SENATE BILL NO. 283

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INTRODUCED BY GALT, NEUMAN

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

IN THE SENATE

January 31, 1985	Introduced and referred to Committee on Natural Resources.
February 4, 1985	Fiscal Note requested.
February 9, 1985	Fiscal Note returned.
February 15, 1985	Committee recommend bill do pass as amended. Report adopted.
February 16, 1985	Bill printed and placed on members' desks.
February 18, 1985	Second reading, do pass.
February 19, 1985	Considered correctly engrossed.
February 20, 1985	Third reading, passed. Ayes, 49; Noes, 0.
	Transmitted to House.
IN TH	E HOUSE
February 27, 1985	Introduced and referred to Committee on Natural Resources.
March 25, 1985	Committee recommend bill be concurred in as amended. Report adopted.
March 30, 1985	Second reading, concurred in.
April 1, 1985	Third reading, concurred in.
	Returned to Senate with amendments.

IN THE SENATE

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April 1,	1985	Received from House.
April 3,		Second reading, amendments concurred in.
April 5,		Third reading, amendments concurred in. Ayes, 45; Noes, 0
		Sent to enrolling.

Reported correctly enrolled.

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Le BILL NO. 283 1 2 INTRODUCED BY 3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION 4 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE 6

BONDING PROGRAMS OF THE DEPARTMENT OF NATURAL RESOURCES AND 7 CONSERVATION: TO GENERALLY REVISE AND CLARIFY THE LAWS 8 RELATING TO THE WATER DEVELOPMENT PROGRAM; TO AUTHORIZE 9 COUNTY WATER OR SEWER DISTRICTS, RURAL SPECIAL IMPROVEMENT 10 DISTRICTS, AND THE BOARD OF EXAMINERS TO ISSUE TEMPORARY 11 OBLIGATIONS IN ANTICIPATION OF THE ISSUANCE OF BONDS; TO 12 GENERALLY REVISE AND CLARIFY THE LAWS RELATING TO THE 13 RENEWABLE RESOURCE DEVELOPMENT PROGRAM TO MAKE IT COMPATIBLE 14 WITH THE WATER DEVELOPMENT PROGRAM; AMENDING SECTIONS 15 7-7-109, 17-5-703, 17-5-711, 17-5-713 THROUGH 17-5-715, 16 17-5-718, 85-1-332, 85-1-604, 85-1-605, 85-1-610, 85-1-617, 17 85-1-619, 90-2-121, 90-2-123, AND 90-2-125, MCA; AND 18 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE 19 20 APPLICABILITY DATE."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 7-7-109, MCA, is amended to read:
"7-7-109. Sale of notes in anticipation of federal or
state revenue. (1) As used in this section, the following

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1 definitions apply:

(a) "Bonds" means bonds, notes, warrants, debentures, 2 certificates of indebtedness, and all instruments 3 or obligations evidencing or representing indebtedness, or 4 evidencing or representing the borrowing of money, or 5 evidencing or representing a charge, lien, or encumbrance on 6 specific revenues, special assessments, income, or property 7 of a political subdivision, including all instruments or 8 9 obligations payable from a special fund.

(b) "Political subdivision" means a county, city,
town, school district, irrigation district, <u>rural special</u>
<u>improvement district</u>, special improvement district, <u>county</u>
<u>water or sewer district</u>, or any other political subdivision
of the state, but does not include the state or any board,
agency, or commission of the state.

16 (c) "Governing body" means the board, council,
17 commission, or other body charged with the general control
18 of the issuance of bonds of a political subdivision.

19 (2) When all conditions exist precedent to the 20 offering for sale of bonds of a political subdivision in any 21 amount and for any purpose authorized by law and the 22 political subdivision has applied for a grant or loan of 23 state or federal funds to aid in payment of costs incurred 24 or to be incurred for the authorized purpose, its governing 25 body may by resolution issue and sell notes in anticipation

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1 of the receipt of the grant or loan, in an amount not 2 exceeding the total amount of bonds authorized and maturing 3 within not more than 3 years from the date such notes are 4 issued.

5 (3) The proceeds of the grant or loan, when received, 6 shall be credited to the debt service fund for the notes as 7 may be needed for their payment, with interest, when due.

8 (4) Any amount of the notes which cannot be paid at 9 maturity from the proceeds of the grant or loan or from any 10 other funds appropriated by the governing body for the 11 purpose shall be paid from the proceeds of bonds to be 12 issued and sold before the maturity date, or if sufficient 13 funds are not available for payment in full of the notes at 14 maturity, those bondholders may require the issuance, in 15 exchange, of bonds bearing interest at the maximum rate 16 permitted by law. The bonds so issued are secured and 17 subject to the terms and conditions provided by the law 18 authorizing their issuance. Notes and bonds may be issued 19 as provided in this section regardless of the amount 20 authorized if the amount which may legally be issued is less 21 than the commitment for which the grant or loan is made. Before the notes or bonds are issued, the political 22 subdivision must receive a written commitment for a grant or 23 24 loan in an amount equal to the remaining estimated costs and must by resolution provide for the fulfillment of the 25

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1	conditions of the commitment."
2	Section 2. Section 17-5-703, MCA, is amended to read:
3	"17-5-703. Coal severance tax trust funds. (1) The
4	trust established under Article IX, section 5, of the
5	Montana constitution shall be composed of the following
б	funds:
7	(a) a coal severance tax bond fund into which the
8	constitutionally dedicated receipts from the coal severance
9	tax shall be deposited;
10	(b) a coal severance tax permanent fund; and
11	(c) a coal severance tax income fund.
12	(2) On-each-December-3i-andJune30the The state
13	treasurer shall from time to time transfer to the coal
14	severance tax permanent fund all money in the coal severance
15	tax bond fund except the amount necessary to meet all
16	principal and interest payments on bonds payable from the
17	coal severance tax bond fund on the next two ensuing
18	semiannual payment date <u>dates</u> ."
19	Section 3. Section 17-5-711, MCA, is amended to read:
20	"17-5-711. Trust indenture. In the discretion of the
21	board of examiners, a series of coal-severance-tax bonds or
22	notes issued under this part may be secured by a trust
2.3	indenture by and between the board of examiners and a
24	trustee, which may be any trust company or bank having the
25	powers of a trust company within or outside of the state.

Each trust indenture or an executed counterpart thereof 1 shall be filed in the office of the secretary of state of 2 Montana. The filing of a trust indenture or an executed 3 counterpart thereof in the office of the county clerk of the 4 county in which the property covered by the trust indenture 5 is located is constructive notice of its contents to all б persons from the time of the filing, and the recording of 7 the trust indenture or its contents is not necessary." 8

Section 4. Section 17-5-713, MCA, is amended to read: 9 "17-5-713. Personal liability -- suit to compel 10 11 performance. (1) The members of the board of examiners and officers and employees of the departments, boards, or 12 agencies of state government are not personally liable or 13 accountable by reason of the issuance of or on any coal 14 severance tax bond or bond anticipation note issued by the 15 board of examiners. 16

17 (2) Any holder of coal severance tax bonds or any 18 person or officer being a party in interest, subject to any 19 applicable coal severance tax agreements or trust 20 indentures, may sue to enforce and compel the performance of 21 the coal severance tax bond provisions as set out in this 22 part."

23 Section 5. Section 17-5-714, MCA, is amended to read:
24 "17-5-714, Negotiability of bonds. Coal-severance-tax
25 bonds Bonds or notes issued under this part are negotiable

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instruments under the Uniform Commercial Code, subject only 1 to the provisions for registration of bonds." 2 Section 6. Section 17-5-715, MCA, is amended to read: 3 "17-5-715. Signatures of board members. In the case 4 any member of the board of examiners whose signature appears S 6 on coal-severance-tax bonds, notes, or coupons issued under 7 this part ceases to be a member before the delivery of the bonds or notes, his signature is nevertheless valid and 8 sufficient for all purposes, the same as if the member had 9

10 remained in office until delivery." Section 7. Section 17-5-718, MCA, is amended to read: 11 12 "17-5-718. Tax exemption of bonds -legal investments. (1) All coal--severance--tax bonds or notes 13 issued under this part, their transfer, and their income, 14 including any profits made on their sale, are exempt from 15 taxation by the state or any political subdivisions or other 16 instrumentality of the state, excepting inheritance, estate, 17 18 and gift taxes.

19 (2) Coal-severance-tax-bonds Bonds or notes issued 20 <u>under this part</u> are legal investments for any person or 21 board charged with investment of public funds and are 22 acceptable as security for any deposit of public money."

NEW SECTION. Section 8. Bond anticipation notes - when issued -- payment of principal and interest. (1) When
 the board of examiners has been authorized by the

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1 legislature to issue and sell bonds under this part, it may, 2 pending the issuance of the bonds, issue temporary notes in З anticipation of the receipt of proceeds to be derived from 4 the sale of the bonds. The notes are designated as "bond 5 anticipation notes". The proceeds of the sale of the bond 6 anticipation notes must be used only for the purposes for 7 which the proceeds of the bonds could be used, including 8 costs of issuance. If, prior to the issuance of the bonds, 9 it becomes necessary to redeem outstanding notes, additional 10 bond anticipation notes may be issued to redeem the 11 outstanding notes. No renewal of any note may be issued 12 after the sale of bonds in anticipation of which the 13 original notes were issued. As much of the proceeds of the 14 bonds, when issued, must be credited to the note debt 15 service fund as may be needed for payment of the notes, with 16 interest, when due.

17 (2) Bond anticipation notes or other short-term 18 evidences of indebtedness maturing not more than 3 years 19 after the date of issue may be issued from time to time as 20 needed. Notes must be authorized by the board of examiners 21 and contain such terms and details as may be provided by 22 resolution of the board. Each resolution of the board of 23 examiners authorizing notes must:

24 (a) describe the need for the proceeds of the notes to25 be issued; and

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(b) specify:

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2 (i) the principal amount of the notes or maximum 3 principal amount of the notes that may be outstanding at any 4 time;

5 (ii) the rate or rates of interest, the maximum rate of 6 interest, or the interest rate formula (to be determined in 7 the manner specified in the resolution authorizing the 8 notes) of such notes; and

9 (iii) the maturity date or maximum maturity date of the 10 notes.

11 (3) Subject to the limitations contained in this section and the standards and limitations prescribed in the 12 authorizing resolution, the board in its discretion may 13 14 provide for notes to be issued and sold, in whole or in part, from time to time. The board may delegate to the state 15 16 treasurer the power to determine the time or times of sale, 17 the manner of sale, the amounts, the maturities, the rate or rates of interest, and such other terms and details of the 18 notes as may be considered appropriate by the board or, if 19 there has been such a delegation, the state treasurer. The 20 board may, in its discretion but subject to the limitations 21 22 contained in this section, also provide in the resolution 23 authorizing the issuance of notes for:

24 (a) the employment of one or more persons or firms to25 assist the board in the sale of the notes;

(b) the appointment of one or more banks or trust
 companies, either within or outside of the state, as
 depository for safekeeping and as agent for the delivery and
 payment of the notes;

5 (c) the refunding of the notes, from time to time, 6 without further action by the board, unless the board 7 revokes such authority to refund; and

8 (d) such other terms and conditions as the board may9 consider appropriate.

10 (4) In connection with the issuance and sale of notes, the board may arrange for lines of credit with any bank, 11 firm, or person for the purpose of providing an additional 12 source of repayment for notes issued pursuant to this 13 14 section. Amounts drawn on such lines of credit may be evidenced by negotiable or nonnegotiable notes or other 15 evidences of indebtedness, containing such terms and 16 conditions as the board may authorize in the resolution 17 approving them. 18

19 Section 9. Section 85-1-332, MCA, is amended to read: 20 "85-1-332. Disposition of moneys collected. (1) For 21 the purpose of carrying out the provisions of this chapter 22 and such other water resource authority, powers, and duties 23 as are conferred upon the department by law, the following 24 moneys shall be deposited in the water development state 25 special revenue account created by 85-1-604: 1 (1)--all-sums-of-money-donated-or--contributed--by--the federal-government-or-any-department-or-agencies-thereof; 3 (2)(a) all gifts, donations, bequests, and devises made to the state therefor and proceeds of the sale thereof; and the proceeds of the sale or redemption of and the interest earned by the securities purchased or acquired with

7 money received under this subsection;

8 (3)(b) all reimbursements for money advanced for the
9 payment of the assessments upon state, school-granted, and
10 other public lands for the improvement thereof as provided
11 by law;

12 t4)(c) all reimbursements for money advanced for the investigation and survey of reclamation, electrification, 13 and rehabilitation systems or projects proposed to be 14 financed in whole or in part by the reclamation of lands and 15 diking, drainage, and diking and drainage dams for 15 17 conservation of water to be used in reclamation of land or stock reservoirs or for the construction, maintenance, and 18 operation of plants or projects for the manufacture or 19 20 distribution of electric current;

21 (5)(d) all reimbursements for costs of surveys and 22 investigations for moneys advanced to counties, cities, or 23 towns or their proportion of the cost thereof or from any 24 other sources;

25 (6)(e) except as otherwise provided by law, all income

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or profit and revenue of the works and all money received 1 from the sale or disposal of water, use of water, water 2 storage, or other service and from the operation, lease, 3 sale, or other disposition of the works, property, and 4 5 facilities acquired under this chapter; and (7)(f) except as otherwise provided by law, all sums б 7 received by the department for the use of electricity in 8 excess of the maintenance and operation of the electrification system or project. 9 (2) All sums of money donated or contributed by the 10 11 federal government or any department or agency thereof shall 12 be deposited in a federal special revenue account." 13 Section 10. Section 85-1-604, MCA, is amended to read: 14 "85-1-604. Water development state special revenue account created -- revenues allocated -- limitations on 15 appropriations from account. (1) There is created a water 16 17 development state special revenue account within the state 18 special revenue fund established in 17-2-102. 19 (2) There shall be paid into the water development 20 state special revenue account: 21 (a) all revenues of the works and other money as

22 provided in 85-1-332;
23 (b) 30% of the interest income of the resource
24 indemnity trust fund as provided in and subject to the

conditions of 15-38-202;

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(c) the excess of the coal severance tax proceeds 1 allocated by 85-1-603 to the water development debt service 2 fund above debt service requirements as provided in and 3 subject to the conditions of 85-1-619; 4 (d) any principal and accrued interest received in 5 repayment of a loan made from the proceeds of bonds issued 6 under 85-1-617; and 7 (e) any fees or charges collected by the department 8 pursuant to 85-1-616 for the servicing of loans, including g arrangements for obtaining security interests; and 10 (f) all interest income earned on proceeds of water 11 12 development bonds. (3) Appropriations may be made from the water 13 development state special revenue account for the following 14 purposes and subject to the following conditions: 15 (a) An amount less than or equal to that paid into the 16 account under 85-1-332 and only that amount may be 17 appropriated for the operation and maintenance of 18 state-owned projects and works. If the amount of money 19 available for appropriation under this subsection (3)(a) is 20 greater than that necessary for operation and maintenance 21 expenses, the excess may be appropriated as provided in 22 23 subsection (3)(b).

