HOUSE BILL NO. 260

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INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

| January 18, 1985 | Introduced and referred to Committee on State Administration. |
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| January 25, 1985 | Committee recommend bill do pass as amended. Report adopted. |
| January 26, 1985 | Bill printed and placed on members' desks. |
| January 29, 1985 | Second reading, do pass. |
| | Considered correctly engrossed. |
| January 30, 1985 | Third reading, passed. Ayes, 100; Noes, 0. |
| | Transmitted to Senate. |
| IN THE | SENATE |
| February 4, 1985 | Introduced and referred to Committee on State Administration. |
| March 8, 1985 | Committee recommend bill be concurred in as amended. Report adopted. |
| March 11, 1985 | Second reading, concurred in. |

March 13, 1985

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Third reading, concurred in. Ayes, 50; Noes, 0.

Returned to House with amendments.

IN THE HOUSE

March 14, 1985 Received from Senate. April 2, 1985 Second reading, amendments concurred in. April 3, 1985

Third reading, amendments concurred in.

Sent to enrolling.

Reported correctly enrolled.

| 1 | HOUSE BILL NO. 260 | 1 | |
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| 2 | INTRODUCED BY Barbanew- | 2 | |
| 3 | BY REQUEST OF THE DEPARTMENT | _ | • |
| 4 | OF ADMINISTRATION | 3 | < |
| 5 | | 4 5 | |
| 6 | A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A FORMULA FOR | 5 | |
| 7 | ALLOCATING MONTANA'S PRIVATE ACTIVITY BOND AUTHORITY AMONG | 7 | 1 |
| 8 | THE GOVERNMENTAL UNITS IN THE STATE HAVING AUTHORITY TO | 8 | |
| 9 | ISSUE SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE." | 9 | |
| 10 | | 10 | , |
| 11 | WHEREAS, the Legislature has previously authorized | 11 | |
| 12 | state agencies and cities, towns, and counties to issue | 12 | |
| 13 | bonds to support a wide variety of activities in furtherance | 13 | |
| 14 | of various public purposes; and | 14 | |
| 15 | WHEREAS, the federal government has enacted the ${\tt Tax}$ | 15 | |
| 16 | Reform Act of 1984, hereinafter referred to as "the Act"; | 16 | |
| 17 | and | 17 | |
| 18 | WHEREAS, the Act restricts the total principal amount | 18 | |
| 19 | of private activity bonds that may be issued by the state | 19 | |
| 20 | during each calendar year to \$200 million; and | 20 | |
| 21 | WHEREAS, the Act defines "private activity bond" as | 21 | , |
| 22 | meaning certain obligations the interest on which is exempt | 22 | |
| 23 | from tax under section 103(b) of the Internal Revenue Code | 23 | |
| 24 | of 1954, as amended, and that are industrial development | 24 | |
| 25 | bonds or student loan bonds; and | 25 | |
| | | | |

Montana Legislative Council

WHEREAS, the Act distributes one-half of the private activity bond limit to the state agencies that have authority to issue private activity bonds and the other one-half to local political subdivisions that have authority to issue private activity bonds on the basis of the relative populations of the local political subdivisions; and WHEREAS, the Act applies to private activity bonds issued after December 31, 1983; and WHEREAS, the provisions of the Act authorize the Governor to reallocate the limit among the issuing authorities of the state through an alternative method on an interim basis; and WHEREAS, pursuant to that authority the Governor has adopted such an interim allocation procedure for calendar years 1984 and 1985; and WHEREAS, the Act authorizes the Legislature to enact an allocation procedure on a permanent basis different from that specified in the Act; and WHEREAS, the Legislature considers it to be in the best interests of the state to enact an allocation procedure different from that specified in the Act for calendar year 1986 and subsequent calendar years. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Short title. [This act] may be cited as the

> -2- INTRODUCED BILL HB 260

"Montana Private Activity Bond Allocation Plan". 1

2 Section 2. Definitions. As used in [this act], unless 3 the context clearly requires otherwise, the following 4 definitions apply:

5 (1) "Department" means the department of 6 administration provided for in 2-15-1001.

