

HOUSE BILL NO. 832

Introduced: 02/15/83

Referred to Select Committee on Economic Development: 02/15/83

Hearing: 2/17/83

Report: 02/19/83, Do Pass, As Amended

2nd Reading: 02/22/83, Do Pass

3rd Reading: 02/23/83, Do Pass

Transmitted to Senate: 2/23/83

Referred to Committee on State Administration: 3/1/83

Hearing: 3/8/83

Report: 3/8/83, Be Concurred In

2nd Reading: 03/10/83, As Amended

On Motion, 3/10/83, That The Bill Be Taken From 3rd  
Reading And Rereferred to 2nd Reading. Motion  
Passed Unanimously.

2nd Reading: 03/12/83, Be Concurred In

3rd Reading: 03/15/83,

Returned to House With Amendments: 3/15/83

2nd Reading: 04/05/83, Be Concurred In

3rd Reading: 04/06/83, Do Not Pass

Bill Killed

1 House BILL NO. 832  
 2 INTRODUCED BY George Kemmer Constance Vincent  
 3 BY REQUEST OF THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT  
 4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE  
 6 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII,  
 7 SECTION 13, OF THE MONTANA CONSTITUTION TO REMOVE THE  
 8 RESTRICTION ON INVESTMENT OF PUBLIC FUNDS IN CORPORATE  
 9 CAPITAL STOCK AND THE REQUIREMENT THAT INVESTMENTS OF  
 10 CERTAIN EDUCATION FUNDS BEAR A FIXED RATE OF INTEREST."  
 11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 13 Section 1. Article VIII, section 13, of the  
 14 Constitution of the State of Montana is amended to read:  
 15 "Section 13. Investment of public funds. (1) The  
 16 legislature shall provide for a unified investment program  
 17 for public funds and provide rules therefor, including  
 18 supervision of investment of surplus funds of all counties,  
 19 cities, towns, and other local governmental entities. Each  
 20 fund forming a part of the unified investment program shall  
 21 be separately identified. ~~Except-for-moneys-contributed-to~~  
 22 ~~retirement-funds-no-public-funds-shall-be-invested-in~~  
 23 ~~private-corporate-capital-stock.~~ The investment program  
 24 shall be audited at least annually and a report thereof  
 25 submitted to the governor and legislature.

1 (2) The public school fund and the permanent funds of  
 2 the Montana university system and all other state  
 3 institutions of learning shall be safely and conservatively  
 4 invested in:  
 5 (a) Public securities of the state, its subdivisions,  
 6 local government units, and districts within the state, or  
 7 (b) Bonds of the United States or other securities  
 8 fully guaranteed as to principal and interest by the United  
 9 States, or  
 10 (c) Such other safe investments ~~bearing-a-fixed-rate~~  
 11 ~~of-interest~~ as may be provided by law."  
 12 NEW SECTION. Section 2. Effective date. If approved  
 13 by the electorate, this amendment is effective January 1,  
 14 1984.  
 15 NEW SECTION. Section 3. Submission to electorate.  
 16 This amendment shall be submitted to the electors of the  
 17 state of Montana at the general election to be held November  
 18 1983 by printing on the ballot the full title of this act  
 19 and the following:  
 20 ☐ FOR removing the restriction on investment of public  
 21 funds in corporate capital stock and the requirement  
 22 that investments of certain education funds bear a  
 23 fixed rate of interest.  
 24 ☐ AGAINST removing the restriction on investment of  
 25 public funds in corporate capital stock and the

1 requirement that investments of certain education  
2 funds bear a fixed rate of interest.

-End-

STATE OF MONTANA

REQUEST NO. 451-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 16, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 832 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

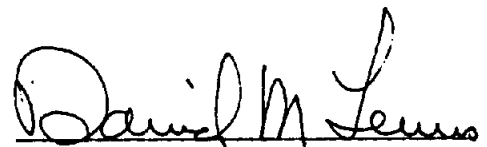
House Bill 832 is an act to submit to the qualified electors of Montana an amendment to Article VIII, Section 13, of the Montana Constitution to remove the restriction on investment of public funds in corporate capital stock and the requirement that investments of certain education funds bear a fixed rate of interest.

