

SENATE BILL NO. 224

INTRODUCED BY VAN VALKENBURG, CHRISTIAENS, GOODOVER, HIMSL

BY REQUEST OF THE DEPARTMENT OF COMMERCE

IN THE SENATE

January 23, 1985	Introduced and referred to Committee on Finance and Claims.
January 28, 1985	Fiscal Note requested.
January 31, 1985	Committee recommend bill do pass. Report adopted.
February 1, 1985	Fiscal Note returned. Bill printed and placed on members' desks.
February 2, 1985	Second reading, do pass.
February 4, 1985	Considered correctly engrossed.
February 5, 1985	Third reading, passed. Ayes, 42; Noes, 4. Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Business and Labor.
March 18, 1985	Committee recommend bill be concurrent in. Report adopted.
March 20, 1985	Second reading, pass consideration.
March 22, 1985	Second reading, concurred in.
March 25, 1985	Third reading, concurred in. Returned to Senate.

IN THE SENATE

March 25, 1985

Received from House.

March 26, 1985

Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *224*
 2 INTRODUCED BY *Va. Veltheim*
 3 BY REQUEST OF THE DEPARTMENT OF COMMERCE

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE BOND
 6 DEBT LIMIT OF THE BOARD OF HOUSING TO \$975 MILLION; AMENDING
 7 SECTION 90-6-111, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
 8 DATE."

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

11 Section 1. Section 90-6-111, MCA, is amended to read:

12 "90-6-111. Bonds and notes. (1) The board may by
 13 resolution, from time to time, issue negotiable notes and
 14 bonds in a principal amount as the board determines
 15 necessary to provide sufficient funds for achieving any of
 16 its purposes, including the payment of interest on notes and
 17 bonds of the board, establishment of reserves to secure the
 18 notes and bonds, including the reserve funds created under
 19 90-6-119, and all other expenditures of the board incident
 20 to and necessary or convenient to carry out this part.

21 (2) The board may by resolution, from time to time,
 22 issue notes to renew notes and bonds to pay notes, including
 23 interest, and whenever it deems refunding expedient, refund
 24 any bonds by the issuance of new bonds, whether the bonds to
 25 be refunded have or have not matured, and issue bonds partly

1 to refund bonds outstanding and partly for any of its other
 2 purposes.

3 (3) Except as otherwise expressly provided by
 4 resolution of the board, every issue of its notes and bonds
 5 shall be obligations of the board payable out of any
 6 revenues, assets, or moneys of the board, subject only to
 7 agreements with the holders of particular notes or bonds
 8 pledging particular revenues, assets, or moneys.

9 (4) The notes and bonds shall be authorized by
 10 resolutions of the board, shall bear a date, and shall
 11 mature at times as the resolutions provide. A note shall
 12 not mature more than 10 years and a bond shall not mature
 13 more than 50 years from the date of its issue. The bonds may
 14 be issued as serial bonds payable in annual installments or
 15 as term bonds or as a combination thereof. The notes and
 16 bonds shall bear interest at a rate or rates, be in
 17 denominations, be in a form, either coupon or registered,
 18 carry registration privileges, be executed in a manner, be
 19 payable in a medium of payment, at places within or without
 20 the state, and be subject to terms of redemption as provided
 21 in resolutions. The board shall designate whether interest
 22 payments on the bonds are taxable or tax exempt. The notes
 23 and bonds of the board may be sold at public or private sale
 24 at such prices, which may be above or below par, as are
 25 determined by the board.



-2- INTRODUCED BILL
 SB 224

1 (5) The total amount of notes and bonds outstanding at
2 any ~~one~~ time, except notes or bonds as to which the board's
3 obligation has been satisfied and discharged by refunding or
4 for which reserve for payment or other means of payment have
5 been otherwise provided, may not exceed \$675 \$975 million.
6 The issue price of bonds sold at a discount, not the face
7 amount of the bonds, counts against this statutory ceiling."

8 NEW SECTION. Section 2. Effective date. This act is
9 effective on passage and approval.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 252-85

Form BD-15

In compliance with a written request received January 28, 19 85, there is hereby submitted a Fiscal Note for S.B. 224 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 224 amends the Housing Act of 1975 to increase the bond debt limit of the Board of Housing to \$975 million. The Bill also defines how bonds sold at a discount affect the bond debt limit.

ASSUMPTIONS:

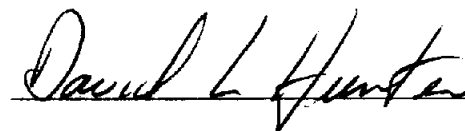
1. The Board continues to issue tax exempt mortgage revenue bonds within the \$200 million per calendar year federal limit.
2. Two additional F.T.E. are required and operating costs approximate costs on similar existing Board of Housing bond issues.
3. Capital appreciation bonds will continue to be issued.

FISCAL IMPACT ON PROPRIETARY FUNDS:

	<u>FY 86</u>	<u>FY 87</u>	<u>Total Biennium</u>
Expenditures under proposed law	\$ 829,225	\$ 963,699	\$ 1,792,924
Expenditures under current law	<u>610,028</u>	<u>621,513</u>	<u>1,231,541</u>
Increased expenditures under proposed law	\$ 219,197	\$ 342,186	561,383

Funding:

No state general fund impact. Funded by interest rate spread between the yield on the bonds and the yield on the mortgages.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 1, 1985
SB224

APPROVED BY COMM. ON
FINANCE AND CLAIMS

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2 INTRODUCED BY *Van Valkenburg Christian Groves Hines*
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LC 1012/01

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