7 (2) "Limit" or "private activity bond limit" means the 8 total state ceiling applicable to the state of Montana for any calendar year for the issuance of tax exempt private 9 10 activity bonds, as determined under the provisions of the 11 reform act.

12 (3) "Private activity bond" means a tax-exempt private activity bond, as defined under the provisions of the reform 13 14 act.

(4) "Reform act" means the federal Tax Reform Act of 15 16 1984 and particularly subtitle B of Title VI thereof. 17 entitled "Private Activity Bonds", which are a part of the federal Deficit Reduction Act of 1984 (Public Law 98-369). 18

(5) "State issuer agencies" means those state agencies 19 20 authorized by state law to issue bonds that would qualify as private activity bonds. 21

Section 3. Private activity bond limit. The aggregate 22 23 amount of private activity bonds that may be issued by state issuer agencies and local political subdivisions during any 24 25 calendar year may not exceed the private activity bond limit

for that calendar year. 1

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7

Section 4. Allocation of limit. The private activity 2 bond limit is allocated among the state issuer agencies and 3 local political subdivisions of the state as follows: 4 5

(1) 40% of the limit to the state issuer agencies;

(2) 60% of the limit to local political subdivisions.

Section 5. Determination of state issuer agencies'

allocations. The state issuer agencies' allocations of the 8 9 limit must be made by the director of the department.

Section 6. Determination of local political 10 subdivisions' allocations, (1) Local political subdivisions 11 12 wishing to obtain an allocation of the limit shall apply to the department for an allocation. The application must 13 14 contain the following information:

(a) the name of the local political subdivision; 15

(b) a description of the proposed project; 16

(c) the location of the project; 17

(d) the name and address of the project owner and 18 19 operator;

(e) a certified copy of the inducement resolution 20 adopted by the local political subdivision pursuant to 21 section 103 of the Internal Revenue Code of 1954, as 22 amended, approving the project and granting preliminary 23 authorization for the issuance of the bonds for the project; 24 (f) the preliminary opinion of a qualified bond 25

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counsel that the proposed project qualifies as a private
 activity bond project under applicable state law and, if the
 bonds are issued, that the interest thereon will be exempt
 from federal income taxation under section 103 of the
 Internal Revenue Code of 1954, as amended;

6 (g) evidence that all public hearing requirements
7 concerning the proposed project have been met;

6 (h) a copy of a letter from an underwriter, bank, or 9 other financial institution stating in effect that in its 10 opinion the project is feasible, that bonds could be 11 successfully sold under current market conditions, and that 12 it has reviewed all of the information necessary to form its 13 opinion; and

(i) the amount of allocation requested.

14

15 (2) Allocations to local political subdivisions must be made by the department on the basis of the chronological order of the receipt of their completed applications. Recompleted applications received on the same day by the department must be ranked according to the earliest inducement resolution date.

21 Section 7. Limitation on local political subdivision 22 allocations. Prior to October 1 of a calendar year, the 23 maximum single project allocation of the limit that may be 24 approved for a local political subdivision, except as may 25 otherwise be limited by the reform act, may not exceed \$15 1 million.

2 Section 8. Notification of approval or disapproval by 3 the department. Upon receipt of an application for an 4 allocation of the limit, the department shall notify the 5 applicant of the approval of the allocation or the reasons 6 for disapproval as soon as possible.

7 Section 9. Term of allocations. (1) Unless terminated 8 earlier by the state agency or local political subdivision 9 involved, an allocation of the limit is valid for 90 days 10 from the date the department's notice of approval is mailed. 11 The department may extend the period of validity for an 12 additional 30 days upon presentation of evidence to it prior 13 to the expiration of the 90-day period that an agreement to purchase the allocated private activity bonds has been 14 15 obtained from an entity with the legal ability to purchase 16 them.

17 (2) If the allocated private activity bonds are not 18 issued within the period of validity, as determined under 19 subsection (1), the allocation automatically expires and is 20 thereafter subject to reallocation.