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(b) An amount less than or equal to that paid into theaccount from the resource indemnity trust account plus any

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1 excess from subsection (3)(a) and only that amount may be 2 appropriated from the account for:

3 (i) the rehabilitation of state-owned projects and
4 works, including the rehabilitation of spillways of
5 state-owned dams;

6 (ii) the formulation of downstream emergency warning
7 and evacuation plans for state-owned dams;

8 (iii) the development of the hydropower potential of9 state-owned dams;

10 (iv) assistance in the implementation of the water 11 reservations established under 85-2-316 of conservation 12 districts;

13 (v) the promotion of the development of offstream and 14 tributary storage;

promotion of ioint state-tribal, 15 (vi) the state-federal, and state-tribal-federal water development; 16 (vii) administrative expenses, including but not 17 limited to the salaries and expenses of personnel, 18 equipment, office space, and other necessities incurred in 19 the administration of the water development program except 20 the administration of loans and grants; and 21

(viii) any other expenditures that meet the policiesand objectives of the state water development program.

24 (c) An amount less than or equal to that paid into the 25 account from the sources provided for in (c) through (e) (f) 1 of subsection (2) and only that amount may be appropriated from the account for loans and grants for water development 2 projects and activities; for administrative expenses. 3 including but not limited to the salaries and expenses of 4 personnel, equipment, and office space; for the servicing of 5 loans, including arrangements for obtaining security 6 7 interests: and for other necessities incurred in R administering the loans and grants."

Section 11. Section 85-1-605, MCA, is amended to read: 9 "85-1-605. Grants, loans, and bonds for state and 10 local government assistance. (1) The department may 11 recommend to the legislature that grants and loans be made 12 13 from coal severance tax proceeds deposited in the water development state special revenue account, that loans be 14 15 made from water development bond proceeds deposited in the water development account, and that coal severance tax bonds 16 be authorized pursuant to Title 17, chapter 5, part 7, to 17 18 provide financial assistance to a department, agency, board, commission, or other division of state government or to a 19 20 city, county, or other political subdivision or local 21 government body of the state. The legislature may approve by 22 appropriation or other appropriate means those grants and loans it finds consistent with the policies and purposes of 23 24 the program. (2) In addition to implementing those projects 25

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1 approved by the legislature, the department may request up to 10% of the funds available for grants from the water 2 development special revenue account in any biennium to be 3 4 used for emergencies. These emergency projects must be 5 approved by the department and be defined as those projects 6 which, if delayed until legislative approval can be 7 obtained, will cause substantial damages or legal liability 8 to the project sponsor. In allocating such funds, the 9 department shall consult with the legislative finance 10 committee of the legislature.

11 (2) (3) The grants and loans provided for by this section may be made for the purchase, lease, development, or 12 construction of water development projects and activities 13 14 for the conservation, management, use, development, or 15 protection of the water and related agricultural, land, 16 fish, wildlife, and water recreation resources in the state; 17 for the purpose of feasibility and design studies for such 18 projects; for development of plans for and the 19 rehabilitation, expansion, and modification of water development projects; for other water development projects 20 21 and activities that will enhance the water resources of the 22 state; and for similar purposes approved by the legislature." 23

Section 12. Section 85-1-610, MCA, is amended to read:
"85-1-610. Evaluation of grants and loans to private

persons. The department shall consider the following
 criteria and preferences in evaluating applications and
 selecting the recipients of grants and loans for water
 development projects and activities that are eligible for
 funding under 85-1-609:

6 (1) The extent and desirability of the public benefits7 that will be provided must be considered.

8 (2) A water development project or activity that will 9 be used as part of a family farm shall be given preference. 10 A family farm is one devoted primarily to agriculture under 11 the ownership and operation of a resident Montana family.

(3) A water development project or activity that will
utilize or develop water reserved under 85-2-316 shall be
given preference. An activity includes all necessary work
associated with a project, beginning with application
preparation through the implementation of a water

17 reservation by a qualified state applicant.

18 (4) The department, to the extent practicable, shall
19 attempt to achieve geographic balance in the promotion of
20 water development projects and activities through the
21 awarding of loans and grants to private persons.

(5) The extent to which the water development project
or activity will fully utilize water resources and promote
the conservation and efficient use of the water resource
shall be evaluated and considered.

(6) Projects or activities that could not be
 accomplished without the assistance of a loan or grant shall
 be given preference.

4 (7) The department shall give due consideration to any 5 other factor that, in the department's judgment, is 6 important to the evaluation of the water development project 7 or activity in light of the purposes, policies, and 8 objectives of the water development program."

9 Section 13. Section 85-1-617, MCA, is amended to read: "85-1-617. Issuing bonds. (1) When authorized by the 10 legislature and within the limits of the authorization and 11 within the further limitations established in this section, 12 the board of examiners may issue and sell water development 13 bonds of the state in the amount and manner it considers 14 15 necessary and proper to finance the water development loan program. The full faith and credit and taxing powers of the 16 state are pledged for the prompt and full payment of all 17 bonds so issued and interest and redemption premiums payable 18 thereon according to their terms. 19

20 (2) Each series of water development bonds may be 21 issued by the board of examiners, upon request of the board 22 of natural resources and conservation, at public or private 23 sale, in such denominations and forms, whether payable to 24 bearer with attached interest coupons or registered as to 25 principal or as to both principal and interest, with such

provisions for conversion or exchange and for the issuance 1 of notes in anticipation of the issuance of definitive 2 bonds, bearing interest at such rate or rates, maturing at 3 such rate or rates, maturing at such time or times not 1 exceeding 30 years from date of issue, subject to optional 5 or mandatory redemption at such earlier times and prices and 6 upon such notice, with such provisions for payment and 7 discharge by the deposit of funds or securities in escrow A for that purpose, and payable at the office of such banking q institution or institutions within or outside the state, as 10 11 the board of examiners shall determine subject to the 12 limitations contained in this section [and section 8].

(3) In the issuance of each series of water 13 development bonds, the interest rates and the maturities and 14 any mandatory redemption provisions thereof shall be 15 established in such manner that the funds then specifically 16 pledged and appropriated by law to the water development 17 18 debt service fund will in the judgment of the board of examiners be received in an amount sufficient in each year 19 to pay all principal, redemption premiums, and interest due 20 and payable in that year with respect to that and all prior 21 series of such bonds, except outstanding bonds as to which 22 the obligation of the state has been discharged by the 23 24 deposit of funds or securities sufficient for their payment in accordance with the terms of the resolutions by which 25

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1 they are authorized to be issued.

2 (4) In all other respects, the board of examiners is authorized to prescribe the form and terms of the bonds and 3 notes and shall do whatever is lawful and necessary for 4 their issuance and payment. Such bonds, notes, and any 5 interest coupons appurtenant thereto must be signed by the 6 members of the board of examiners, and the bonds and notes 7 must be issued under the great seal of the state of Montana. 8 9 The bonds, notes, and coupons may be executed with facsimile 10 signatures and seal in the manner and subject to the limitations prescribed by law. The state treasurer shall 11 keep a record of all such bonds and notes issued and sold. 12 13 (5) There is created a water development account 14 within the state special revenue fund established in 15 17-2-102.

16 (6) All proceeds of bonds or notes issued under this section, other than refunding bonds, must be deposited in 17 the water development account established in subsection (5), 18 except that any principal and accrued interest received in 19 20 repayment of a loan made from the proceeds of bonds issued under this section must be deposited in the water 21 22 development state special revenue account pursuant to 85-1-604. All proceeds of refunding bonds must be deposited 23 in the water development debt service fund and applied to 24 the payment and redemption of outstanding bonds issued under 25

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this section as directed by the board, whether at maturity
 or on any earlier date on which they may be prepaid
 according to their terms.

4 (7) All actions taken by the board of examiners under 5 this section or 85-1-619 must be authorized by a vote of a 6 majority of the members of the board of examiners."

7 Section 14. Section 85-1-619, MCA, is amended to read: "85-1-619. Debt service fund --8 pledge and administration of sufficient balance. (1) The legislature 9 may levy, impose, assess, and pledge and appropriate to the 10 11 water development debt service fund any tax, charge, fee, rental, or other income from any designated source. The 12 state reserves the right to modify from time to time the 13 nature and amount of special taxes and other revenues 14 pledged and appropriated to the water development debt 15 service fund, provided that the aggregate resources so 16 17 pledged and appropriated are determined by the legislature to be sufficient for the prompt and full payment of the 18 principal of and interest and redemption premiums when due 19 on all boods payable from that fund and provided that the 20 pledge of the full faith and credit and taxing powers of the 21 state for the security of all such bonds shall be and remain 22 irrevocable until they are fully paid. 23

24 (2) Money in the water development debt service fund
25 must be used firsty to pay interest, principal, and

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redemption premiums when due and payable with respect to water development bonds;-second, and for bonds issued prior to 1985, to accumulate a reserve for the further security of such payments;--to--the--amount-required-each-month-to-meet those-payments-due-within-12-months-thereafter;--and--third; to-restore-the-reserve-to-this-amount-after-each-payment.

(3) After the reserve provided for in subsection (2) 7 for bonds issued prior to 1985 has been accumulated in the 8 water development debt service fund, money at any time 9 received in the water development debt service fund in 10 excess of that amount must be transferred by the treasurer 11 to the water development state special revenue account. If 12 the--balance--on--hand--at-any-time-in-the-water-development 13 debt-service-fund-is-not-sufficient-to--accumulate--required 14 reserves--under--subsection--(2)--and-is-not-restored-to-the 15 required--amount--within--3--months--thereafter--from--funds 16 specifically---pledged---and---appropriated---to--the--water 17 development-debt-service-fund-the-treasurer--in--accordance 18 with--the--pledge--of--the--full-faith-and-credit-and-taxing 19 powers-of-the-state-shall-transfer-an-amount--sufficient--to 20 restore--the--required--balance-from-the-general-fund-to-the 21 water-development-debt-service-fund-" 22

23 Section 15. Section 90-2-121, MCA, is amended to read:
24 "90-2-121. Issuing bonds. (1) Within the limits
25 authorized by 90-2-127 and within the further limitations in

1 this section, the board of examiners may issue and sell bonds of the state in such manner as it considers necessary and proper to finance the renewable resource development program. The full faith and credit and taxing powers of the state shall be pledged for the prompt and full payment of all bonds so issued and interest and redemption premiums payable thereon according to their terms.

(2) Each series of such bonds shall be issued by the 8 board of examiners upon request of the board of natural 9 resources and conservation in such denominations and forms. 10 11 whether payable to bearer with attached interest coupons or 12 registered as to principal or as to both principal and interest, with such provisions for conversion or exchange 13 and for the issuance of notes in anticipation of the 14 15 issuance of definitive bonds, bearing interest at such rate or rates, maturing at such time or times not exceeding 30 16 years from date of issue, subject to optional or mandatory 17 18 redemption at such earlier times and prices and upon such notice, with such provisions for payment and discharge by 19 the deposit of funds or securities in escrow for that 20 21 purpose, and payable at the office of such banking institution or institutions within or outside the state, as 22 the board shall determine subject to the limitations 23 24 contained in this section.

(3) In the issuance of each series of such bonds the

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1 interest rates and the maturities and any mandatory 2 redemption provisions thereof shall be established in such 3 manner that the funds then specifically pledged and 4 appropriated by law to the debt service fund will in the 5 judgment of the board be received in an amount sufficient in 6 each year to pay all principal, redemption premiums, and 7 interest due and payable in that year with respect to that and all prior series of such bonds, except outstanding bonds 8 9 as to which the obligation of the state has been discharged 10 by the deposit of funds or securities sufficient for their 11 payment in accordance with the terms of the resolutions by 12 which they are authorized to be issued.

13 (4) In all other respects the board of examiners is 14 authorized to prescribe the form and terms of the bonds and 15 shall do whatever is lawful and necessary for their issuance 16 and payment. Such bonds and any interest coupons appurtenant 17 thereto shall be signed by the members of the board of 18 examiners, and the bonds shall be issued under the great 19 seal of the state of Montana. The bonds and coupons may be 20 executed with facsimile signatures and seal in the manner 21 and subject to the limitations prescribed by law. The state 22 treasurer shall keep a record of all such bonds issued and 23 sold.

(5) All proceeds of bonds issued hereunder and
 interest earned on such proceeds, other than refunding

bonds, shall be deposited in the renewable resource 1 2 development account, -except-that-any-principal--and--accred interest--received-in-repayment-of-the-loans-provided-for-in 3 this-part-shall-be-deposited-in-the-debt-service-fund. All 4 5 proceeds of refunding bonds shall be deposited in the debt б service fund and applied to the payment and redemption of 7 outstanding bonds issued hereunder as directed by the board, 8 whether at maturity or on any previous date on which they 9 may be prepaid according to their terms."

10 Section 16. Section 90-2-123, MCA, is amended to read: 11 "90-2-123. Debt service fund. (1) The state may by 12 enactment of the legislature or the people levy, impose, 13 assess, and pledge and appropriate to the debt service fund any tax, charge, fee, rental, or other income from any 14 15 designated source. The state reserves the right to modify 16 from time to time the nature and amount of special taxes and other revenues pledged and appropriated to the debt service 17 18 fund, provided that the aggregate resources so pledged and 19 appropriated are determined by the legislature to 20 sufficient for the prompt and full payment of the principal 21 of and interest and redemption premiums when due on all 22 bonds payable from that fund, and provided that the pledge 23 of the full faith and credit and taxing powers of the state 24 for the security of all such bonds shall be and remain 25 irrevocable until they are fully paid.

