

SENATE BILL NO. 6

Introduced: 1/3/83

Referred to Committee on Finance & Claims: 1/3/83
Died in Committee.

1 SENATE BILL NO. 6
 2 INTRODUCED BY ELLIOTT, TVEIT, STIMATZ, WALDRON, HARP
 3 BY REQUEST OF THE JOINT SUBCOMMITTEE ON HIGHWAYS
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING ISSUANCE OF
 6 \$90 MILLION OF GENERAL OBLIGATION HIGHWAY BONDS IN FISCAL
 7 YEARS 1984, 1985, AND 1986 TO FUND HIGHWAY CONSTRUCTION AND
 8 RECONSTRUCTION; AMENDING SECTIONS 17-5-501 THROUGH 17-5-504
 9 AND 17-5-506, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
 10 DATE."

11 WHEREAS, the Legislature intends to raise \$30 million
 12 in each of the fiscal years 1984, 1985, and 1986 to fund
 13 construction and reconstruction of highways designated as
 14 federal-aid primary, secondary, and interstate highways and
 15 as state highways pursuant to section 60-2-104, MCA, through
 16 the issuance of bonds.

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

19 Section 1. Section 17-5-501, MCA, is amended to read:
 20 "17-5-501. Authority for general obligation highway
 21 bonds. ~~(1)~~ The board of examiners is authorized to issue and
 22 sell general obligation highway bonds of the state for the
 23 purpose ~~PURPOSES~~ of:

24 (a) acquiring a suitable site for and erecting and

1 equipping a department of highways headquarters building and
 2 complex at or near Helena, Montana, to replace the present
 3 laboratory and administration buildings which are declared
 4 to be inadequate for such purpose; and
 5 ~~(b) constructing and reconstructing highways~~
 6 ~~designated as federal-aid primary, secondary, and interstate~~
 7 ~~highways and as state highways pursuant to 60-2-104 to~~
 8 ~~alleviate an emergency in the state's highway construction~~
 9 ~~and reconstruction program.~~

10 (2) The full faith and credit and taxing powers of the
 11 state shall be pledged for the payment of all bonds issued
 12 pursuant to this part."

13 Section 2. Section 17-5-502, MCA, is amended to read:
 14 "17-5-502. Site acquisition and construction
 15 authorized. Upon the sale of the bonds ~~authorized in~~
 16 ~~17-5-501(1)(a)~~, the department of administration, acting
 17 under the supervision and with the approval of the board of
 18 examiners, is empowered and directed to acquire the site for
 19 and to proceed with the erection and equipping of a building
 20 of suitable construction and design for use as a
 21 headquarters building and necessary supporting structures
 22 for laboratories and storage for the Montana department of
 23 highways."

24 Section 3. Section 17-5-503, MCA, is amended to read:
 25 "17-5-503. Amount authorized and reservation of future

INTRODUCED BILL

1 authorizations -- payment. The aggregate amount of highway
 2 bonds authorized by this part for the purpose expressed in
 3 ~~17-5-501--shall~~ 17-5-501(1)(a) may not exceed the sum of
 4 \$7,400,000 and for the purpose expressed in 17-5-501(1)(b)
 5 may not exceed the sum of \$90 million, consisting of
 6 increments of \$30 million issued in each of the fiscal years
 7 1984, 1985, and 1986 or in a single issue or in a
 8 combination of issues that equals \$90 million, except that
 9 bond proceeds of \$30 million must be available for use in
 10 each of the fiscal years 1984, 1985, and 1986. 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 account on a parity as to both
 24 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 account at the time of such
 9 issuance. The provisions of this section shall not
 10 constitute a covenant with the holders of any bonds issued
 11 hereunder."

12 Section 4. Section 17-5-504, MCA, is amended to read:
 13 "17-5-504. Forms, interest, and maturity. (1) Such
 14 bonds shall be issued by the board, upon request of the
 15 department of administration, in such denominations and
 16 form, whether payable to bearer or registered as to
 17 principal or both principal and interest, with such
 18 provisions for conversion or exchange and for the issuance
 19 of notes in anticipation of the execution and delivery of
 20 definitive bonds, bearing interest, maturing at such times
 21 not exceeding 20 years from date of issue, subject to
 22 redemption at such earlier times and prices and upon such
 23 notice, and payable at the office of such fiscal agent of
 24 the state, as the board shall determine, subject to the
 25 limitations contained herein.

~~(2) Bonds issued for the purpose expressed in 17-5-501(1)(b) shall mature in 10 years from date of issue.~~

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

"17-5-506. Deposit and use of proceeds. (1) All proceeds of bonds issued hereunder shall be deposited in a separate highway subfund which is created within the bond proceeds and insurance clearance fund established by 17-2-102, referred to herein as the "clearance fund account", and shall be segregated by the treasurer from all other money in that or any other fund in the state treasury.

(2) The proceeds of the bonds authorized in ~~17-5-501~~ ~~17-5-501(1)(a)~~ 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 legislature and said proceeds are appropriated for the purpose of the capital items herein described.

~~(3) The proceeds of the bonds authorized in 17-5-501(1)(b) shall be used only to pay the costs of constructing and reconstructing the highways referred to in 17-5-501(1)(b), upon order of the department of highways acting within the limits of the authority conferred upon it by the legislature, and the proceeds are appropriated for those purposes.~~

(4) 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."

NEW SECTION Section 6. Effective date. This act is effective on passage and approval.

-End-

STATE OF MONTANA

REQUEST NO. 002-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 4, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 6 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:

Senate Bill 6 is an act authorizing the issuance of general obligation highway bonds to fund highway construction and reconstruction.

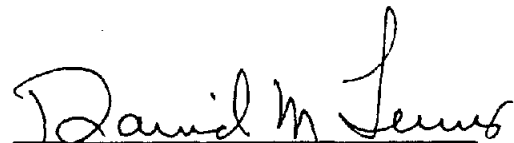
ASSUMPTIONS:

- 1) The issuing costs are similar to the costs associated with the 1981 series of long range building fund bonds.
- 2) The issuing costs are paid through the capital projects fund.
- 3) The issuing costs are the same in both FY 84 and FY 85.
- 4) Assume issue dates of 7/1/83, 7/1/84, 7/1/85.
- 5) Assume interest rate of 9½%.
- 6) Assume level payment schedule.
- 7) Excludes reserve earnings because bond act would have to be amended.
- 8) Excludes capitalized interest reserve because timing of expenditures and revenue collection is unknown.
- 9) Excludes arbitrage earnings prior to expending bond proceeds because drawdown schedule is unavailable.
- 10) Assume three separate 30 million dollar issues over 3 year period (FY 84-86) with 10 year retirement period.

FISCAL IMPACT:

Costs for issuing long range building bonds:

Bond Counsel	\$ 14,083
Rating Services	11,055
Official Statement	11,295
Print Bonds	9,615
Advertising (Bond Buyer)	893
Signing & Delivery	3,659
Miscellaneous	118
TOTAL	<u>\$ 50,718</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-83

<u>Fiscal Year</u>	<u>Principal And Interest Cost</u>
1984	\$ 4,780,000
1985	9,559,500
1986	14,340,700
1987	14,341,975
1988	14,342,925
1989	14,338,550
1990	14,335,775
1991	14,332,950
1992	14,332,950
1993	14,317,700
1994	9,540,075
1995	<u>4,763,250</u>
	<u>\$143,326,350</u>