(3) All allocations for a calendar year expire on
December 31 of that year; however, this subsection does not
limit the term of an allocation that is carried forward by
the state agency or local political subdivision involved,
with respect to a carry forward project as defined in the

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reform act and proposed and temporary U.S. treasury
 regulations for private activity bond allocation as
 published in the Federal Register on October 5, 1984.

4 Section 10. Allocations not transferable. Allocations
5 of the limit may not be transferred between projects.

6 Section 11. Reapplication. If the department 7 disapproves an application for an allocation of the limit or if an allocation expires under [section 9], the state agency 8 9 or local political subdivision involved may reapply for an 10 allocation. The reapplication must be reviewed as any other by the department, according to 11 application the chronological order of its receipt. No priority or 12 preference may be given to a reapplication because of the 13 14 prior application.

15 Section 12. Unused or recaptured allocations. (1) On 16 the third Monday in August of each calendar year any unallocated limit remaining must be pooled by the department 17 18 and must thereafter be available for state issuer agencies and local political subdivisions alike as provided in 19 [sections 5 and 6] except that the \$15 million limitation on 20 21 local political subdivision allocations under {section 7} 22 continues in effect.

23 (2) On the first Monday in October of each calendar
24 year any unallocated limit remaining in the pool is
25 available to state issuer agencies and local political

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subdivisions alike as provided in [sections 5 and 6] with no limitation on the amount of allocation that can be made for an individual project other than the limitations imposed by the reform act and the Internal Revenue Code of 1954, as amended.

6 (3) For purposes of this section, an application from 7 a state issuer agency for an allocation must contain the 8 information required in [section 6] for a local political 9 subdivision application and must be approved and ranked by 10 the department in the manner provided by [section 6(2)].

Section 13. Effective date. This act is effective January 1, 1986.

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49th Legislature

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APPROVED BY COMMITTEE ON STATE ADMINISTRATION

6 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A FORMULA FOR
7 ALLOCATING MONTANA'S PRIVATE ACTIVITY BOND AUTHORITY AMONG
8 THE GOVERNMENTAL UNITS IN THE STATE HAVING AUTHORITY TO
9 ISSUE SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE."

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11 WHEREAS, the Legislature has previously authorized 12 state agencies and cities, towns, and counties to issue 13 bonds to support a wide variety of activities in furtherance 14 of various public purposes; and

15 WHEREAS, the federal government has enacted the Tax 16 Reform Act of 1984, hereinafter referred to as "the Act"; 17 and

18 WHEREAS, the Act restricts the total principal amount 19 of private activity bonds that may be issued by the state 20 during each calendar year to \$200 million; and

21 WHEREAS, the Act defines "private activity bond" as 22 meaning certain obligations the interest on which is exempt 23 from tax under section 103(b) of the Internal Revenue Code 24 of 1954, as amended, and that are industrial development 25 bonds or student loan bonds; and

WHEREAS, the Act distributes one-half of the private 1 activity bond limit to the state agencies that have 2 authority to issue private activity bonds and the other 3 one-half to local political subdivisions that have authority 4 to issue private activity bonds on the basis of the relative 5 populations of the local political subdivisions; and 6 WHEREAS, the Act applies to private activity bonds 7 issued after December 31, 1983; and 8 WHEREAS, the provisions of the Act authorize the 9 Governor to reallocate the limit among the issuing 10 authorities of the state through an alternative method on an 11 12 interim basis; and WHEREAS, pursuant to that authority the Governor has 13 adopted such an interim allocation procedure for calendar 14 years 1984 and 1985; and 15 WHEREAS, the Act authorizes the Legislature to enact an 16 allocation procedure on a permanent basis different from 17 18 that specified in the Act; and 19 WHEREAS, the Legislature considers it to be in the best interests of the state to enact an allocation procedure 20 different from that specified in the Act for calendar year 21 22 1986 and subsequent calendar years. 23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 24

25 Section 1. Short title. [This act] may be cited as the

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SECOND READING

1 "Montana Private Activity Bond Allocation Plan".