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1 (2) Money in the debt service fund shall be used first 2 to pay interest, principal, and redemption premiums when due 3 and payable with respect to renewable resource development 4 bonds7--second--to--accumulate--a--reserve--for--the-further security-of-such-payments,-to-the-amount-required-each-month 5 to-meet-those-payments-due-within-12-months-thereafter;--and 6 7 third--to--restore--the+-reserve--to--this-amount-after-each 8 payment.

9 (3) After-the-reserve-provided-for-in--subsection--(2) 10 above--is--in-the-debt-service-fund;-money Money at any time received in the debt service fund in excess of that the 11 12 amount required by subsection (2) shall be transferred by the treasurer to the renewable resource development account. 13 If-the-balance-at-any-time-on-hand-in-the-debt-service--fund 14 is--not-sufficient-for-compliance-with-subsection-(2)-and-is 15 not--restored--to--the--required--amount--within--3---months 16 17 thereafter--from-funds-specifically-pledged-and-appropriated to-the-debt--service--fund;--the--treasurer--shall--transfer 18 thereto--from--the--general--fund--an--amount--sufficient-to 19 20 restore-the-required-balance."

21 Section 17. Section 90-2-125, MCA, is amended to read: 22 "90-2-125. Renewable resource development account. The 23 state may by enactment of the legislature or the people 24 levy, impose, assess, and pledge and appropriate to the 25 renewable resource development account any tax, charge, fee,

1	rental, or other income from any source, including but not
2	limited to renewable resource development bond proceeds,
3	interest earned on the bond proceeds, and any principal and
4	accrued interest received in repayment of a loan made from
s	the proceeds of bonds issued under 90-2-121."
6	NEW SECTION. Section 18. Remedial character. Section
7	l of this act is remedial in character, and nothing therein
8	may be considered to imply that authority for the taking of
9	any action therein expressly authorized did not previously
10	exist.
11	NEW SECTION. Section 19. Codification instruction.
12	Section 8 is intended to be codified as an integral part of
13	Title 17, chapter 5, part 7, and the provisions of Title 17,
14	chapter 5, part 7, apply to section 8.
15	NEW SECTION. Section 20. Applicability. Section 10
16	applies retroactively, within the meaning of 1-2-109, to all

17 occurrences after July 1, 1981.

18 <u>NEW SECTION.</u> Section 21. Effective date. This act is 19 effective on passage and approval.

-End-

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STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 314-85

Form BD-15

In compliance with a written request received <u>February 4</u>, <u>19</u><u>85</u>, there is hereby submitted a Fiscal Note for <u>Senate Bill 283</u> 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:

Revises the bonding programs of the Department of Natural Resources and Conservation; revises and clarifies the laws relating to the Water Development Program; authorizes county water or sewer districts, rural special improvement districts, and the Board of Examiners to issue temporary obligations in anticipation of the issuance of bonds; and revises and clarifies the laws relating to the Renewable Resource Development Program to make it compatible with the Water Development Program.

ASSUMPTIONS:

There will be no changes in adminstrative costs with the implementation of this bill.

There will be changes in the amount of funds available for grants under the water development program. These changes are as follows:

- (a) Section 2. (2). The amount of reserve to be retained in the coal severance tax bond account will be increased to an amount equal to two semiannual payments rather than one. This will delay the flow of funds into the trust temporarily, until sufficient reserves are accumulated.
- (b) Section 10. (f). Interest on general obligation bonds is now unavailable for use, but this legislation will allow arbitrage earnings to be used to offset bond debt service incurred before loans are made.
- (c) Section 11. (2). If 10% of the funds available are used for emergencies, they will be unavailable for specific grants approved by the legislature.
- (d) Section 14. (2). If the reserve is eliminated these funds will be available for grants. This amounts to 10-20% of the face value of the bonds.

BUDGET DIRECTOR Office of Budget and Program Planning

Date: Feb 5 B 2 82

Request No. Form BD-15

ENN 314-85 Page 2

FISCAL IMPACT:

Revenue:

This bill will not affect the total revenues. However, it does eliminate the reserve requirements for general obligation bonds, consistent with federal requirements, thus releasing \$T50,000 of reserve funds for additional grants in FY 1986. In subsequent years, the net amount of revenue available for grants from future bond sales will also be increased from 10% to 20%. It is impossible to estimate dollar amounts at this time, because they are dependent on the amount of bonds sold and the interest rates at that time.

Expenditures:

		FY 86	FY 87
Water Development Grants -	Current Law	\$649,162	\$616,181
	Proposed Law	799,162	616,181
	Increase	\$150,000	-0-

AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

\$150,000 of additional funds will be available to private and public entities for water development projects.

TECHNICAL OR MECHANICAL DEFECTS:

Section 1 (4) lines 14 and 15 should be amended to read: "... those bond holders may in exchange require the issuance of long-term bonds in exchange, of bonds bearing interest at the maximum rate permitted by law."

49th Legislature

SB 0283/02

APPROVED BY COMM. ON Natural resources

1	SENATE BILL NO. 283
2	INTRODUCED BY GALT, NEUMAN
3	BY REQUEST OF THE DEPARTMENT
4	OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE 6 BONDING PROGRAMS OF THE DEPARTMENT OF NATURAL RESOURCES AND 7 CONSERVATION: TO GENERALLY REVISE AND CLARIFY THE LAWS 8 RELATING TO THE WATER DEVELOPMENT PROGRAM; TO AUTHORIZE 9 COUNTY WATER OR SEWER DISTRICTS, RURAL SPECIAL IMPROVEMENT 10 DISTRICTS, AND THE BOARD OF EXAMINERS TO ISSUE TEMPORARY 11 12 OBLIGATIONS IN ANTICIPATION OF THE ISSUANCE OF BONDS; TO GENERALLY REVISE AND CLARIFY THE LAWS RELATING TO THE 13 RENEWABLE RESOURCE DEVELOPMENT PROGRAM TO MAKE IT COMPATIBLE 14 WITH THE WATER DEVELOPMENT PROGRAM; AMENDING SECTIONS 15 7-7-109, 17-5-703, 17-5-711, 17-5-713 THROUGH 17-5-715. 16 17-5-718, 85-1-332, 85-1-604, 85-1-605, 85-1-610, 85-1-617, 17 85-1-619, 90-2-121, 90-2-123, AND 90-2-125, MCA; AND 18 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE 19 APPLICABILITY DATE." 20

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 7-7-109, MCA, is amended to read:
"7-7-109. Sale of notes in anticipation of federal or
state revenue. (1) As used in this section, the following

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1 definitions apply:

2 (a) "Bonds" means bonds, notes, warrants, debentures, certificates of indebtedness, and all instruments or 3 obligations evidencing or representing indebtedness, or 4 evidencing or representing the borrowing of money, or S 6 evidencing or representing a charge, lien, or encumbrance on 7 specific revenues, special assessments, income, or property of a political subdivision, including all instruments or 8 9 obligations payable from a special fund.

(b) "Political subdivision" means a county, city,
town, school district, irrigation district, <u>rural special</u>
<u>improvement district</u>, special improvement district, <u>county</u>
<u>water or sewer district</u>, or any other political subdivision
of the state, but does not include the state or any board,
agency, or commission of the state.

16 (c) "Governing body" means the board, council,
17 commission, or other body charged with the general control
18 of the issuance of bonds of a political subdivision.

19 (2) When all conditions exist precedent to the 20 offering for sale of bonds of a political subdivision in any 21 amount and for any purpose authorized by law and the 22 political subdivision has applied for a grant or loan of 23 state or federal funds to aid in payment of costs incurred 24 or to be incurred for the authorized purpose, its governing 25 body may by resolution issue and sell notes in anticipation

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SECOND READING

of the receipt of the grant or loan, in an amount not
 exceeding the total amount of bonds authorized and maturing
 within not more than 3 years from the date such notes are
 issued.

5 (3) The proceeds of the grant or loan, when received, 6 shall be credited to the debt service fund for the notes as 7 may be needed for their payment, with interest, when due.

(4) Any amount of the notes which cannot be paid at 8 maturity from the proceeds of the grant or loan or from any 9 other funds appropriated by the governing body for the 10 11 purpose shall be paid from the proceeds of bonds to be issued and sold before the maturity date, or if sufficient 12 funds are not available for payment in full of the notes at 13 maturity, those bondholders may, IN EXCHANGE, require the 14 issuance;-in-exchange; of LONG-TERM bonds bearing--interest 15 at--the--maximum--rate-permitted-by-law. The bonds so issued 16 are secured and subject to the terms and conditions provided 17 by the law authorizing their issuance. Notes and bonds may 18 be issued as provided in this section regardless of the 19 amount authorized if the amount which may legally be issued 20 is less than the commitment for which the grant or loan is 21 made. Before the notes or bonds are issued, the political 22 subdivision must receive a written commitment for a grant or 23 loan in an amount equal to the remaining estimated costs and 24 must by resolution provide for the fulfillment of the 25

1 conditions of the commitment."

Section 2. Section 17-5-703, MCA, is amended to read:
"17-5-703. Coal severance tax trust funds. (1) The
trust established under Article IX, section 5, of the
Montana constitution shall be composed of the following
funds:

7 (a) a coal severance tax bond fund into which the
8 constitutionally dedicated receipts from the coal severance
9 tax shall be deposited;

10 (b) a coal severance tax permanent fund; and

11 (c) a coal severance tax income fund.

12 (2) On-each-Becember-31-and--June--30--the The state 13 treasurer shall from time to time transfer to the coal 14 severance tax permanent fund all money in the coal severance 15 tax bond fund except the amount necessary to meet all 16 principal and interest payments on bonds payable from the 17 coal severance tax bond fund on the next two ensuing 18 semiannual payment date dates."

19 Section 3. Section 17-5-711, MCA, is amended to read: 20 "17-5-711. Trust indenture. In the discretion of the 21 board of examiners, a series of coal-severance-tex bonds or 22 notes issued under this part may be secured by a trust 23 indenture by and between the board of examiners and a 24 trustee, which may be any trust company or bank having the 25 powers of a trust company within or outside of the state.

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Each trust indenture or an executed counterpart thereof 1 shall be filed in the office of the secretary of state of 2 3 Montana. The filing of a trust indenture or an executed counterpart thereof in the office of the county clerk of the 4 county in which the property covered by the trust indenture 5 is located is constructive notice of its contents to all 6 persons from the time of the filing, and the recording of 7 the trust indenture or its contents is not necessary." 8

9 Section 4. Section 17-5-713, MCA, is amended to read: 10 "17-5-713. Personal liability -- suit to compel performance. (1) The members of the board of examiners and 11 officers and employees of the departments, boards, or 12 agencies of state government are not personally liable or 13 accountable by reason of the issuance of or on any coal 14 severance tax bond or bond anticipation note issued by the 15 board of examiners. 16

17 (2) Any holder of coal severance tax bonds or any 18 person or officer being a party in interest, subject to any 19 applicable coal severance tax agreements or trust 20 indentures, may sue to enforce and compel the performance of 21 the coal severance tax bond provisions as set out in this 22 part."

23 Section 5. Section 17-5-714, MCA, is amended to read:
24 "17-5-714. Negotiability of bonds. Coat-severance--tax
25 bonds Bonds or notes issued under this part are negotiable

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instruments under the Uniform Commercial Code, subject only
 to the provisions for registration of bonds."
 Section 6. Section 17-5-715, MCA, is amended to read:

4 "17-5-715. Signatures of board members. In the case 5 any member of the board of examiners whose signature appears 6 on coal-severance-tax bonds, notes, or coupons <u>issued under</u> 7 <u>this part</u> ceases to be a member before the delivery of the 8 bonds <u>or notes</u>, his signature is nevertheless valid and 9 sufficient for all purposes, the same as if the member had 10 remained in office until delivery."

11 Section 7. Section 17-5-718, MCA, is amended to read: 12 "17-5-718. Tax exemption of bonds -legal investments. (1) All coal--severance--tax bonds or notes 13 14 issued under this part, their transfer, and their income, 15 including any profits made on their sale, are exempt from 16 taxation by the state or any political subdivisions or other 17 instrumentality of the state, excepting inheritance, estate, and gift taxes. 18

(2) Coal-severance-tax-bonds Bonds or notes issued
 under this part are legal investments for any person or
 board charged with investment of public funds and are
 acceptable as security for any deposit of public money."

23 <u>NEW SECTION.</u> Section 8. Bond anticipation notes -24 when issued -- payment of principal and interest. (1) When
25 the board of examiners has been authorized by the

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legislature to issue and sell bonds under this part, it may. 1 pending the issuance of the bonds, issue temporary notes in 2 anticipation of the receipt of proceeds to be derived from 3 the sale of the bonds. The notes are designated as "bond 4 anticipation notes". The proceeds of the sale of the bond 5 anticipation notes must be used only for the purposes for 6 7 which the proceeds of the bonds could be used, including costs of issuance. If, prior to the issuance of the bonds, 8 it becomes necessary to redeem outstanding notes, additional 9 bond anticipation notes may be issued to redeem the 10 outstanding notes. No renewal of any note may be issued 11 after the sale of bonds in anticipation of which the 12 13 original notes were issued. As much of the proceeds of the bonds, when issued, must be credited to the note debt 14 service fund as may be needed for payment of the notes, with 15 interest, when due. 16

17 (2) Bond anticipation notes or other short-term evidences of indebtedness maturing not more than 3 years after the date of issue may be issued from time to time as needed. Notes must be authorized by the board of examiners and contain such terms and details as may be provided by resolution of the board. Each resolution of the board of examiners authorizing notes must:

24 (a) describe the need for the proceeds of the notes to25 be issued; and

1 (b) specify:

2 (i) the principal amount of the notes or maximum
3 principal amount of the notes that may be outstanding at any
4 time;

5 (ii) the rate or rates of interest, the maximum rate of 6 interest, or the interest rate formula (to be determined in 7 the manner specified in the resolution authorizing the 8 notes) of such notes; and

9 (iii) the maturity date or maximum maturity date of the10 notes.

11 (3) Subject to the limitations contained in this section and the standards and limitations prescribed in the 12 authorizing resolution, the board in its discretion may 13 provide for notes to be issued and sold, in whole or in 14 part, from time to time. The board may delegate to the state 15 treasurer the power to determine the time or times of sale, 16 17 the manner of sale, the amounts, the maturities, the rate or rates of interest, and such other terms and details of the 18 notes as may be considered appropriate by the board or, if 19 there has been such a delegation, the state treasurer. The 20 board may, in its discretion but subject to the limitations 21 22 contained in this section, also provide in the resolution 23 authorizing the issuance of notes for:

24 (a) the employment of one or more persons or firms to25 assist the board in the sale of the notes;

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(b) the appointment of one or more banks or trust
 companies, either within or outside of the state, as
 depository for safekeeping and as agent for the delivery and
 payment of the notes;

5 (c) the refunding of the notes, from time to time,
6 without further action by the board, unless the board
7 revokes such authority to refund; and

8 (d) such other terms and conditions as the board may9 consider appropriate.