FISCAL IMPACT:

The cost to the Secretary of state would be approximately \$5,000.

If it is assumed that investments in equities will provide a greater hedge against future inflation than investments in bonds, then passage of the constitutional amendment would provide greater protection of the principal of the funds.

FISCAL NOTE 14:AA/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-19-83

STATE OF MONTANA

REQUEST NO. 523-83

FISCAL NOTE

Form BD-15

In compliance with a written request received March 25, 19 83, there is hereby submitted a Fiscal Note for House Bill 832, Amended pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

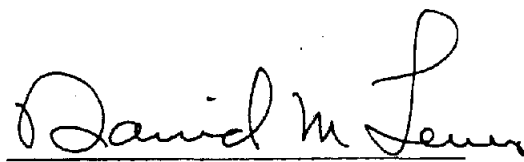
House Bill 832, amended, is an act to submit to the qualified electors of Montana an amendment to Article VIII, Section 13, of the Montana Constitution to allow the investment of public funds in corporate capital stock and eliminate the requirement that investments of certain education funds bear a fixed rate of interest.

FISCAL IMPACT:

The cost to the Secretary of state would be approximately \$5,000.

If it is assumed that investments in equities will provide a greater hedge against future inflation than investments in bonds, then passage of the constitutional amendment would provide greater protection of the principal of the funds.

FISCAL NOTE 14:AA/2



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-26-83

Approved by Committee  
on Economic Development

## HOUSE BILL NO. 832

INTRODUCED BY FABREGA, KEMMIS, NORDTVEDT, VINCENT

BY REQUEST OF THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII, SECTION 13, OF THE MONTANA CONSTITUTION TO REMOVE--THE RESTRICTION--ON ALLOW--THE INVESTMENT OF PUBLIC FUNDS IN CORPORATE CAPITAL STOCK AND ELIMINATE THE REQUIREMENT THAT INVESTMENTS OF CERTAIN EDUCATION FUNDS BEAR A FIXED RATE OF INTEREST."

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

Section 1. Article VIII, section 13, of the Constitution of the State of Montana is amended to read:

"Section 13. Investment of public funds. (1) The legislature shall provide for a unified investment program for public funds and provide rules therefor, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities. Each fund forming a part of the unified investment program shall be separately identified. ~~Except for monies contributed to retirement funds, no public funds shall be invested in private corporate capital stock.~~ PUBLIC FUNDS MAY BE INVESTED IN CORPORATE CAPITAL STOCK. The investment program

shall be audited at least annually and a report thereof submitted to the governor and legislature.

(2) The public school fund and the permanent funds of the Montana university system and all other state institutions of learning shall be safely and conservatively invested in:

(a) Public securities of the state, its subdivisions, local government units, and districts within the state, or

(b) Bonds of the United States or other securities fully guaranteed as to principal and interest by the United States, or

(c) Such other safe investments bearing a fixed rate of interest as may be provided by law."

NEW SECTION. Section 2. Effective date. If approved by the electorate, this amendment is effective January 1, 1984 1985.

NEW SECTION. Section 3. Submission to electorate. This amendment shall be submitted to the electors of the state of Montana at the general election to be held November 1983 1984 by printing on the ballot the full title of this act and the following:

☐ FOR removing--the--restriction--on ALLOWING--THE investment of public funds in corporate capital stock and ELIMINATING the requirement that investments of certain education funds bear a fixed

1       rate of interest.

2       ☐ AGAINST removing--the--restriction--on ALLOWING THE  
3       investment of public funds in corporate capital  
4       stock and ELIMINATING the requirement that  
5       investments of certain education funds bear a fixed  
6       rate of interest.