2 Section 2. Definitions. As used in [this act], unless
3 the context clearly requires otherwise, the following
4 definitions apply:

5 (1) "Department" means the department of 6 administration provided for in 2-15-1001.

7 (2) "Limit" or "private activity bond limit" means the 8 total state ceiling applicable to the state of Montana for 9 any calendar year for the issuance of tax exempt private 10 activity bonds, as determined under the provisions of the 11 reform act.

(3) "private activity bond" means a tax-exempt private
activity bond, as defined under the provisions of the reform
act.

(4) "Reform act" means the federal Tax Reform Act of
1984 and particularly subtitle B of Title VI thereof,
entitled "Private Activity Bonds", which are a part of the
federal Deficit Reduction Act of 1984 (Public Law 98-369).
(5) "State issuer agencies" means those state agencies
authorized by state law to issue bonds that would qualify as
private activity bonds.

22 Section 3. Private activity bond limit. The aggregate 23 amount of private activity bonds that may be issued by state 24 issuer agencies and local political subdivisions during any 25 calendar year may not exceed the private activity bond limit 1 for that calendar year.

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2 Section 4. Allocation of limit. The private activity
3 bond limit is allocated among the state issuer agencies and
4 local political subdivisions of the state as follows:

40% of the limit to the state issuer agencies;

(2) 60% of the limit to local political subdivisions.

7 Section 5. Determination of state issuer agencies'
8 allocations. The state issuer agencies' allocations of the
9 limit must be made by the director of the department.

Section 6. Determination of local political subdivisions' allocations. (1) Local political subdivisions wishing to obtain an allocation of the limit shall apply to the department for an allocation. The application must contain the following information:

15 (a) the name of the local political subdivision;

16 (b) a description of the proposed project;

17 (c) the location of the project;

18 (d) the name and address of the project owner and 19 operator;

(e) a certified copy of the inducement resolution
adopted by the local political subdivision pursuant to
section 103 of the Internal Revenue Code of 1954, as
amended, approving the project and granting preliminary
authorization for the issuance of the bonds for the project;
(f) the preliminary opinion of a qualified bond

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counsel that the proposed project qualifies as a private
 activity bond project under applicable state law and, if the
 bonds are issued, that the interest thereon will be exempt
 from federal income taxation under section 103 of the
 Internal Revenue Code of 1954, as amended;

6 (g) evidence that all public hearing requirements7 concerning the proposed project have been met;

8 (h) a copy of a letter from an underwriter, bank, or 9 other financial institution stating in effect that in its 10 opinion the project is feasible, that bonds could be 11 successfully sold under current market conditions, and that 12 it has reviewed all of the information necessary to form its 13 opinion; and

the amount of allocation requested.

14

15 (2) Allocations to local political subdivisions must
16 be made by the department on the basis of the chronological
17 order of the receipt of their completed applications.
18 Completed applications received on the same day by the
19 department must be ranked according to the earliest
20 inducement resolution date.

21 Section 7. Limitation on local political subdivision 22 allocations. Prior to <u>THE FIRST MONDAY IN</u> October 1 of a 23 calendar year, the maximum single project allocation of the 24 limit that may be approved for a local political 25 subdivision, except as may otherwise be limited by the 1 reform act, may not exceed \$15 million.

2 Section 8. Notification of approval or disapproval by 3 the department. Upon receipt of an application for an 4 allocation of the limit, the department shall notify the 5 applicant of the approval of the allocation or the reasons 6 for disapproval as soon as possible.

7 Section 9. Term of allocations. (1) Unless terminated 8 earlier by the state agency or local political subdivision 9 involved, an allocation of the limit is valid for 90 days 10 from the date the department's notice of approval is mailed. 11 The department may extend the period of validity for an 12 additional 30 days upon presentation of evidence to it prior to the expiration of the 90-day period that an agreement to 13 purchase the allocated private activity bonds has been 14 obtained from an entity with the legal ability to purchase 15 16 them.

17 (2) If the allocated private activity bonds are not
18 issued within the period of validity, as determined under
19 subsection (1), the allocation automatically expires and is
20 thereafter subject to reallocation.