(4) In connection with the issuance and sale of notes, 10 11 the board may arrange for lines of credit with any bank, firm, or person for the purpose of providing an additional 12 source of repayment for notes issued pursuant to this 13 section. Amounts drawn on such lines of credit may be 14 evidenced by negotiable or nonnegotiable notes or other 15 16 evidences of indebtedness, containing such terms and 17 conditions as the board may authorize in the resolution approving them. 18

19 Section 9. Section 85-1-332, MCA, is amended to read: 20 "85-1-332. Disposition of moneys collected. (1) For 21 the purpose of carrying out the provisions of this chapter 22 and such other water resource authority, powers, and duties 23 as are conferred upon the department by law, the following 24 moneys shall be deposited in the water development state 25 special revenue account created by 85-1-604: 1 (1)--all-sums-of-money-donated-or--contributed--by--the 2 federal-government-or-any-department-or-agencies-thereof;

3 (2)(a) all gifts, donations, bequests, and devises
4 made to the state therefor and proceeds of the sale thereof;
5 and the proceeds of the sale or redemption of and the
6 interest earned by the securities purchased or acquired with
7 money received under this subsection;

8 (3)(b) all reimbursements for money advanced for the
9 payment of the assessments upon state, school-granted, and
10 other public lands for the improvement thereof as provided
11 by law;

12 +4+(c) all reimbursements for money advanced for the 13 investigation and survey of reclamation, electrification, 14 and rehabilitation systems or projects proposed to be 15 financed in whole or in part by the reclamation of lands and diking, drainage, and diking and drainage dams for 16 17 conservation of water to be used in reclamation of land or 18 stock reservoirs or for the construction, maintenance, and 19 operation of plants or projects for the manufacture or 20 distribution of electric current:

21 (5)(d) all reimbursements for costs of surveys and 22 investigations for moneys advanced to counties, cities, or 23 towns or their proportion of the cost thereof or from any 24 other sources;

f6;(e) except as otherwise provided by law, all income

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or profit and revenue of the works and all money received
 from the sale or disposal of water, use of water, water
 storage, or other service and from the operation, lease,
 sale, or other disposition of the works, property, and
 facilities acquired under this chapter; and

6 (7)(f) except as otherwise provided by law, all sums
7 received by the department for the use of electricity in
8 excess of the maintenance and operation of the
9 electrification system or project.

(2) All sums of money donated or contributed by the
 federal government or any department or agency thereof shall
 be deposited in a federal special revenue account."

13 Section 10. Section 85-1-604, MCA, is amended to read: 14 "85-1-604. Water development state special revenue 15 account created -- revenues allocated -- limitations on 16 appropriations from account. (1) There is created a water 17 development state special revenue account within the state 18 special revenue fund established in 17-2-102.

19 (2) There shall be paid into the water development20 state special revenue account:

(a) all revenues of the works and other money as
provided in 85-1-332;

(b) 30% of the interest income of the resource
indemnity trust fund as provided in and subject to the
conditions of 15-38-202;

(c) the excess of the coal severance tax proceeds
 allocated by 85-1-603 to the water development debt service
 fund above debt service requirements as provided in and
 subject to the conditions of 85-1-619;

5 (d) any principal and accrued interest received in
6 repayment of a loan made from the proceeds of bonds issued
7 under 85-1-617; and

8 (e) any fees or charges collected by the department
9 pursuant to 85-1-616 for the servicing of loans, including
10 arrangements for obtaining security interests; and

11 (f) all interest income earned on proceeds of water 12 development bonds.

13 (3) Appropriations may be made from the water
14 development state special revenue account for the following
15 purposes and subject to the following conditions:

(a) An amount less than or equal to that paid into the 16 account under 85-1-332 and only that amount may be 17 18 appropriated for the operation and maintenance of state-owned projects and works. If the amount of money 19 20 available for appropriation under this subsection (3)(a) is 21 greater than that necessary for operation and maintenance expenses, the excess may be appropriated as provided in 22 subsection (3)(b). 23

(b) An amount less than or equal to that paid into theaccount from the resource indemnity trust account plus any

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excess from subsection (3)(a) and only that amount may be appropriated from the account for:

3 (i) the rehabilitation of state-owned projects and
4 works, including the rehabilitation of spillways of
5 state-owned dams;

6 (ii) the formulation of downstream emergency warning7 and evacuation plans for state-owned dams;

8 (iii) the development of the hydropower potential of9 state-owned dams;

10 (iv) assistance in the implementation of the water 11 reservations established under 85-2-316 of conservation 12 districts;

13 (v) the promotion of the development of offstream and 14 tributary storage;

joint 15 (vi) the promotion of state-tribal, state-federal, and state-tribal-federal water development; 16 (vii) administrative expenses, including but not 17 limited to the salaries and expenses of personnel, 18 equipment, office space, and other necessities incurred in 19 the administration of the water development program except 20 21 the administration of loans and grants; and

22 (viii) any other expenditures that meet the policies23 and objectives of the state water development program.

24 (c) An amount less than or equal to that paid into the 25 account from the sources provided for in (c) through (e) (f)

of subsection (2) and only that amount may be appropriated 1 from the account for loans and grants for water development 2 3 projects and activities; for administrative expenses, including but not limited to the salaries and expenses of 4 5 personnel, equipment, and office space; for the servicing of 6 loans, including arrangements for obtaining security 7 interests: and for other necessities incurred in 8 administering the loans and grants."

9 Section 11. Section 85-1-605, MCA, is amended to read: 10 "85-1-605. Grants, loans, and bonds for state and local government assistance. (1) The department may 11 recommend to the legislature that grants and loans be made 12 13 from coal severance tax proceeds deposited in the water 14 development state special revenue account, that loans be made from water development bond proceeds deposited in the 15 16 water development account, and that coal severance tax bonds be authorized pursuant to Title 17, chapter 5, part 7, to 17 provide financial assistance to a department, agency, board, 18 19 commission, or other division of state government or to a 20 city, county, or other political subdivision or local government body of the state. The legislature may approve by 21 appropriation or other appropriate means those grants and 22 loans it finds consistent with the policies and purposes of 23 the program. 24

25 (2) In addition to implementing those projects

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approved by the legislature, the department may request up 1 to 10% of the funds available for grants from the water 2 3 development special revenue account in any biennium to be used for emergencies. These emergency projects must be 4 approved by the department and be defined as those projects 5 which, if delayed until legislative approval can be 6 obtained, will cause substantial damages or legal liability 7 to the project sponsor. In allocating such funds, the 8 9 department shall consult-with INFORM the legislative finance 10 committee of the legislature.

(2)(3) The grants and loans provided for by this 11 section may be made for the purchase, lease, development, or 12 construction of water development projects and activities 13 for the conservation, management, use, development, or 14 protection of the water and related agricultural, land, 15 16 fish, wildlife, and water recreation resources in the state: for the purpose of feasibility and design studies for such 17 projects; for development of plans for and the 18 rehabilitation, expansion, and modification of water 19 development projects; for other water development projects 20 21 and activities that will enhance the water resources of the 22 state; and for similar purposes approved by the 23 legislature."

Section 12. Section 85-1-610, MCA, is amended to read:
"85-1-610. Evaluation of grants and loans to private

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1 persons. The department shall consider the following 2 criteria and preferences in evaluating applications and 3 selecting the recipients of grants and loans for water development projects and activities that are eligible for 4 funding under 85-1-609: 5 6 (1) The extent and desirability of the public benefits 7 that will be provided must be considered. 8 (2) A water development project or activity that will 9 be used as part of a family farm shall be given preference. 10 A family farm is one devoted primarily to agriculture under 11 the ownership and operation of a resident Montana family. 12 (3) A water development project or activity that will 13 utilize or develop water reserved under 85-2-316 shall be 14 given preference. An activity includes all necessary work associated with a project, beginning with application 15 16 preparation through the implementation of a water 17 reservation by a gualified state applicant. (4) The department, to the extent practicable, shall 18 attempt to achieve geographic balance in the promotion of 19 20 water development projects and activities through the 21 awarding of loans and grants to private persons. 22 (5) The extent to which the water development project 23 or activity will fully utilize water resources and promote

the conservation and efficient use of the water resource

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shall be evaluated and considered.

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(6) Projects or activities that could not be
 accomplished without the assistance of a loan or grant shall
 be given preference.

4 (7) The department shall give due consideration to any 5 other factor that, in the department's judgment, is 6 important to the evaluation of the water development project 7 or activity in light of the purposes, policies, and 8 objectives of the water development program."

Section 13. Section 85-1-617, MCA, is amended to read: 9 10 "85-1-617. Issuing bonds. (1) When authorized by the legislature and within the limits of the authorization and 11 within the further limitations established in this section, 12 the board of examiners may issue and sell water development 13 bonds of the state in the amount and manner it considers 14 necessary and proper to finance the water development loan 15 16 program. The full faith and credit and taxing powers of the state are pledged for the prompt and full payment of all 17 bonds so issued and interest and redemption premiums payable 18 thereon according to their terms. 19

20 (2) Each series of water development bonds may be 21 issued by the board of examiners, upon request of the board 22 of natural resources and conservation, at public or private 23 sale, in such denominations and forms, whether payable to 24 bearer with attached interest coupons or registered as to 25 principal or as to both principal and interest, with such SB 0283/02

provisions for conversion or exchange and for the issuance 1 of notes in anticipation of the issuance of definitive 2 bonds, bearing interest at such rate or rates, maturing at 3 4 such rate or rates, maturing at such time or times not 5 exceeding 30 years from date of issue, subject to optional or mandatory redemption at such earlier times and prices and 6 7 upon such notice, with such provisions for payment and 8 discharge by the deposit of funds or securities in escrow 9 for that purpose, and payable at the office of such banking 10 institution or institutions within or outside the state, as the board of examiners shall determine subject to the 11 12 limitations contained in this section [and section 8].

13 (3) In the issuance of each series of water 14 development bonds, the interest rates and the maturities and 15 any mandatory redemption provisions thereof shall be established in such manner that the funds then specifically 16 17 pledged and appropriated by law to the water development debt service fund will in the judgment of the board of 18 19 examiners be received in an amount sufficient in each year to pay all principal, redemption premiums, and interest due 20 21 and payable in that year with respect to that and all prior 22 series of such bonds, except outstanding bonds as to which the obligation of the state has been discharged by the 23 deposit of funds or securities sufficient for their payment 24 in accordance with the terms of the resolutions by which 25

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1 they are authorized to be issued.

(4) In all other respects, the board of examiners is 2 3 authorized to prescribe the form and terms of the bonds and notes and shall do whatever is lawful and necessary for 4 their issuance and payment. Such bonds, notes, and any 5 interest coupons appurtenant thereto must be signed by the 6 members of the board of examiners, and the bonds and notes 7 8 must be issued under the great seal of the state of Montana. 9 The bonds, notes, and coupons may be executed with facsimile signatures and seal in the manner and subject to the 10 11 limitations prescribed by law. The state treasurer shall 12 keep a record of all such bonds and notes issued and sold. 13 (5) There is created a water development account within the state special revenue fund established in 14 17-2-102. 15

(6) All proceeds of bonds or notes issued under this 16 section, other than refunding bonds, must be deposited in 17 18 the water development account established in subsection (5). 19 except that any principal and accrued interest received in repayment of a loan made from the proceeds of bonds issued 20 under this section must be deposited in the water 21 development state special revenue account pursuant to 22 23 85-1-604. All proceeds of refunding bonds must be deposited 24 in the water development debt service fund and applied to 25 the payment and redemption of outstanding bonds issued under

this section as directed by the board, whether at maturity
 or on any earlier date on which they may be prepaid
 according to their terms.

4 (7) All actions taken by the board of examiners under 5 this section or 85-1-619 must be authorized by a vote of a 6 majority of the members of the board of examiners."

7 Section 14. Section 85-1-619, MCA, is amended to read: 8 "85-1-619. Debt service fund -- pledge and 9 administration of sufficient balance. (1) The legislature 10 may levy, impose, assess, and pledge and appropriate to the water development debt service fund any tax, charge, fee, 11 12 rental, or other income from any designated source. The 13 state reserves the right to modify from time to time the 14 nature and amount of special taxes and other revenues pledged and appropriated to the water development debt 15 16 service fund, provided that the aggregate resources so 17 pledged and appropriated are determined by the legislature to be sufficient for the prompt and full payment of the 18 19 principal of and interest and redemption premiums when due on all bonds payable from that fund and provided that the 20 21 pledge of the full faith and credit and taxing powers of the 22 state for the security of all such bonds shall be and remain 23 irrevocable until they are fully paid.

24 (2) Money in the water development debt service fund
25 must be used first₇ to pay interest, principal, and

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redemption premiums when due and payable with respect to water development bonds;-second, and for bonds issued prior to 1985, to accumulate a reserve for the further security of such payments;-to-the-amount-required--each--month--to--meet those--payments--due-within-12-months-thereafter;-and-third; to-restore-the-reserve-to-this-amount-after-each-payment.

7 (3) After the reserve provided for in subsection (2) 8 for bonds issued prior to 1985 has been accumulated in the 9 water development debt service fund, money at any time 10 received in the water development debt service fund in excess of that amount must be transferred by the treasurer 11 to the water development state special revenue account. If 12 the balance on hand at any time -- in -- the -- water -- development 13 14 debt--service--fund-is-not-sufficient-to-accumulate-required 15 reserves-under-subsection-(2)-and-is--not--restored--to--the 16 required--amount--within--3--months--thereafter--from--funds 17 specifically--pledged--and---appropriated---to---the---water development--debt--service-fund;-the-treasurer-in-accordance 18 19 with-the-pledge-of-the-full--faith--and--eredit--and--taxing 20 powers--of--the-state-shall-transfer-an-amount-sufficient-to restore-the-required-balance-from-the-general--fund--to--the 21 22 water-development-debt-service-fund-"

23 Section 15. Section 90-2-121, MCA, is amended to read:
24 "90-2-121. Issuing bonds. (1) Within the limits
25 authorized by 90-2-127 and within the further limitations in

this section, the board of examiners may issue and sell bonds of the state in such manner as it considers necessary and proper to finance the renewable resource development program. The full faith and credit and taxing powers of the state shall be pledged for the prompt and full payment of all bonds so issued and interest and redemption premiums payable thereon according to their terms.

