

SENATE BILL NO. 7

INTRODUCED BY NEUMAN

INTERIM JOINT SUBCOMMITTEE NO. 3

IN THE SENATE

January 7, 1985	Introduced and referred to Committee on Local Government.
January 10, 1985	Committee recommend bill do pass. Report adopted.
January 11, 1985	Bill printed and placed on members' desks.
January 12, 1985	Second reading, do pass.
January 14, 1985	Considered correctly engrossed.
January 15, 1985	Third reading, passed. Ayes, 49; Noes, 0.
	Transmitted to House.

IN THE HOUSE

January 16, 1985	Introduced and referred to Committee on Business and Labor.
March 6, 1985	Committee recommend bill be concurrent in. Report adopted.
March 8, 1985	Second reading, concurrent in.
March 9, 1985	Third reading, concurrent in. Returned to Senate.

IN THE SENATE

March 11, 1985

Received from House.

Sent to enrolling.

Reported correctly enrolled.

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 6    A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE SECURITIES  
 7    OF THE FEDERAL HOME LOAN MORTGAGE CORPORATION TO BE PLEDGED  
 8    TO SECURE DEPOSITS OF PUBLIC FUNDS; AMENDING SECTION  
 9    17-6-103, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

12            Section 1. Section 17-6-103, MCA, is amended to read:  
 13            "17-6-103. Security for deposits of public funds. The  
 14    following kinds of securities may be pledged or guarantees  
 15    may be issued to secure deposits of public funds:

- 16            (1) direct obligations of the United States;
- 17            (2) securities as to which the payment of principal  
 18    and interest is guaranteed by the United States;
- 19            (3) securities issued or fully guaranteed by the  
 20    following agencies of the United States or their successors,  
 21    whether or not guaranteed by the United States:

  - 22            (a) commodity credit corporation;
  - 23            (b) federal intermediate credit banks;
  - 24            (c) federal land bank;
  - 25            (d) bank for cooperatives;

- 1            (e) federal home loan banks;
- 2            (f) federal national mortgage association;
- 3            (g) government national mortgage association;
- 4            (h) small business administration; and
- 5            (i) federal housing administration; and
- 6            (j) federal home loan mortgage corporation;
- 7            (4) general obligation bonds of the state or of any  
 8    county, city, school district, or other political  
 9    subdivision of the state;
- 10           (5) revenue bonds of any county, city, or other  
 11    political subdivision of the state, when backed by the full  
 12    faith and credit of such subdivision or when the revenues  
 13    pledged to the payment of the bonds are derived from a water  
 14    or sewer system and the issuer has covenanted to establish  
 15    and maintain rates and charges for the system in an amount  
 16    sufficient to produce revenues equal to at least 125% of the  
 17    average annual principal and interest due on all bonds  
 18    payable for such revenues during the outstanding term of  
 19    such bonds;
- 20           (6) interest-bearing warrants of the state or of any  
 21    county, city, school district, or other political  
 22    subdivision of the state issued in evidence of claims in an  
 23    amount which, with all other claims on the same fund, do not  
 24    exceed the amount validly appropriated in the current budget  
 25    for expenditure from the fund in the year in which they are



1 issued;

2 (7) obligations of housing authorities of the state

3 secured by a pledge of annual contributions or by a loan

4 agreement made by the United States or any agency thereof

5 providing for contributions or a loan sufficient with other

6 funds pledged to pay the principal of and interest on the

7 obligations when due. Subject to rules prescribed by the

8 department of commerce, the bonds and other obligations made

9 eligible for investment in 32-1-424(3) and 7-15-4505 may be

10 used as security for all deposits of public funds or

11 obligations for which depository bonds or any kind of bonds

12 or other securities are required or may by law be deposited

13 as security.

14 (8) general obligation bonds of other states and of

15 municipalities, counties, and school districts of other

16 states;

17 (9) undertaking or guarantees issued by a surety

18 company authorized to do business in the state;

19 (10) first mortgages and trust indentures on real

20 property. The depository shall, on a quarterly basis,

21 certify to the state treasurer that sufficient first

22 mortgages and trust indentures on real property are

23 available and segregated to secure deposits of public funds.

24 The board of investments shall determine the amount of

25 security required.

1 (11) bonds issued pursuant to Title 7, chapter 12,

2 parts 21 and 41;

3 (12) bonds issued pursuant to Title 90, chapter 6, part

4 1;

5 (13) revenue bonds issued by any unit of the university

6 system of the state of Montana; and

7 (14) advance refunded bonds secured by direct

8 obligations of the United States treasury held in

9 irrevocable escrow."

10 NEW SECTION. Section 2. Effective date. This act is

11 effective July 1, 1985.

-End-

APPROVED BY COMM.  
ON LOCAL GOVERNMENT

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20 following agencies of the United States or their successors,  
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- 1        (e) federal home loan banks;
- 2        (f) federal national mortgage association;
- 3        (g) government national mortgage association;
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8 county, city, school district, or other political  
9 subdivision of the state;
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11 political subdivision of the state, when backed by the full  
12 faith and credit of such subdivision or when the revenues  
13 pledged to the payment of the bonds are derived from a water  
14 or sewer system and the issuer has covenanted to establish  
15 and maintain rates and charges for the system in an amount  
16 sufficient to produce revenues equal to at least 125% of the  
17 average annual principal and interest due on all bonds  
18 payable for such revenues during the outstanding term of  
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