(3) All allocations for a calendar year expire on
December 31 of that year; however, this subsection does not
limit the term of an allocation that is carried forward by
the state agency or local political subdivision involved,
with respect to a carry forward project as defined in the

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reform act and proposed and temporary U.S. treasury
 regulations for private activity bond allocation as
 published in the Federal Register on October 5, 1984.

4 Section 10. Allocations not transferable. Allocations 5 of the limit may not be transferred between projects.

6 Section 11. Reapplication. If the department 7 disapproves an application for an allocation of the limit or if an allocation expires under [section 9], the state agency 8 9 or local political subdivision involved may reapply for an allocation. The reapplication must be reviewed as any other 10 application by the department, according 11 to the chronological order of its receipt. No 12 priority or preference may be given to a reapplication because of the 13 prior application. 14

Section 12. Unused or recaptured allocations. (1) On 15 the third Monday in August of each calendar year any 16 unallocated limit remaining must be pooled by the department 17 and must thereafter be available for state issuer agencies 18 and local political subdivisions alike as provided in 19 [sections 5 and 6] except that the \$15 million limitation on 20 local political subdivision allocations under [section 7] 21 continues in effect. 22

23 (2) On the first Monday in October of each calendar
24 year any unallocated limit remaining in the pool is
25 available to state issuer agencies and local political

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subdivisions alike as provided in [sections 5 and 6] with no
limitation on the amount of allocation that can be made for
an individual project other than the limitations imposed by
the reform act and the Internal Revenue Code of 1954, as
amended.

6 (3) For purposes of this section, an application from
7 a state issuer agency for an allocation must contain the
8 information required in [section 6] for a local political
9 subdivision application and must be approved and ranked by
10 the department in the manner provided by [section 6(2)].

11 Section 13. Effective date. This act is effective 12 January 1, 1986.

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HB 0260/02

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| 1 | HOUSE BILL NO. 260 | 1 | WHEREAS, the Act distributes one-half of the private |
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| 2 | INTRODUCED BY BARDANOUVE | 2 | activity bond limit to the state agencies that have |
| 3 | BY REQUEST OF THE DEPARTMENT | 3 | authority to issue private activity bonds and the other |
| 4 | OF ADMINISTRATION | 4 | one-half to local political subdivisions that have authority |
| 5 | | 5 | to issue private activity bonds on the basis of the relative |
| 6 | A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A FORMULA FOR | 6 | populations of the local political subdivisions; and |
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| 9 | ISSUE SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE." | 9 | WHEREAS, the provisions of the Act authorize the |
| 10 | | 10 | Governor to reallocate the limit among the issuing |
| 11 | WHEREAS, the Legislature has previously authorized | 11 | authorities of the state through an alternative method on an |
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| 17 | and | 17 | allocation procedure on a permanent basis different from |
| 18 | WHEREAS, the Act restricts the total principal amount | 18 | that specified in the Act; and |
| 19 | of private activity bonds that may be issued by the state | 19 | WHEREAS, the Legislature considers it to be in the best |
| 20 | during each calendar year to \$200 million; and | 20 | interests of the state to enact an allocation procedure |
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| 24 | of 1954, as amended, and that are industrial development | 24 | BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: |
| 25 | bonds or student loan bonds; and | 25 | Section 1. Short title. [This act] may be cited as the |
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HB 260

THIRD READING

HB 260

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Section 8. Notification of approval or disapproval by the department. Upon receipt of an application for an allocation of the limit, the department shall notify the applicant of the approval of the allocation or the reasons for disapproval as soon as possible.

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22 December 31 of that year; however, this subsection does not
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15 Section 12. Unused or recaptured allocations. (1) On 16 the third Monday in August of each calendar year any 17 unallocated limit remaining must be pooled by the department 18 and must thereafter be available for state issuer agencies 19 and local political subdivisions alike as provided in 20 [Sections 5 and 6] except that the \$15 million limitation on 21 local political subdivision allocations under [section 7] 22 continues in effect.