8 (2) Each series of such bonds shall be issued by the 9 board of examiners upon request of the board of natural resources and conservation in such denominations and forms, 10 11 whether payable to bearer with attached interest coupons or registered as to principal or as to both principal and 12 13 interest, with such provisions for conversion or exchange 14 and for the issuance of notes in anticipation of the issuance of definitive bonds, bearing interest at such rate 15 16 or rates, maturing at such time or times not exceeding 30 years from date of issue, subject to optional or mandatory 17 redemption at such earlier times and prices and upon such 18 19 notice, with such provisions for payment and discharge by the deposit of funds or securities in escrow for that 20 purpose, and payable at the office of such banking 21 22 institution or institutions within or outside the state, as the board shall determine subject to the limitations 23 contained in this section. 24

(3) In the issuance of each series of such bonds the

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interest rates and the maturities and any mandatory 1 2 redemption provisions thereof shall be established in such manner that the funds then specifically pledged and 3 appropriated by law to the debt service fund will in the 4 judgment of the board be received in an amount sufficient in 5 6 each year to pay all principal, redemption premiums, and 7 interest due and payable in that year with respect to that 8 and all prior series of such bonds, except outstanding bonds 9 as to which the obligation of the state has been discharged 10 by the deposit of funds or securities sufficient for their 11 payment in accordance with the terms of the resolutions by 12 which they are authorized to be issued.

13 (4) In all other respects the board of examiners is authorized to prescribe the form and terms of the bonds and 14 15 shall do whatever is lawful and necessary for their issuance and payment. Such bonds and any interest coupons appurtenant 16 17 thereto shall be signed by the members of the board of 18 examiners, and the bonds shall be issued under the great seal of the state of Montana. The bonds and coupons may be 19 executed with facsimile signatures and seal in the manner 20 21 and subject to the limitations prescribed by law. The state 22 treasurer shall keep a record of all such bonds issued and 23 sold.

(5) All proceeds of bonds issued hereunder and
 interest earned on such proceeds, other than refunding

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bonds, shall be deposited in the renewable resource 1 2 development account -- except - that - any - principal - and - accrued 3 interest-received-in-repayment-of-the-loans-provided-for--in 4 this--part-shell-be-deposited-in-the-debt-service-fund. All proceeds of refunding bonds shall be deposited in the debt 5 6 service fund and applied to the payment and redemption of 7 outstanding bonds issued hereunder as directed by the board, whether at maturity or on any previous date on which they 8 may be prepaid according to their terms." 9

10 Section 16. Section 90-2-123, MCA, is amended to read: 11 "90-2-123. Debt service fund. (1) The state may by 12 enactment of the legislature or the people levy, impose, 13 assess, and pledge and appropriate to the debt service fund 14 any tax, charge, fee, rental, or other income from any 15 designated source. The state reserves the right to modify 16 from time to time the nature and amount of special taxes and 17 other revenues pledged and appropriated to the debt service 18 fund, provided that the aggregate resources so pledged and 19 appropriated are determined by the legislature to be 20 sufficient for the prompt and full payment of the principal 21 of and interest and redemption premiums when due on all 22 bonds payable from that fund, and provided that the pledge 23 of the full faith and credit and taxing powers of the state 24 for the security of all such bonds shall be and remain 25 irrevocable until they are fully paid.

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1 (2) Money in the debt service fund shall be used first 2 to pay interest, principal, and redemption premiums when due 3 and pavable with respect to renewable resource development 4 bonds--second--to--accumulate--a--reserve--for--the--further security-of-such-paymentsy-to-the-amount-required-each-month 5 to--meet-those-payments-due-within-12-months-thereafter;-and 6 +hird-to-restore-the--reserve--to--this--amount--after--each 7 8 payment.

(3) After--the--reserve-provided-for-in-subsection-+2+ 9 above-is-in-the-debt-service-fund;-money Money at any time 10 11 received in the debt service fund in excess of that the amount required by subsection (2) shall be transferred by 12 the treasurer to the renewable resource development account. 13 If--the-balance-at-any-time-on-hand-in-the-debt-service-fund 14 is-not-sufficient-for-compliance-with-subsection-(2)-and--is 15 net---restored--to--the--required--amount--within--3--months 16 17 thereafter-from-funds-specifically-pledged-and--appropriated to--the+-debt--service--fund---the--treasurer-shall-transfer 18 thereto-from--the--general--fund--an--amount--sufficient--to 19 restore-the-required-balancer" 20

Section 17. Section 90-2-125, MCA, is amended to read: "90-2-125. Renewable resource development account. The state may by enactment of the legislature or the people levy, impose, assess, and pledge and appropriate to the renewable resource development account any tax, charge, fee,

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rental, or other income from any source, including but not 1 limited to renewable resource development bond proceeds, 2 interest earned on the bond proceeds, and any principal and 3 Δ accrued interest received in repayment of a loan made from 5 the proceeds of bonds issued under 90-2-121." NEW SECTION. Section 18. Remedial character. Section 6 7 1 of this act is remedial in character, and nothing therein may be considered to imply that authority for the taking of 8 any action therein expressly authorized did not previously 9 exist. 10

<u>NEW SECTION.</u> Section 19. Codification instruction.
 Section 8 is intended to be codified as an integral part of
 Title 17, chapter 5, part 7, and the provisions of Title 17,
 chapter 5, part 7, apply to section 8.
 NEW SECTION. Section 20. Applicability. Section 10

16 applies retroactively, within the meaning of 1-2-109, to all 17 occurrences after July 1, 1981.

18 NEW SECTION. Section 21. Effective date. This act is

19 effective on passage and approval.

-End-

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SENATE BILL NO. 283 INTRODUCED BY GALT, NEUMAN BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE 6 BONDING PROGRAMS OF THE DEPARTMENT OF NATURAL RESOURCES AND 7 CONSERVATION: TO GENERALLY REVISE AND CLARIFY THE LAWS 8 RELATING TO THE WATER DEVELOPMENT PROGRAM; TO AUTHORIZE 9 COUNTY WATER OR SEWER DISTRICTS, RURAL SPECIAL IMPROVEMENT 10 11 DISTRICTS, AND THE BOARD OF EXAMINERS TO ISSUE TEMPORARY OBLIGATIONS IN ANTICIPATION OF THE ISSUANCE OF BONDS: TO 12 GENERALLY REVISE AND CLARIFY THE LAWS RELATING TO THE 13 RENEWABLE RESOURCE DEVELOPMENT PROGRAM TO MAKE IT COMPATIBLE 14 WITH THE WATER DEVELOPMENT PROGRAM; AMENDING SECTIONS 15 16 7-7-109, 17-5-703, 17-5-711, 17-5-713 THROUGH 17-5-715, 17-5-718, 85-1-332, 85-1-604, 85-1-605, 85-1-610, 85-1-617, 17 18 85-1-619, 90-2-121, 90-2-123, AND 90-2-125, MCA: AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE 19 APPLICABILITY DATE." 20

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 7-7-109, MCA, is amended to read:
"7-7-109. Sale of notes in anticipation of federal or
state revenue. (1) As used in this section, the following

l definitions apply:

, ' (a) "Bonds" means bonds, notes, warrants, debentures, certificates of indebtedness, and all instruments 3 or obligations evidencing or representing indebtedness, or 4 evidencing or representing the borrowing of money, or 5 evidencing or representing a charge, lien, or encumbrance on 6 7 specific revenues, special assessments, income, or property of a political subdivision, including all instruments or 8 9 obligations payable from a special fund.

(b) "Political subdivision" means a county, city,
town, school district, irrigation district, <u>rural special</u>
<u>improvement district</u>, special improvement district, <u>county</u>
<u>water or sewer district</u>, or any other political subdivision
of the state, but does not include the state or any board,
agency, or commission of the state.

16 (c) "Governing body" means the board, council,
17 commission, or other body charged with the general control
18 of the issuance of bonds of a political subdivision.

19 (2) When all conditions exist precedent to the 20 offering for sale of bonds of a political subdivision in any 21 amount and for any purpose authorized by law and the 22 political subdivision has applied for a grant or loan of 23 state or federal funds to aid in payment of costs incurred 24 or to be incurred for the authorized purpose, its governing 25 body may by resolution issue and sell notes in anticipation

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of the receipt of the grant or loan, in an amount not
 exceeding the total amount of bonds authorized and maturing
 within not more than 3 years from the date such notes are
 issued.

5 (3) The proceeds of the grant or loan, when received,
6 shall be credited to the debt service fund for the notes as
7 may be needed for their payment, with interest, when due,

(4) Any amount of the notes which cannot be paid at 8 maturity from the proceeds of the grant or loan or from any 9 other funds appropriated by the governing body for the 10 purpose shall be paid from the proceeds of bonds to be 11 12 issued and sold before the maturity date, or if sufficient funds are not available for payment in full of the notes at 13 14 maturity, those bondholders may, IN EXCHANGE, require the issuance; in-exchange; of LONG-TERM bonds bearing--interest 15 at--the--maximum--rate-permitted-by-law. The bonds so issued 16 are secured and subject to the terms and conditions provided 17 by the law authorizing their issuance. Notes and bonds may 18 19 be issued as provided in this section regardless of the amount authorized if the amount which may legally be issued 20 21 is less than the commitment for which the grant or loan is made. Before the notes or bonds are issued, the political 22 subdivision must receive a written commitment for a grant or 23 loan in an amount equal to the remaining estimated costs and 24 25 must by resolution provide for the fulfillment of the

1 conditions of the commitment."

Section 2. Section 17-5-703, MCA, is amended to read:
"17-5-703. Coal severance tax trust funds. (1) The
trust established under Article IX, section 5, of the
Montana constitution shall be composed of the following
funds:

7 (a) a coal severance tax bond fund into which the
8 constitutionally dedicated receipts from the coal severance
9 tax shall be deposited;

10 (b) a coal severance tax permanent fund; and

11 (c) a coal severance tax income fund.

12 (2) On-each-December-Bi-and--June--BO--the The state 13 treasurer shall from time to time transfer to the coal 14 severance tax permanent fund all money in the coal severance 15 tax bond fund except the amount necessary to meet all 16 principal and interest payments on bonds payable from the 17 coal severance tax bond fund on the next two ensuing 18 semiannual payment date dates."

19 Section 3. Section 17-5-711, MCA, is amended to read: 20 "17-5-711. Trust indenture. In the discretion of the 21 board of examiners, a series of coal-severance-tax bonds or 22 <u>notes issued under this part</u> may be secured by a trust 23 indenture by and between the board of examiners and a 24 trustee, which may be any trust company or bank having the 25 powers of a trust company within or outside of the state.

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Each trust indenture or an executed counterpart thereof 1 shall be filed in the office of the secretary of state of 2 Montana. The filing of a trust indenture or an executed 3 counterpart thereof in the office of the county clerk of the 4 county in which the property covered by the trust indenture 5 is located is constructive notice of its contents to all 6 persons from the time of the filing, and the recording of 7 8 the trust indenture or its contents is not necessary."

9 Section 4. Section 17-5-713, MCA, is amended to read: 10 "17-5-713. Personal liability -- suit to compel performance. (1) The members of the board of examiners and 11 officers and employees of the departments, boards, or 12 agencies of state government are not personally liable or 13 accountable by reason of the issuance of or on any coal 14 15 severance tax bond or bond anticipation note issued by the 16 board of examiners.

17 (2) Any holder of coal severance tax bonds or any 18 person or officer being a party in interest, subject to any 19 applicable coal severance tax agreements or trust 20 indentures, may sue to enforce and compel the performance of 21 the coal severance tax bond provisions as set out in this 22 part."

23 Section 5. Section 17-5-714, MCA, is amended to read:
24 "17-5-714. Negotiability of bonds. Coal-severance--tax
25 bonds <u>Bonds or notes</u> issued <u>under this part</u> are negotiable

instruments under the Uniform Commercial Code, subject only to the provisions for registration of bonds." Section 6. Section 17-5-715, MCA, is amended to read:

4 "17-5-715. Signatures of board members. In the case any member of the board of examiners whose signature appears on coal-severance-tax bonds, notes, or coupons issued under this part ceases to be a member before the delivery of the bonds or notes, his signature is nevertheless valid and sufficient for all purposes, the same as if the member had remained in office until delivery."

Section 7. Section 17-5-718, MCA, is amended to read: 11 "17-5-718. Tax exemption of bonds 12 legal investments. (1) All coal--severance--tax bonds or notes 13 14 issued under this part, their transfer, and their income, including any profits made on their sale, are exempt from 15 taxation by the state or any political subdivisions or other 16 instrumentality of the state, excepting inheritance, estate, 17 18 and gift taxes.

19 (2) Coal-severance-tax-bonds Bonds or notes issued
20 under this part are legal investments for any person or
21 board charged with investment of public funds and are
22 acceptable as security for any deposit of public money."

NEW SECTION. Section 8. Bond anticipation notes -when issued -- payment of principal and interest. (1) When
the board of examiners has been authorized by the

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legislature to issue and sell bonds under this part, it may. 1 2 pending the issuance of the bonds, issue temporary notes in anticipation of the receipt of proceeds to be derived from 3 the sale of the bonds. The notes are designated as "bond anticipation notes". The proceeds of the sale of the bond 5 anticipation notes must be used only for the purposes for 6 7 which the proceeds of the bonds could be used, including costs of issuance. If, prior to the issuance of the bonds, 8 9 it becomes necessary to redeem outstanding notes, additional bond anticipation notes may be issued to redeem the 10 outstanding notes. No renewal of any note may be issued 11 after the sale of bonds in anticipation of which the 12 13 original notes were issued. As much of the proceeds of the 14 bonds, when issued, must be credited to the note debt service fund as may be needed for payment of the notes, with 15 interest, when due. 16

17 (2) Bond anticipation notes or other short-term evidences of indebtedness maturing not more than 3 years after the date of issue may be issued from time to time as needed. Notes must be authorized by the board of examiners and contain such terms and details as may be provided by resolution of the board. Each resolution of the board of examiners authorizing notes must:

24 (a) describe the need for the proceeds of the notes to25 be issued; and

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(b) specify:

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2 (i) the principal amount of the notes or maximum
3 principal amount of the notes that may be outstanding at any
4 time;

5 (ii) the rate or rates of interest, the maximum rate of 6 interest, or the interest rate formula (to be determined in 7 the manner specified in the resolution authorizing the 8 notes) of such notes; and

9 (iii) the maturity date or maximum maturity date of the 10 notes.

