 9. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
 20 PASSAGE AND APPROVAL.

-End-

FREE CONFERENCE COMMITTEE REPORT
HOUSE BILL NO. 720
(Report No. 1)

Mr. Speaker:

We, your Free Conference Committee on House Bill No. 720,
met and considered:

House Bill No. 720, third reading copy (Blue); and
Senate Committee of the Whole amendments of March 25, 1983.

We respectfully recommend as follows:

That the House accede to Senate Committee of the Whole
amendments number 1 and 2;

That House Bill No. 720 be further amended as specified in
Clerical Instructions 1 through 10; and

That this Free Conference Committee report be adopted.

CLERICAL INSTRUCTIONS FOR REFERENCE COPY (SALMON)

1. Page 5, line 6.

Following: "FUNDS"

Insert: "so"

2. Page 5, line 9.

Strike: "IS"

Insert: "are"

3. Page 6, line 18.

Strike: "is"

Insert: "are"

4. Page 7, line 5.

Before: "refunded"

Insert: "payment of the"

5. Page 7, line 10.

Following: "refunding"

Insert: "bonds and of establishing and maintaining the escrow"

6. Page 7, line 11.

Following: "not"

Insert: "to be"

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2 of 2

HB 720

..... 19

7. Page 7, line 24.

Strike: "is"

Insert: "are"

8. Page 8, line 5.

Following: "refunded"

Insert: "bond to its maturity or redemption date, if called for"

9. Page 8, line 10.

Before: "refunded"

Insert: "payment of the"

10. Page 8, line 14.

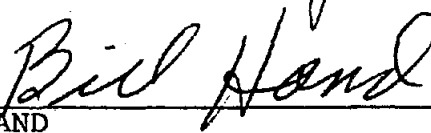
Following: "city"

Insert: "or town"

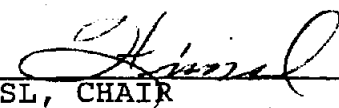
FOR THE HOUSE

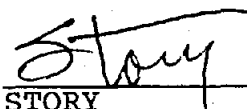

BRAND, CHAIR

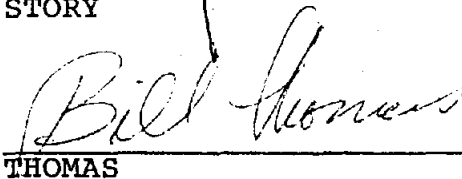

LORY


HAND

FOR THE SENATE


HIMSL, CHAIR


STORY


THOMAS

HOUSE BILL NO. 720

INTRODUCED BY LORY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE NEGOTIATED SALE OF COUNTY, MUNICIPAL, AND SCHOOL DISTRICT GENERAL OBLIGATION REFUNDING BONDS AND MUNICIPAL REVENUE REFUNDING BONDS; ~~TO PROVIDE FOR THE ISSUANCE OF ADVANCE REFUNDING GENERAL OBLIGATION BONDS BY COUNTIES, MUNICIPALITIES, AND SCHOOL DISTRICTS;~~ AMENDING SECTIONS 7-7-2302, 7-7-4302, 7-7-4311, 7-7-4501, 7-7-4503, AND 20-9-412, MCA; ~~AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.~~"

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

Section 1. Section 7-7-2302, MCA, is amended to read:

"7-7-2302. Applicability of certain other bond provisions. The provisions of 7-7-2203 through 7-7-2211, 7-7-2222, and ~~7-7-2251~~ 7-7-2255 through 7-7-2274 apply to refunding bonds issued under this part; ~~however, the board of county commissioners may at its option sell bonds issued under this part at a private negotiated sale or at a public sale conducted pursuant to the provisions of 7-7-2251 through 7-7-2254.~~"

Section 2. Section 7-7-4302, MCA, is amended to read:

"7-7-4302. Applicability of certain other bond provisions. The provisions of 7-7-4201 through 7-7-4210 and

~~7-7-4251~~ 7-7-4255 through 7-7-4274 apply to refunding bonds issued under this part; ~~however, the city or town council may at its option sell bonds issued under this part at a private negotiated sale or at a public sale conducted pursuant to the provisions of 7-7-4251 through 7-7-4254.~~"

Section 3. Section 7-7-4311, MCA, is amended to read:

"7-7-4311. Procedure to issue refunding general obligation bonds. In order to issue bonds to refund bonds theretofore issued and outstanding, it shall only be necessary for the council, at a regular or duly called special meeting, to pass and adopt a resolution setting forth the facts with regard to the indebtedness to be refunded, showing the reason for issuing such refunding bonds and fixing and determining the details thereof, ~~giving notice of sale thereof in the same manner that notice is required to be given of sale of bonds authorized at an election and then following the procedure in part 42 for the sale and issuance of such bonds including whether the bonds will be sold at a private negotiated sale or public sale.~~"

Section 4. Section 7-7-4503, MCA, is amended to read:

"7-7-4503. Exchange or sale of refunding revenue bonds. (1) Refunding revenue bonds may, with the consent of the holders of the bonds to be refunded thereby, be exchanged at par plus accrued interest for all or part of such bonds or may be sold at a private negotiated sale or at

1 ~~a public sale conducted pursuant to the provisions of~~
 2 ~~7-7-4433 and 7-7-4434~~ at a price not less than par plus
 3 accrued interest.