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Section 13. Effective date. This act is effective
 January 1, 1986.

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SENATE

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STANDING COMMITTEE REPORT

| · · | March 8 | 1985 |
|--|-------------------------|---------|
| MR. PRESIDENT | | |
| We, your committee onSTATE ADMINISTRATION | | ••••• |
| having had under consideration | HOUSE BILL No | 260 |
| thirdreading copy (blue) color | | |
| Senator Himsl will carry this bill | | |
| ALLOCATION OF PRIVATE ACTIVITY BOND AU | THORITY TO GOVERNMENTAL | L UNITS |
| | | |
| Respectfully report as follows: That | HOUSEBILL No | |
| be amended as follows: | · · · | |
| <pre>1. Page 3, line 16. Following: "Title" Strike: "VI" Insert: "VII"</pre> | | |



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| 15 | WHEREAS, the federal government has enacted the Tax | 15 | years 1984 and 1985; and |
| 16 | Reform Act of 1984, hereinafter referred to as "the Act"; | 16 | WHEREAS, the Act authorizes the Legislature to enact an |
| 17 | and | 17 | allocation procedure on a permanent basis different from |
| 18 | WHEREAS, the Act restricts the total principal amount | 18 | that specified in the Act; and |
| 19 | of private activity bonds that may be issued by the state | 19 | WHEREAS, the Legislature considers it to be in the best |
| 20 | during each calendar year to \$200 million; and | 20 | interests of the state to enact an allocation procedure |
| 21 | WHEREAS, the Act defines "private activity bond" as | 21 | different from that specified in the Act for calendar year |
| 22 | meaning certain obligations the interest on which is exempt | 22 | 1986 and subsequent calendar years. |
| 23 | from tax under section 103(b) of the Internal Revenue Code | 23 | |
| 24 | of 1954, as amended, and that are industrial development | 24 | BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: |
| 25 | bonds or student loan bonds; and | 25 | Section 1. Short title. [This act] may be cited as the |
| | | | |



REFERENCE BILL

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1 "Montana Private Activity Bond Allocation Plan".

2 Section 2. Definitions. As used in [this act], unless
3 the context clearly requires otherwise, the following
4 definitions apply:

5 (1) "Department" means the department of 6 administration provided for in 2-15-1001.

7 (2) "Limit" or "private activity bond limit" means the 8 total state ceiling applicable to the state of Montana for 9 any calendar year for the issuance of tax exempt private 10 activity bonds, as determined under the provisions of the 11 reform act.

12 (3) "Private activity bond" means a tax-exempt private
13 activity bond, as defined under the provisions of the reform
14 act.

15 (4) "Reform act" means the federal Tax Reform Act of
16 1984 and particularly subtitle B of Title VF VII thereof,
17 entitled "Private Activity Bonds", which are a part of the
18 federal Deficit Reduction Act of 1984 (Public Law 98-369).
19 (5) "State issuer agencies" means those state agencies
20 authorized by state law to issue bonds that would qualify as
21 private activity bonds.

22 Section 3. Private activity bond limit. The aggregate 23 amount of private activity bonds that may be issued by state 24 issuer agencies and local political subdivisions during any 25 calendar year may not exceed the private activity bond limit 1 for that calendar year.

Section 4. Allocation of limit. The private activity 2 bond limit is allocated among the state issuer agencies and 3 local political subdivisions of the state as follows: 4 (1) 40% of the limit to the state issuer agencies; 5 (2) 60% of the limit to local political subdivisions. Section 5. Determination of state issuer agencies' 7 allocations. The state issuer agencies' allocations of the 8 limit must be made by the director of the department. 9 local political 10 Section 6. Determination of subdivisions' allocations. (1) Local political subdivisions 11 wishing to obtain an allocation of the limit shall apply to 12 the department for an allocation. The application must 13 14 contain the following information:

15 (a) the name of the local political subdivision;

16 (b) a description of the proposed project;

17 (c) the location of the project;

18 (d) the name and address of the project owner and 19 operator;