(3) Subject to the limitations contained in this 11 section and the standards and limitations prescribed in the 12 authorizing resolution, the board in its discretion may 13 provide for notes to be issued and sold, in whole or in 14 part, from time to time. The board may delegate to the state 15 treasurer the power to determine the time or times of sale, 16 the manner of sale, the amounts, the maturities, the rate or 17 rates of interest, and such other terms and details of the 18 notes as may be considered appropriate by the board or, if 19 there has been such a delegation, the state treasurer. The 20 board may, in its discretion but subject to the limitations 21 contained in this section, also provide in the resolution 22 authorizing the issuance of notes for: 23

(a) the employment of one or more persons or firms to
assist the board in the sale of the notes;

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(b) the appointment of one or more banks or trust
 companies, either within or outside of the state, as
 depository for safekeeping and as agent for the delivery and
 payment of the notes;

5 (c) the refunding of the notes, from time to time, 6 without further action by the board, unless the board 7 revokes such authority to refund; and

8 (d) such other terms and conditions as the board may9 consider appropriate.

(4) In connection with the issuance and sale of notes. 10 the board may arrange for lines of credit with any bank, 11 firm, or person for the purpose of providing an additional 12 13 source of repayment for notes issued pursuant to this section. Amounts drawn on such lines of credit may be 14 evidenced by negotiable or nonnegotiable notes or other 15 16 evidences of indebtedness, containing such terms and conditions as the board may authorize in the resolution 17 18 approving them.

19 Section 9. Section 85-1-332, MCA, is amended to read: 20 "85-1-332. Disposition of moneys collected. (1) For 21 the purpose of carrying out the provisions of this chapter 22 and such other water resource authority, powers, and duties 23 as are conferred upon the department by law, the following 24 moneys shall be deposited in the water development state 25 special revenue account created by 85-1-604: 1 (1)--all-sums-of-money-donated-or--contributed--by--the
2 federal-government-or-any-department-or-ageneies-thereof;

3 (2)(a) all gifts, donations, bequests, and devises
4 made to the state therefor and proceeds of the sale thereof;
5 and the proceeds of the sale or redemption of and the
6 interest earned by the securities purchased or acquired with
7 money received under this subsection;

8 (3)(b) all reimbursements for money advanced for the
9 payment of the assessments upon state, school-granted, and
10 other public lands for the improvement thereof as provided
11 by law;

(4)(c) all reimbursements for money advanced for the 12 investigation and survey of reclamation, electrification, 13 14 and rehabilitation systems or projects proposed to be financed in whole or in part by the reclamation of lands and 15 diking, drainage, and diking and drainage dams for 16 conservation of water to be used in reclamation of land or 17 stock reservoirs or for the construction, maintenance, and 18 19 operation of plants or projects for the manufacture or 20 distribution of electric current:

21 (5)(d) all reimbursements for costs of surveys and 22 investigations for moneys advanced to counties, cities, or 23 towns or their proportion of the cost thereof or from any 24 other sources;

f6;(e) except as otherwise provided by law, all income

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or profit and revenue of the works and all money received
 from the sale or disposal of water, use of water, water
 storage, or other service and from the operation, lease,
 sale, or other disposition of the works, property, and
 facilities acquired under this chapter; and

6 (7)(f) except as otherwise provided by law, all sums
7 received by the department for the use of electricity in
8 excess of the maintenance and operation of the
9 electrification system or project.

(2) All sums of money donated or contributed by the
 federal government or any department or agency thereof shall
 be deposited in a federal special revenue account."

Section 10. Section 85-1-604, MCA, is amended to read:
"85-1-604. Water development state special revenue
account created -- revenues allocated -- limitations on
appropriations from account. (1) There is created a water
development state special revenue account within the state
special revenue fund established in 17-2-102.

19 (2) There shall be paid into the water development20 state special revenue account:

(a) all revenues of the works and other money as
provided in 85-1-332;

23 (b) 30% of the interest income of the resource
24 indemnity trust fund as provided in and subject to the
25 conditions of 15-38-202;

(c) the excess of the coal severance tax proceeds
 allocated by 85-1-603 to the water development debt service
 fund above debt service requirements as provided in and
 subject to the conditions of 85-1-619;

5 (d) any principal and accrued interest received in 6 repayment of a loan made from the proceeds of bonds issued 7 under 85-1-617; and

8 (e) any fees or charges collected by the department
9 pursuant to 85-1-616 for the servicing of loans, including
10 arrangements for obtaining security interests; and

11 (f) all interest income earned on proceeds of water 12 development bonds.

13 (3) Appropriations may be made from the water
14 development state special revenue account for the following
15 purposes and subject to the following conditions:

16 (a) An amount less than or equal to that paid into the 17 account under 85-1-332 and only that amount may be 18 appropriated for the operation and maintenance of 19 state-owned projects and works. If the amount of money 20 available for appropriation under this subsection (3)(a) is 21 greater than that necessary for operation and maintenance expenses, the excess may be appropriated as provided in 22 23 subsection (3)(b).

(b) An amount less than or equal to that paid into theaccount from the resource indemnity trust account plus any

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1 excess from subsection (3)(a) and only that amount may be
2 appropriated from the account for:

3 (i) the rehabilitation of state-owned projects and
4 works, including the rehabilitation of spillways of
5 state-owned dams:

6 (ii) the formulation of downstream emergency warning7 and evacuation plans for state-owned dams;

8 (iii) the development of the hydropower potential of9 state-owned dams;

10 (iv) assistance in the implementation of the water 11 reservations established under 85-2-316 of conservation 12 districts;

13 (v) the promotion of the development of offstream and 14 tributary storage;

15 (vi) the promotion of joint state-tribal, state-federal, and state-tribal-federal water development; 16 17 (vii) administrative expenses, including but not limited to the salaries and expenses of personnel, 18 equipment, office space, and other necessities incurred in 19 the administration of the water development program except 20 the administration of loans and grants; and 21

22 (viii) any other expenditures that meet the policies23 and objectives of the state water development program.

24 (c) An amount less than or equal to that paid into the 25 account from the sources provided for in (c) through (e) (f)

of subsection (2) and only that amount may be appropriated 1 2 from the account for loans and grants for water development projects and activities; for administrative expenses, 3 including but not limited to the salaries and expenses of 4 personnel, equipment, and office space; for the servicing of 5 loans, including arrangements for obtaining security 6 interests; and for other necessities incurred in 7 administering the loans and grants." 8

Section 11. Section 85-1-605, MCA, is amended to read: 9 10 "85-1-605. Grants, loans, and bonds for state and 11 local government assistance. (1) The department may recommend to the legislature that grants and loans be made 12 13 from coal severance tax proceeds deposited in the water 14 development state special revenue account, that loans be 15 made from water development bond proceeds deposited in the 16 water development account, and that coal severance tax bonds 17 be authorized pursuant to Title 17, chapter 5, part 7, to provide financial assistance to a department, agency, board, 18 19 commission, or other division of state government or to a 20 city, county, or other political subdivision or local 21 government body of the state. The legislature may approve by 22 appropriation or other appropriate means those grants and 23 loans it finds consistent with the policies and purposes of 24 the program.

25 (2) In addition to implementing those projects

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1 approved by the legislature, the department may request up to 10% of the funds available for grants from the water 2 development special revenue account in any biennium to be 3 used for emergencies. These emergency projects must be 4 5 approved by the department and be defined as those projects which, if delayed until legislative approval can be 6 7 obtained, will cause substantial damages or legal liability 8 to the project sponsor. In allocating such funds, the 9 department shall consult-with INFORM the legislative finance 10 committee of the legislature.

11 $\{2\}$ (3) The grants and loans provided for by this 12 section may be made for the purchase, lease, development, or construction of water development projects and activities 13 14 for the conservation, management, use, development, or 15 protection of the water and related agricultural, land, fish, wildlife, and water recreation resources in the state: 16 17 for the purpose of feasibility and design studies for such 18 projects; for development of plans for and the rehabilitation, expansion, and modification of water 19 20 development projects; for other water development projects 21 and activities that will enhance the water resources of the state; and for similar purposes approved by the 22 legislature." 23

Section 12. Section 85-1-610, MCA, is amended to read:
"85-1-610. Evaluation of grants and loans to private

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persons. The department shall consider the following
 criteria and preferences in evaluating applications and
 selecting the recipients of grants and loans for water
 development projects and activities that are eligible for
 funding under 85-1-609:

6 (1) The extent and desirability of the public benefits7 that will be provided must be considered.

8 (2) A water development project or activity that will
9 be used as part of a family farm shall be given preference.
10 A family farm is one devoted primarily to agriculture under
11 the ownership and operation of a resident Montana family.

12 (3) A water development project or activity that will 13 utilize or develop water reserved under 85-2-316 shall be 14 given preference. <u>An activity includes all necessary work</u> 15 associated with a project, beginning with application 16 preparation through the implementation of a water 17 reservation by a gualified state applicant.

18 (4) The department, to the extent practicable, shall
19 attempt to achieve geographic balance in the promotion of
20 water development projects and activities through the
21 awarding of loans and grants to private persons.

(5) The extent to which the water development project
or activity will fully utilize water resources and promote
the conservation and efficient use of the water resource
shall be evaluated and considered.

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1 (6) Projects or activities that could not be 2 accomplished without the assistance of a loan or grant shall 3 be given preference.

4 (7) The department shall give due consideration to any 5 other factor that, in the department's judgment, is 6 important to the evaluation of the water development project 7 or activity in light of the purposes, policies, and objectives of the water development program." 8

9 Section 13. Section 85-1-617, MCA, is amended to read: 10 "85-1-617. Issuing bonds. (1) When authorized by the 11 legislature and within the limits of the authorization and 12 within the further limitations established in this section. the board of examiners may issue and sell water development 13 14 bonds of the state in the amount and manner it considers 15 necessary and proper to finance the water development loan 16 program. The full faith and credit and taxing powers of the 17 state are pledged for the prompt and full payment of all bonds so issued and interest and redemption premiums payable 18 19 thereon according to their terms.

20 (2) Each series of water development bonds may be issued by the board of examiners, upon request of the board 21 22 of natural resources and conservation, at public or private sale, in such denominations and forms, whether payable to 23 bearer with attached interest coupons or registered as to 24 25 principal or as to both principal and interest, with such

provisions for conversion or exchange and for the issuance 1 of notes in anticipation of the issuance of definitive 2 bonds, bearing interest at such rate or rates, maturing at 3 such rate or rates, maturing at such time or times not 4 exceeding 30 years from date of issue, subject to optional 5 or mandatory redemption at such earlier times and prices and 6 upon such notice, with such provisions for payment and 7 discharge by the deposit of funds or securities in escrow 8 for that purpose, and payable at the office of such banking 9 institution or institutions within or outside the state, as 10 the board of examiners shall determine subject to the 11 limitations contained in this section [and section 8]. 12

(3) In the issuance of each series of water 13 development bonds, the interest rates and the maturities and 14 any mandatory redemption provisions thereof shall be 15 established in such manner that the funds then specifically 16 pledged and appropriated by law to the water development 17 debt service fund will in the judgment of the board of 18 examiners be received in an amount sufficient in each year 19 to pay all principal, redemption premiums, and interest due 20 and payable in that year with respect to that and all prior 21 series of such bonds, except outstanding bonds as to which 22 the obligation of the state has been discharged by the 23 deposit of funds or securities sufficient for their payment 24 in accordance with the terms of the resolutions by which 25

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1 they are authorized to be issued.

2 (4) In all other respects, the board of examiners is authorized to prescribe the form and terms of the bonds and 3 notes and shall do whatever is lawful and necessary for 4 their issuance and payment. Such bonds, notes, and any 5 interest coupons appurtenant thereto must be signed by the 6 7 members of the board of examiners, and the bonds and notes 8 must be issued under the great seal of the state of Montana. The bonds, notes, and coupons may be executed with facsimile 9 10 signatures and seal in the manner and subject to the 11 limitations prescribed by law. The state treasurer shall 12 keep a record of all such bonds and notes issued and sold. 13 (5) There is created a water development account 14 within the state special revenue fund established in 17-2-102. 15

16 (6) All proceeds of bonds or notes issued under this 17 section, other than refunding bonds, must be deposited in the water development account established in subsection (5), 18 19 except that any principal and accrued interest received in 20 repayment of a loan made from the proceeds of bonds issued under this section must be deposited in the water 21 development state special revenue account pursuant to 22 23 85-1-604. All proceeds of refunding bonds must be deposited 24 in the water development debt service fund and applied to the payment and redemption of outstanding bonds issued under 25

this section as directed by the board, whether at maturity
 or on any earlier date on which they may be prepaid
 according to their terms.

4 (7) All actions taken by the board of examiners under 5 this section or 85-1-619 must be authorized by a vote of a 6 majority of the members of the board of examiners."

Section 14. Section 85-1-619, MCA, is amended to read: 7 8 "85-1-619. Debt service fund -pledge and administration of sufficient balance. (1) The legislature 9 10 may levy, impose, assess, and pledge and appropriate to the 11 water development debt service fund any tax, charge, fee, 12 rental, or other income from any designated source. The 13 state reserves the right to modify from time to time the 14 nature and amount of special taxes and other revenues pledged and appropriated to the water development debt 15 service fund, provided that the aggregate resources so 16 17 pledged and appropriated are determined by the legislature 18 to be sufficient for the prompt and full payment of the principal of and interest and redemption premiums when due 19 20 on all bonds payable from that fund and provided that the 21 pledge of the full faith and credit and taxing powers of the 22 state for the security of all such bonds shall be and remain 23 irrevocable until they are fully paid.

24 (2) Money in the water development debt service fund
25 must be used fitaet to pay interest, principal, and

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redemption premiums when due and payable with respect to water development bonds;-second, and for bonds issued prior to 1985, to accumulate a reserve for the further security of such payments;-to-the-amount-required--each--month--to--meet those--payments--due-within-12-months-thereafter;-and-third; to-restore-the-reserve-to-this-amount-after-each-payment.