4 (2) Nothing herein shall require the holder of any
 5 outstanding bond to accept payment thereof or the delivery
 6 of a refunding bond in exchange therefor except in
 7 accordance with the terms of such outstanding bond."

8 Section 5. Section 7-7-4501, MCA, is amended to read:

9 "7-7-4501. Authority to issue refunding revenue bonds.

10 (1) In addition to the powers which it now may have, any
 11 municipality shall have the power under this part to refund
 12 bonds issued for any of the purposes listed in 7-7-4421(1),
 13 whether issued under authority of part 45 or of any other
 14 applicable law.

15 (2) Refunding revenue bonds issued as authorized in
 16 this section shall be governed by all of the provisions of
 17 part 44, ~~except 7-7-4433 and 7-7-4434~~, as fully as bonds
 18 issued for the initial financing of any undertaking and by
 19 the further provisions of this part.

20 (3) Bonds may be issued to refund interest as well as
 21 principal actually due and payable if the revenues pledged
 22 therefor are not sufficient, but not to refund any bonds or
 23 interest due which can be paid from revenues then on hand."

24 Section 6. Section 20-9-412, MCA, is amended to read:

25 "20-9-412. Issuance of refunding bonds without an

1 election. (1) Bonds of a school district issued for the
 2 purpose of providing the money needed to redeem outstanding
 3 bonds may be issued without submitting the proposition to
 4 the electorate at an election. In order to issue bonds for
 5 such purpose, the trustees, at a regular meeting or a duly
 6 called special meeting, shall adopt a resolution setting
 7 forth:

8 (a) the facts regarding the outstanding bonds that are
 9 to be redeemed;

10 (b) the reasons for issuing new bonds; and

11 (c) the term and details of the new bond issue.

12 (2) After the adoption of such resolution, the
 13 trustees shall:

14 ~~(a) sell the bonds at a private negotiated sale; or~~

15 ~~(b) at their option,~~ give notice of the sale of such
 16 new bonds in the same manner that notice is required to be
 17 given for the sale of bonds authorized at a school election.
 18 ~~Such and sell such~~ new bonds shall be sold in open
 19 competitive bidding, by written bids or by sealed bids.

20 (3) Bonds shall not be refunded by the issuance of new
 21 bonds unless the rate of interest offered on the new bonds
 22 is at least 1/2 of 1% per annum less than the rate of
 23 interest in the bonds to be refunded or redeemed.

24 ~~(4) REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION~~
 25 ~~MAY BE ISSUED TO REFUND OUTSTANDING BONDS IN ADVANCE OF THE~~

1 DATE ON WHICH SUCH BONDS MATURE OR ARE SUBJECT TO
 2 REDEMPTION, PROVIDED THE PROCEEDS OF THE REFUNDING BONDS,
 3 LESS ANY ACCRUED INTEREST OR PREMIUM RECEIVED UPON THE SALE
 4 THEREOF, ARE DEPOSITED WITH OTHER FUNDS APPROPRIATED TO THE
 5 PAYMENT OF THE OUTSTANDING BONDS IN ESCROW WITH A SUITABLE
 6 BANKING INSTITUTION IN OR OUT OF THE STATE. FUNDS SO
 7 DEPOSITED SHALL BE INVESTED IN SECURITIES WHICH ARE GENERAL
 8 OBLIGATIONS OF THE UNITED STATES OR THE PRINCIPAL AND
 9 INTEREST OF WHICH IS ARE GUARANTEED BY THE UNITED STATES AND
 10 WHICH MATURE OR ARE CALLABLE AT THE OPTION OF THE HOLDER ON
 11 SUCH DATES AND BEAR INTEREST AT SUCH RATES AND PAYABLE ON
 12 SUCH DATES AS SHALL BE REQUIRED TO PROVIDE FUNDS SUFFICIENT,
 13 WITH ANY CASH RETAINED IN THE ESCROW ACCOUNT, TO PAY WHEN
 14 DUE THE INTEREST TO ACCRUE ON EACH REFUNDED BOND TO ITS
 15 MATURITY OR REDEMPTION DATE, IF CALLED FOR REDEMPTION, AND
 16 TO PAY THE PRINCIPAL THEREOF AT MATURITY OR UPON SUCH
 17 REDEMPTION DATE, AND TO PAY ANY REDEMPTION PREMIUM. THE
 18 ESCROW ACCOUNT SHALL BE IRREVOCABLY APPROPRIATED TO THE
 19 PAYMENT OF THE PRINCIPAL OF AND INTEREST AND REDEMPTION
 20 PREMIUM, IF ANY, ON THE REFUNDED BONDS. FUNDS TO THE CREDIT
 21 OF THE DEBT SERVICE FUND FOR THE PAYMENT OF THE REFUNDED
 22 BONDS AND NOT REQUIRED FOR THE PAYMENT OF PRINCIPAL OF OR
 23 INTEREST THEREON DUE PRIOR TO ISSUANCE OF THE REFUNDING
 24 BONDS MAY BE APPROPRIATED BY THE DISTRICT TO THE ESCROW
 25 ACCOUNT. THE SCHOOL DISTRICT MAY PAY THE REASONABLE COSTS