(e) a certified copy of the inducement resolution
adopted by the local political subdivision pursuant to
section 103 of the Internal Revenue Code of 1954, as
amended, approving the project and granting preliminary
authorization for the issuance of the bonds for the project;
(f) the preliminary opinion of a qualified bond

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counsel that the proposed project qualifies as a private
 activity bond project under applicable state law and, if the
 bonds are issued, that the interest thereon will be exempt
 from federal income taxation under section 103 of the
 Internal Revenue Code of 1954, as amended;

6 (g) evidence that all public hearing requirements 7 concerning the proposed project have been met;

8 (h) a copy of a letter from an underwriter, bank, or 9 other financial institution stating in effect that in its 10 opinion the project is feasible, that bonds could be 11 successfully sold under current market conditions, and that 12 it has reviewed all of the information necessary to form its 13 opinion; and

14 (i) the amount of allocation requested.

(2) Allocations to local political subdivisions must
be made by the department on the basis of the chronological
order of the receipt of their completed applications.
Completed applications received on the same day by the
department must be ranked according to the earliest
inducement resolution date.

21 Section 7. Limitation on local political subdivision 22 allocations. Prior to <u>THE FIRST MONDAY IN</u> October 1 of a 23 calendar year, the maximum single project allocation of the 24 limit that may be approved for a local political 25 subdivision, except as may otherwise be limited by the 1 reform act, may not exceed \$15 million.

Section 8. Notification of approval or disapproval by the department. Upon receipt of an application for an allocation of the limit, the department shall notify the applicant of the approval of the allocation or the reasons for disapproval as soon as possible.

7 Section 9. Term of allocations. (1) Unless terminated 8 earlier by the state agency or local political subdivision involved, an allocation of the limit is valid for 90 days 9 from the date the department's notice of approval is mailed, 10 The department may extend the period of validity for an 11 additional 30 days upon presentation of evidence to it prior 12 to the expiration of the 90-day period that an agreement to 13 14 purchase the allocated private activity bonds has been obtained from an entity with the legal ability to purchase 15 16 them.

17 (2) If the allocated private activity bonds are not
18 issued within the period of validity, as determined under
19 subsection (1), the allocation automatically expires and is
20 thereafter subject to reallocation.

(3) All allocations for a calendar year expire on
December 31 of that year; however, this subsection does not
limit the term of an allocation that is carried forward by
the state agency or local political subdivision involved,
with respect to a carry forward project as defined in the

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reform act and proposed and temporary U.S. treasury
 regulations for private activity bond allocation as
 published in the Federal Register on October 5, 1984.

4 Section 10. Allocations not transferable. Allocations
5 of the limit may not be transferred between projects.

Section 11. Reapplication. 6 If the department disapproves an application for an allocation of the limit or 7 if an allocation expires under [section 9], the state agency 8 or local political subdivision involved may reapply for an 9 10 allocation. The reapplication must be reviewed as any other application by the department, according to 11 the 12 chronological order of its receipt. No priority or preference may be given to a reapplication because of the 13 prior application. 14

15 Section 12. Unused or recaptured allocations. (1) On the third Monday in August of each calendar year any 16 17 unallocated limit remaining must be pooled by the department and must thereafter be available for state issuer agencies 18 and local political subdivisions alike as provided in 19 [sections 5 and 6] except that the \$15 million limitation on 20 local political subdivision allocations under [section 7] 21 continues in effect. 22

23 (2) On the first Monday in October of each calendar
24 year any unallocated limit remaining in the pool is
25 available to state issuer agencies and local political

subdivisions alike as provided in [sections 5 and 6] with no
 limitation on the amount of allocation that can be made for
 an individual project other than the limitations imposed by
 the reform act and the Internal Revenue Code of 1954, as
 amended.

6 (3) For purposes of this section, an application from 7 a state issuer agency for an allocation must contain the 8 information required in [section 6] for a local political 9 subdivision application and must be approved and ranked by 10 the department in the manner provided by [section 6(2)].

11Section 13. Effective date. This act is effective12January 1, 1986.

-End-

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