(3) After the reserve provided for in subsection (2) 7 8 for bonds issued prior to 1985 has been accumulated in the 9 water development debt service fund, money at any time 10 received in the water development debt service fund in 11 excess of that amount must be transferred by the treasurer 12 to the water development state special revenue account. If the-balance-on-hand-at-any-time--in--the--water--development 13 14 debt--service--fund-is-not-sufficient-to-accumulate-required 15 reserves-under-subsection-{2}-and-is--not--restored--to--the 16 required--amount--within--3--months--thereafter--from--funda 17 specifically--pledged--and---appropriated---to---the---water 18 development--debt--service-fundy-the-treasurer-in-accordance 19 with-the-pledge-of-the-full--faith--and--credit--and--taxing 20 powers--of--the-state-shall-transfer-an-amount-sufficient-to 21 restore-the-required-balance-from-the-general--fund--to--the 22 water-development-debt-service-fund-"

23 Section 15. Section 90-2-121, MCA, is amended to read:
24 "90-2-121, Issuing bonds. (1) Within the limits
25 authorized by 90-2-127 and within the further limitations in

this section, the board of examiners may issue and sell bonds of the state in such manner as it considers necessary and proper to finance the renewable resource development program. The full faith and credit and taxing powers of the state shall be pledged for the prompt and full payment of all bonds so issued and interest and redemption premiums payable thereon according to their terms.

8 (2) Each series of such bonds shall be issued by the 9 board of examiners upon request of the board of natural resources and conservation in such denominations and forms, 10 whether payable to bearer with attached interest coupons or 11 12 registered as to principal or as to both principal and 13 interest, with such provisions for conversion or exchange 14 and for the issuance of notes in anticipation of the 15 issuance of definitive bonds, bearing interest at such rate 16 or rates, maturing at such time or times not exceeding 30 years from date of issue, subject to optional or mandatory 17 redemption at such earlier times and prices and upon such 18 19 notice, with such provisions for payment and discharge by 20 the deposit of funds or securities in escrow for that 21 purpose, and payable at the office of such banking 22 institution or institutions within or outside the state, as the board shall determine subject to the limitations 23 contained in this section. 24

25 (3) In the issuance of each series of such bonds the

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1 interest rates and the maturities and any mandatory 2 redemption provisions thereof shall be established in such 3 manner that the funds then specifically pledged and appropriated by law to the debt service fund will in the 4 5 judgment of the board be received in an amount sufficient in 6 each year to pay all principal, redemption premiums, and interest due and payable in that year with respect to that 7 8 and all prior series of such bonds, except outstanding bonds 9 as to which the obligation of the state has been discharged by the deposit of funds or securities sufficient for their 10 11 payment in accordance with the terms of the resolutions by 12 which they are authorized to be issued.

13 (4) In all other respects the board of examiners is authorized to prescribe the form and terms of the bonds and 14 15 shall do whatever is lawful and necessary for their issuance and payment. Such bonds and any interest coupons appurtenant 16 17 thereto shall be signed by the members of the board of 18 examiners, and the bonds shall be issued under the great seal of the state of Montana. The bonds and coupons may be 19 executed with facsimile signatures and seal in the manner 20 21 and subject to the limitations prescribed by law. The state 22 treasurer shall keep a record of all such bonds issued and 23 sold.

24 (5) All proceeds of bonds issued hereunder and
 25 interest earned on such proceeds, other than refunding

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bonds, shall be deposited in the renewable 1 resource 2 development account, -- except-that-any-principal-and-accrued 3 interest-received-in-repayment-of-the-loans-provided-for--in 4 this--part-shall-be-deposited-in-the-debt-service-fund. All 5 proceeds of refunding bonds shall be deposited in the debt 6 service fund and applied to the payment and redemption of 7 outstanding bonds issued hereunder as directed by the board, 8 whether at maturity or on any previous date on which they 9 may be prepaid according to their terms."

10 Section 16. Section 90-2-123, MCA, is amended to read: 11 "90-2-123. Debt service fund. (1) The state may by 12 enactment of the legislature or the people levy, impose, 13 assess, and pledge and appropriate to the debt service fund 14 any tax, charge, fee, rental, or other income from any designated source. The state reserves the right to modify 15 from time to time the nature and amount of special taxes and 16 17 other revenues pledged and appropriated to the debt service 18 fund, provided that the aggregate resources so pledged and 19 appropriated are determined by the legislature to be sufficient for the prompt and full payment of the principal 20 21 of and interest and redemption premiums when due on all 22 bonds payable from that fund, and provided that the pledge of the full faith and credit and taxing powers of the state 23 24 for the security of all such bonds shall be and remain 25 irrevocable until they are fully paid.

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1 (2) Money in the debt service fund shall be used first 2 to pay interest, principal, and redemption premiums when due and payable with respect to renewable resource development 3 bonds -- second -- to -- accumulate -- a -- reserve -- for -- the -- further 4 5 security-of-such-payments-to-the-amount-required-each-month 6 to--meet-those-payments-due-within-12-months-thereafter;-and 7 third-to-restore-the--reserve--to--this--amount--after--each 8 payment.

(3) After--the--reserve-provided-for-in-subsection-(2) 9 10 above-is-in-the-debt-service-fund;-money Money at any time received in the debt service fund in excess of that the 11 12 amount required by subsection (2) shall be transferred by 13 the treasurer to the renewable resource development account. If--the-balance-at-any-time-on-hand-in-the-debt-service-fund 14 is-not-sufficient-for-compliance-with-subsection-(2)-and--is 15 not---restored--to--the--required--amount--within--3--months 16 thereafter-from-funds-specifically-pledged-and--appropriated 17 18 to--the--debt--service--fund;--the--treasurer-shall-transfer thereto-from--the--general--fund--an--amount--sufficient--to 19 20 restore-the-required-balance."

Section 17. Section 90-2-125, MCA, is amended to read:
 "90-2-125. Renewable resource development account. The
 state may by enactment of the legislature or the people
 levy, impose, assess, and pledge and appropriate to the
 renewable resource development account any tax, charge, fee,

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rental, or other income from any source, including but not 1 limited to renewable resource development bond proceeds, 2 interest earned on the bond proceeds, and any principal and 3 accrued interest received in repayment of a loan made from 4 5 the proceeds of bonds issued under 90-2-121." 6 NEW SECTION. Section 18. Remedial character. Section 7 1 of this act is remedial in character, and nothing therein may be considered to imply that authority for the taking of 8 any action therein expressly authorized did not previously 9 10 exist.

11NEW SECTION.Section 19. Codification instruction.12Section 8 is intended to be codified as an integral part of13Title 17, chapter 5, part 7, and the provisions of Title 17,14chapter 5, part 7, apply to section 8.

NEW SECTION. Section 20. Applicability. Section 10
applies retroactively, within the meaning of 1-2-109, to all
occurrences after July 1, 1981.

18 <u>NEW SECTION.</u> Section 21. Effective date. This act is
 19 effective on passage and approval.

-End-

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STANDING COMMITTEE REPORT

NARCH 22

PAGE 1 of 2

HOUSE

MR SPEAKER:

THIRD reading copy (BLUE color

AN ACT TO REVISE THE BONDING PROGRAMS OF THE DEPARTMENT

OF NATURAL RESOURCES AND CONSERVATION

PAGE 2 OF 2

March 22

3) Page 26. Following: line 17

19. 85

Bill No.....

Chairman.

Insert: "NEW SECTION. Section 22. Requirements for approval of state debt -- severability. Because section 15 authorizes the creation of state debt, a vote of two-thirds of the members of each house is required for enactment of section 15. If section 15 is not approved by the required vote, section 15 is void, and the remaining sections of this act are valid and remain in effect in all valid applications upon enactment."

Renumber: subsequent section.

BE AMENDED AS FOLLOWS:

- 1) Title, line 18. Following: "85-1-619," Insert: "85-1-623,"
- 2) Page 21.

Following: line 22 Insert: "Section 15. Section 85-1-623, MCA, is amended to read: "85-1-623. Authorization of water development bonds. The legislature, through the enactment of this section by a two-thirds vote of the members of each house, authorizes the creation of state debt in an amount not to exceed \$5 \$10 million and the issuance and sale of water development bonds in this amount for the purpose of providing funds appropriated to the water development account for loans as provided in the water development ""

XXXXXXXX

Renumber: subsequent sections. (CONTINUED ON FOLLOWING PAGE) AND AS AMENDED, BE CONCURRED IN

Rep. DENNIS IVERSON,

Chairman.

1	SENATE BILL NO. 283
2	INTRODUCED BY GALT, NEUMAN
3	BY REQUEST OF THE DEPARTMENT
4	OF NATURAL RESOURCES AND CONSERVATION

6 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE 7 BONDING PROGRAMS OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION; TO GENERALLY REVISE AND CLARIFY THE LAWS 8 9 RELATING TO THE WATER DEVELOPMENT PROGRAM: TO AUTHORIZE 10 COUNTY WATER OR SEWER DISTRICTS, RURAL SPECIAL IMPROVEMENT DISTRICTS, AND THE BOARD OF EXAMINERS TO ISSUE TEMPORARY 11 12 OBLIGATIONS IN ANTICIPATION OF THE ISSUANCE OF BONDS; TO GENERALLY REVISE AND CLARIFY THE LAWS RELATING TO THE 13 RENEWABLE RESOURCE DEVELOPMENT PROGRAM TO MAKE IT COMPATIBLE 14 15 WITH THE WATER DEVELOPMENT PROGRAM; AMENDING SECTIONS 7-7-109, 17-5-703, 17-5-711, 17-5-713 THROUGH 17-5-715, 16 17-5-718, 85-1-332, 85-1-604, 85-1-605, 85-1-610, 85-1-617, 17 18 85-1-619, 85-1-623, 90-2-121, 90-2-123, AND 90-2-125, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE 19 APPLICABILITY DATE." 20

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 22 Section 1. Section 7-7-109, MCA, is amended to read: 23 24 "7-7-109. Sale of notes in anticipation of federal or state revenue. (1) As used in this section, the following 25



1 definitions apply:

2 (a) "Bonds" means bonds, notes, warrants, debentures, certificates of indebtedness, and all instruments 3 or obligations evidencing or representing indebtedness, or 4 evidencing or representing the borrowing of money, or 5 evidencing or representing a charge, lien, or encumbrance on 6 specific revenues, special assessments, income, or property 7 8 of a political subdivision, including all instruments or obligations payable from a special fund. 9

(b) "Political subdivision" means a county, city, 10 town, school district, irrigation district, rural special 11 12 improvement district, special improvement district, county water or sewer district, or any other political subdivision 13 14 of the state, but does not include the state or any board. 15 agency, or commission of the state.

(c) "Governing body" means the board, 16 council. commission, or other body charged with the general control 17 of the issuance of bonds of a political subdivision. 18

(2) When all conditions exist precedent to 19 the offering for sale of bonds of a political subdivision in any 20 amount and for any purpose authorized by law and the 21 22 political subdivision has applied for a grant or loan of state or federal funds to aid in payment of costs incurred 23 or to be incurred for the authorized purpose, its governing 24 body may by resolution issue and sell notes in anticipation 25 REFERENCE BILL -2-

of the receipt of the grant or loan, in an amount not
 exceeding the total amount of bonds authorized and maturing
 within not more than 3 years from the date such notes are
 issued.

5 (3) The proceeds of the grant or loan, when received,
6 shall be credited to the debt service fund for the notes as
7 may be needed for their payment, with interest, when due.

(4) Any amount of the notes which cannot be paid at 8 9 maturity from the proceeds of the grant or loan or from any other funds appropriated by the governing body for the 10 purpose shall be paid from the proceeds of bonds to be 11 issued and sold before the maturity date, or if sufficient 12 funds are not available for payment in full of the notes at 13 maturity, those bondholders may, IN EXCHANGE, require the 14 issuance7-in-exchange7 of LONG-TERM bonds bearing--interest 15 at--the--maximum--rate-permitted-by-law. The bonds so issued 16 are secured and subject to the terms and conditions provided 17 by the law authorizing their issuance. Notes and bonds may 18 be issued as provided in this section regardless of the 19 amount authorized if the amount which may legally be issued 20 is less than the commitment for which the grant or loan is 21 22 made. Before the notes or bonds are issued, the political subdivision must receive a written commitment for a grant or 23 loan in an amount equal to the remaining estimated costs and 24 must by resolution provide for the fulfillment of the 25

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1 conditions of the commitment."

Section 2. Section 17-5-703, MCA, is amended to read:
"17-5-703. Coal severance tax trust funds. (1) The
trust established under Article IX, section 5, of the
Montana constitution shall be composed of the following
funds:

7 (a) a coal severance tax bond fund into which the
8 constitutionally dedicated receipts from the coal severance
9 tax shall be deposited;

10 (b) a coal severance tax permanent fund; and

11 (c) a coal severance tax income fund.

12 (2) On-each-December-Ji-and--June--JO--the The state 13 treasurer shall <u>from time to time</u> transfer to the coal 14 severance tax permanent fund all money in the coal severance 15 tax bond fund except the amount necessary to meet all 16 principal and interest payments on bonds payable from the 17 coal severance tax bond fund on the next <u>two</u> ensuing 18 semiannual payment date dates."

19 Section 3. Section 17-5-711, MCA, is amended to read: 20 *17-5-711. Trust indenture. In the discretion of the 21 board of examiners, a series of coal-severance-tax bonds or 22 notes issued under this part may be secured by a trust 23 indenture by and between the board of examiners and a 24 trustee, which may be any trust company or bank having the 25 powers of a trust company within or outside of the state.

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1 Each trust indenture or an executed counterpart thereof 2 shall be filed in the office of the secretary of state of Montana. The filing of a trust indenture or an executed 3 counterpart thereof in the office of the county clerk of the 4 county in which the property covered by the trust indenture 5 is located is constructive notice of its contents to all 6 7 persons from the time of the filing, and the recording of 8 the trust indenture or its contents is not necessary."

9 Section 4. Section 17-5-713, MCA, is amended to read: "17-5-713. Personal liability -- suit to compel 10 performance. (1) The members of the board of examiners and 11 officers and employees of the departments, boards, or 12 agencies of state government are not personally liable or 13 14 accountable by reason of the issuance of or on any coal 15 severance tax bond or bond anticipation note issued by the board of examiners. 16

17 (2) Any holder of coal severance tax bonds or any 18 person or officer being a party in interest, subject to any 19 applicable coal severance tax agreements or trust 20 indentures, may sue to enforce and compel the performance of 21 the coal severance tax bond provisions as set out in this 22 part."