1 AND EXPENSES OF PRINTING THE REFUNDING BONDS AND OF
 2 ESTABLISHING AND MAINTAINING THE ESCROW ACCOUNT. BONDS
 3 REFUNDED PURSUANT TO THIS PART ARE NOT TO BE CONSIDERED
 4 OUTSTANDING FOR PURPOSES OF 20-9-406 OR ANY OTHER DEBT
 5 LIMITATION."

6 THERE IS A NEW MCA SECTION THAT READS:

7 Section 7. Advance refunding bonds. The board of
 8 county commissioners may issue refunding bonds pursuant to
 9 this section to refund outstanding bonds in advance of the
 10 date on which such bonds mature or are subject to
 11 redemption, provided the proceeds of the refunding bonds,
 12 less any accrued interest or premium received upon the sale
 13 thereof, are deposited with other funds appropriated to the
 14 payment of the outstanding bonds in escrow with a suitable
 15 banking institution in or out of the state. Funds so
 16 deposited shall be invested in securities which are general
 17 obligations of the United States or the principal and
 18 interest of which ~~is~~ ARE guaranteed by the United States and
 19 which mature or are callable at the option of the holder on
 20 such dates and bear interest at such rates and payable on
 21 such dates as shall be required to provide funds sufficient,
 22 with any cash retained in the escrow account, to pay when
 23 due the interest to accrue on each refunded bond to its
 24 maturity or redemption date, if called for redemption, and
 25 to pay the principal thereof at maturity or upon such

1 redemption date, and to pay any redemption premium. The
 2 escrow account shall be irrevocably appropriated to the
 3 payment of the principal of and interest and redemption
 4 premium, if any, on the refunded bonds. Funds to the credit
 5 of the sinking fund account for the ~~PAYMENT OF THE~~ refunded
 6 bonds and not required for the payment of principal of or
 7 interest thereon due prior to issuance of the refunding
 8 bonds may be appropriated by the county to the escrow
 9 account. The county may pay the reasonable costs and
 10 expenses of printing the refunding ~~BONDS AND OF ESTABLISHING~~
 11 ~~AND MAINTAINING THE ESCROW~~ account. Bonds refunded pursuant
 12 to this part are not ~~TO BE~~ considered outstanding for
 13 purposes of 7-7-2203 or any other debt limitation.

14 ~~THERE IS A NEW MCA SECTION THAT READS:~~

15 Section 8. Advance refunding bonds. A city or town may
 16 issue refunding bonds pursuant to this section to refund
 17 outstanding bonds in advance of the date on which such bonds
 18 mature or are subject to redemption, provided that proceeds
 19 of the refunding bonds, less any accrued interest or premium
 20 received upon the sale thereof, are deposited with other
 21 funds appropriated to the payment of the outstanding bonds
 22 in escrow with a suitable banking institution in or out of
 23 the state. Funds so deposited shall be invested in
 24 securities which are general obligations of the United
 25 States or the principal and interest of which ~~is~~ ARE

1 guaranteed by the United States and which mature or are
 2 callable at the option of the holder on such dates and bear
 3 interest at such rates and payable on such dates as shall be
 4 required to provide funds sufficient, with any cash retained
 5 in the escrow account, to pay when due the interest to
 6 accrue on each refunded ~~BOND TO ITS MATURITY OR REDEMPTION~~
 7 ~~DATE, IE CALLED FOR~~ redemption, and to pay the principal
 8 thereof at maturity or upon such redemption date, and to pay
 9 any redemption premium. The escrow account shall be
 10 irrevocably appropriated to the payment of the principal of
 11 and interest and redemption premium, if any, on the refunded
 12 bonds. Funds to the credit of the sinking fund account for
 13 the ~~PAYMENT OF THE~~ refunded bonds and not required for the
 14 payment of principal of or interest thereon due prior to
 15 issuance of the refunding bonds may be appropriated by the
 16 city or town to the escrow account. The city ~~OR TOWN~~ may pay
 17 the reasonable costs and expenses of printing the refunding
 18 bonds and of establishing and maintaining the escrow
 19 account. Bonds refunded pursuant to this part are not to be
 20 considered outstanding for purposes of 7-7-4201 or any other
 21 debt limitation.

22 ~~SECTION 9. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON~~
 23 ~~PASSAGE AND APPROVAL.~~

-End-