-End-

## CONSTITUTIONAL AMENDMENT

## HOUSE BILL NO. 832

INTRODUCED BY FABREGA, KEMMIS, NORDTVEDT, VINCENT

BY REQUEST OF THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII, SECTION 13, OF THE MONTANA CONSTITUTION TO REMOVE--THE RESTRICTION--ON ALLOW--THE INVESTMENT OF PUBLIC FUNDS IN CORPORATE CAPITAL STOCK AND ELIMINATE THE REQUIREMENT THAT INVESTMENTS OF CERTAIN EDUCATION FUNDS BEAR A FIXED RATE OF INTEREST."

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☐ FOR removing--the--restriction--on ALLOWING THE investment of public funds in corporate capital stock and ELIMINATING the requirement that investments of certain education funds bear a fixed



1 rate of interest.

2 ☐ AGAINST ~~removing the restriction on~~ ALLOWING THE  
3 investment of public funds in corporate capital  
4 stock and ELIMINATING the requirement that  
5 investments of certain education funds bear a fixed  
6 rate of interest.

-End-

1 HOUSE BILL NO. 832  
 2 INTRODUCED BY FABREGA, KEMMIS, NORDTVEIT, VINCENT  
 3 BY REQUEST OF THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT  
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 8 RESTRICTION--ON ALLOW THE INVESTMENT OF PUBLIC FUNDS IN  
 9 CORPORATE CAPITAL STOCK AND ELIMINATE THE REQUIREMENT THAT  
 10 INVESTMENTS OF CERTAIN EDUCATION FUNDS BEAR A FIXED RATE OF  
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 21 fund forming a part of the unified investment program shall  
 22 be separately identified. ~~Except for monies contributed to~~  
 23 ~~retirement funds, no public funds shall be invested in~~  
 24 ~~private corporate capital stocks~~ PUBLIC FUNDS MAY BE  
 25 INVESTED IN CORPORATE CAPITAL STOCK. The investment program

1 shall be audited at least annually and a report thereof  
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 8 local government units, and districts within the state, or  
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 18 This amendment shall be submitted to the electors of the  
 19 state of Montana at the general election to be held November  
 20 ~~1983~~ 1984 by printing on the ballot the full title of this  
 21 act and the following:  
 22 ☐ FOR removing ~~the restriction on~~ ALLOWING THE  
 23 investment of public funds in corporate capital  
 24 stock and ELIMINATING the requirement that  
 25 investments of certain education funds bear a fixed

rate of interest.

☐ AGAINST removing--the--restriction--on ALLOWING THE  
investment of public funds in corporate capital  
stock and ELIMINATING the requirement that  
investments of certain education funds bear a fixed  
rate of interest.

SECTION 4. COORDINATION INSTRUCTION. IF HOUSE BILL  
NO. 622 INTRODUCED IN THE 48TH LEGISLATURE IS NOT PASSED AND  
APPROVED, THE DATE "NOVEMBER 1984" IN SECTION 3 OF THIS ACT  
IS CHANGED TO "NOVEMBER 8, 1983".

-End-

## COMMITTEE OF THE WHOLE AMENDMENT

MR. CHAIRMAN: I MOVE TO AMEND House Bill No. 832, Second Reading, as follows:  
(Blue Copy)

Page 1, line 25.

Following: "STOCK"

Insert: "only to the extent authorized by the legislature"

2. Page 2, line 13.

Following: "law"

Insert: "provided such investments must bear a fixed rate of interest unless a different rate is specifically authorized by statute"

## COMMITTEE OF THE WHOLE AMENDMENT

MR. CHAIRMAN: I MOVE TO AMEND House Bill 832, Third Reading Copy  
as follows:

1. Page 3.

Following: line 6

Insert: "Section 4. Coordination instruction. If House Bill No. 629 introduced in the 48th Legislature is not passed and approved, the date "November 1984" in section 3 of this act is changed to "November 8, 1983"."