23 Section 5. Section 17-5-714, MCA, is amended to read:
24 "17-5-714. Negotiability of bonds. Coal-severance--tax
25 bonds Bonds or notes issued under this part are negotiable

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instruments under the Uniform Commercial Code, subject only
 to the provisions for registration of bonds."

3 Section 6. Section 17-5-715, MCA, is amended to read: 4 "17-5-715. Signatures of board members. In the case any member of the board of examiners whose signature appears 5 on coal-severance-tax bonds, notes, or coupons issued under 6 this part ceases to be a member before the delivery of the 7 bonds or notes, his signature is nevertheless valid and 8 sufficient for all purposes, the same as if the member had 9 remained in office until delivery." 10

Section 7. Section 17-5-718, MCA, is amended to read: 11 "17-5-718. Tax exemption of bonds 12 -legal 13 investments. (1) All coal--severance--tax bonds or notes issued under this part, their transfer, and their income, 14 including any profits made on their sale, are exempt from 15 taxation by the state or any political subdivisions or other 16 instrumentality of the state, excepting inheritance, estate, 17 18 and gift taxes.

(2) Coal-severance-tax-bonds Bonds or notes issued
under this part are legal investments for any person or
board charged with investment of public funds and are
acceptable as security for any deposit of public money."

23 <u>NEW SECTION.</u> Section 8. Bond anticipation notes -24 when issued -- payment of principal and interest. (1) When
25 the board of examiners has been authorized by the

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legislature to issue and sell bonds under this part, it may, 1 pending the issuance of the bonds, issue temporary notes in 2 anticipation of the receipt of proceeds to be derived from 3 4 the sale of the bonds. The notes are designated as "bond anticipation notes". The proceeds of the sale of the bond 5 anticipation notes must be used only for the purposes for 6 7 which the proceeds of the bonds could be used, including costs of issuance. If, prior to the issuance of the bonds, 8 9 it becomes necessary to redeem outstanding notes, additional 10 bond anticipation notes may be issued to redeem the 11 outstanding notes. No renewal of any note may be issued 12 after the sale of bonds in anticipation of which the 13 original notes were issued. As much of the proceeds of the 14 bonds, when issued, must be credited to the note debt service fund as may be needed for payment of the notes, with 15 interest, when due. 16

17 (2) Bond anticipation notes or other short-term 18 evidences of indebtedness maturing not more than 3 years 19 after the date of issue may be issued from time to time as 20 needed. Notes must be authorized by the board of examiners 21 and contain such terms and details as may be provided by 22 resolution of the board. Each resolution of the board of 23 examiners authorizing notes must:

24 (a) describe the need for the proceeds of the notes to25 be issued; and

(b) specify:
 (i) the principal amount of the notes or maximum

3 principal amount of the notes that may be outstanding at any 4 time;

5 (ii) the rate or rates of interest, the maximum rate of 6 interest, or the interest rate formula (to be determined in 7 the manner specified in the resolution authorizing the 8 notes) of such notes; and

9 (iii) the maturity date or maximum maturity date of the10 notes.

(3) Subject to the limitations contained in this 11 section and the standards and limitations prescribed in the 12 authorizing resolution, the board in its discretion may 13 provide for notes to be issued and sold, in whole or in 14 part, from time to time. The board may delegate to the state 15 treasurer the power to determine the time or times of sale. 16 17 the manner of sale, the amounts, the maturities, the rate or rates of interest, and such other terms and details of the 18 notes as may be considered appropriate by the board or, if 19 there has been such a delegation, the state treasurer. The 20 board may, in its discretion but subject to the limitations 21 contained in this section, also provide in the resolution 22 authorizing the issuance of notes for: 23

24 (a) the employment of one or more persons or firms to25 assist the board in the sale of the notes;

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(b) the appointment of one or more banks or trust
 companies, either within or outside of the state, as
 depository for safekeeping and as agent for the delivery and
 payment of the notes;

5 (c) the refunding of the notes, from time to time,
6 without further action by the board, unless the board
7 revokes such authority to refund; and

8 (d) such other terms and conditions as the board may9 consider appropriate.

10 (4) In connection with the issuance and sale of notes, the board may arrange for lines of credit with any bank. 11 firm, or person for the purpose of providing an additional 12 source of repayment for notes issued pursuant to this 13 14 section. Amounts drawn on such lines of credit may be evidenced by negotiable or nonnegotiable notes or other 15 16 evidences of indebtedness, containing such terms and conditions as the board may authorize in the resolution 17 18 approving them.

19 Section 9. Section 85-1-332, MCA, is amended to read: 20 "85-1-332. Disposition of moneys collected. (1) For 21 the purpose of carrying out the provisions of this chapter 22 and such other water resource authority, powers, and duties 23 as are conferred upon the department by law, the following 24 moneys shall be deposited in the water development state 25 special revenue account created by 85-1-604: tl;--all-sums-of-money-donated-or--contributed--by--the
federal-government-or-any-department-or-agencies-thereof;

3 (2)(a) all gifts, donations, bequests, and devises
4 made to the state therefor and proceeds of the sale thereof;
5 and the proceeds of the sale or redemption of and the
6 interest earned by the securities purchased or acquired with
7 money received under this subsection;

8 (3)(b) all reimbursements for money advanced for the
9 payment of the assessments upon state, school-granted, and
10 other public lands for the improvement thereof as provided
11 by law;

{4}(c) all reimbursements for money advanced for the 12 13 investigation and survey of reclamation, electrification, and rehabilitation systems or projects proposed to be 14 financed in whole or in part by the reclamation of lands and 15 diking, drainage, and diking and drainage dams for 16 conservation of water to be used in reclamation of land or 17 stock reservoirs or for the construction, maintenance, and 18 operation of plants or projects for the manufacture or 19 distribution of electric current; 20

21 (5)(d) all reimbursements for costs of surveys and 22 investigations for moneys advanced to counties, cities, or 23 towns or their proportion of the cost thereof or from any 24 other sources;

25 (6)(e) except as otherwise provided by law, all income

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or profit and revenue of the works and all money received
 from the sale or disposal of water, use of water, water
 storage, or other service and from the operation, lease,
 sale, or other disposition of the works, property, and
 facilities acquired under this chapter; and

6 (7)(f) except as otherwise provided by law, all sums
7 received by the department for the use of electricity in
8 excess of the maintenance and operation of the
9 electrification system or project.

(2) All sums of money donated or contributed by the
 federal government or any department or agency thereof shall
 be deposited in a federal special revenue account."

Section 10. Section 85-1-604, MCA, is amended to read:
"85-1-604. Water development state special revenue
account created -- revenues allocated -- limitations on
appropriations from account. (1) There is created a water
development state special revenue account within the state
special revenue fund established in 17-2-102.

19 (2) There shall be paid into the water development20 state special revenue account:

(a) all revenues of the works and other money as
provided in 85-1-332;

23 (b) 30% of the interest income of the resource
24 indemnity trust fund as provided in and subject to the
25 conditions of 15-38-202;

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(c) the excess of the coal severance tax proceeds
 allocated by 85-1-603 to the water development debt service
 fund above debt service requirements as provided in and
 subject to the conditions of 85-1-619;

5 (d) any principal and accrued interest received in 6 repayment of a loan made from the proceeds of bonds issued 7 under 85-1-617; and

8 (e) any fees or charges collected by the department
9 pursuant to 85-1-616 for the servicing of loans, including
10 arrangements for obtaining security interests; and

11 (f) all interest income earned on proceeds of water
12 development bonds.

13 (3) Appropriations may be made from the water
14 development state special revenue account for the following
15 purposes and subject to the following conditions:

16 (a) An amount less than or equal to that paid into the account under 85-1-332 and only that amount may 17 appropriated for the operation and maintenance of 18 state-owned projects and works. If the amount of money 19 20 available for appropriation under this subsection (3)(a) is greater than that necessary for operation and maintenance 21 expenses, the excess may be appropriated as provided in 22 subsection (3)(b). 23

24 (b) An amount less than or equal to that paid into the25 account from the resource indemnity trust account plus any

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1 excess from subsection (3)(a) and only that amount may be 2 appropriated from the account for:

3 (i) the rehabilitation of state-owned projects and
4 works, including the rehabilitation of spillways of
5 state-owned dams;

6 (ii) the formulation of downstream emergency warning7 and evacuation plans for state-owned dams;

8 (iii) the development of the hydropower potential of9 state-owned dams;

10 (iv) assistance in the implementation of the water 11 reservations established under 85-2-316 of conservation 12 districts;

13 (v) the promotion of the development of offstream and
14 tributary storage;

15 (vi) the promotion of joint state-tribal, state-federal, and state-tribal-federal water development; 16 (vii) administrative expenses, including but not 17 limited to the salaries and expenses of personnel, 18 equipment, office space, and other necessities incurred in 19 the administration of the water development program except 20 the administration of loans and grants; and 21

(viii) any other expenditures that meet the policiesand objectives of the state water development program.

24 (c) An amount less than or equal to that paid into the
 account from the sources provided for in (c) through (e) (f)

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of subsection (2) and only that amount may be appropriated 1 from the account for loans and grants for water development 2 projects and activities; for administrative expenses, ٦ 4 including but not limited to the salaries and expenses of personnel, equipment, and office space; for the servicing of 5 6 loans, including arrangements for obtaining security 7 interests; and for other necessities incurred in 8 administering the loans and grants."

Section 11. Section 85-1-605, MCA, is amended to read: 9 "85-1-605. Grants, loans, and bonds for state and 10 local government assistance. (1) The department may 11 12 recommend to the legislature that grants and loans be made 13 from coal severance tax proceeds deposited in the water development state special revenue account, that loans be 14 made from water development bond proceeds deposited in the 15 16 water development account, and that coal severance tax bonds be authorized pursuant to Title 17, chapter 5, part 7, to 17 18 provide financial assistance to a department, agency, board, commission, or other division of state government or to a 19 city, county, or other political subdivision or local 20 government body of the state. The legislature may approve by 21 appropriation or other appropriate means those grants and 22 23 loans it finds consistent with the policies and purposes of 24 the program.

25 (2) In addition to implementing those projects

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1 approved by the legislature, the department may request up 2 to 10% of the funds available for grants from the water 3 development special revenue account in any biennium to be used for emergencies. These emergency projects must be 4 5 approved by the department and be defined as those projects 6 which, if delayed until legislative approval can be 7 obtained, will cause substantial damages or legal liability 8 to the project sponsor. In allocating such funds, the 9 department shall consult-with INFORM the legislative finance committee of the legislature. 10 (2)(3) The grants and loans provided for by this 11

section may be made for the purchase, lease, development, or 12 13 construction of water development projects and activities 14 for the conservation, management, use, development, or 15 protection of the water and related agricultural, land, fish, wildlife, and water recreation resources in the state; 16 for the purpose of feasibility and design studies for such 17 projects; for development of plans for and 18 the rehabilitation, expansion, and modification of water 19 development projects; for other water development projects 20 21 and activities that will enhance the water resources of the state; and for similar purposes approved by the 22 legislature." 23

Section 12. Section 85-1-610, MCA, is amended to read:
"85-1-610. Evaluation of grants and loans to private

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persons. The department shall consider the following
 criteria and preferences in evaluating applications and
 selecting the recipients of grants and loans for water
 development projects and activities that are eligible for
 funding under 85-1-609:

6 (1) The extent and desirability of the public benefits7 that will be provided must be considered.

8 (2) A water development project or activity that will
9 be used as part of a family farm shall be given preference.
10 A family farm is one devoted primarily to agriculture under
11 the ownership and operation of a resident Montana family.

12 (3) A water development project or activity that will 13 utilize or develop water reserved under 85-2-316 shall be 14 given preference. An activity includes all necessary work 15 associated with a project, beginning with application 16 preparation through the implementation of a water 17 reservation by a qualified state applicant.

18 (4) The department, to the extent practicable, shall 19 attempt to achieve geographic balance in the promotion of 20 water development projects and activities through the 21 awarding of loans and grants to private persons.

(5) The extent to which the water development project
or activity will fully utilize water resources and promote
the conservation and efficient use of the water resource
shall be evaluated and considered.

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(6) Projects or activities that could not be
 accomplished without the assistance of a loan or grant shall
 be given preference.

4 (7) The department shall give due consideration to any 5 other factor that, in the department's judgment, is 6 important to the evaluation of the water development project 7 or activity in light of the purposes, policies, and 8 objectives of the water development program."

Section 13. Section 85-1-617, MCA, is amended to read: 9 "85-1-617. Issuing bonds. (1) When authorized by the 10 legislature and within the limits of the authorization and 11 within the further limitations established in this section. 12 13 the board of examiners may issue and sell water development bonds of the state in the amount and manner it considers 14 15 necessary and proper to finance the water development loan program. The full faith and credit and taxing powers of the 16 state are pledged for the prompt and full payment of all 17 18 bonds so issued and interest and redemption premiums payable thereon according to their terms. 19

(2) Each series of water development bonds may be
issued by the board of examiners, upon request of the board
of natural resources and conservation, at public or private
sale, in such denominations and forms, whether payable to
bearer with attached interest coupons or registered as to
principal or as to both principal and interest, with such

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provisions for conversion or exchange and for the issuance 1 2 of notes in anticipation of the issuance of definitive 3 bonds, bearing interest at such rate or rates, maturing at such rate or rates, maturing at such time or times not 4 5 exceeding 30 years from date of issue, subject to optional 6 or mandatory redemption at such earlier times and prices and 7 upon such notice, with such provisions for payment and discharge by the deposit of funds or securities in escrow 8 9 for that purpose, and payable at the office of such banking 10 institution or institutions within or outside the state, as the board of examiners shall determine subject to the 11 limitations contained in this section [and section 8]. 12

13 (3) In the issuance of each series of water development bonds, the interest rates and the maturities and 14 15 any mandatory redemption provisions thereof shall be established in such manner that the funds then specifically 16 17 pledged and appropriated by law to the water development debt service fund will in the judgment of the board of 18 examiners be received in an amount sufficient in each year 19 20 to pay all principal, redemption premiums, and interest due and payable in that year with respect to that and all prior 21 series of such bonds, except outstanding bonds as to which 22 23 the obligation of the state has been discharged by the deposit of funds or securities sufficient for their payment 24 in accordance with the terms of the resolutions by which 25

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1 they are authorized to be issued.

2 (4) In all other respects, the board of examiners is authorized to prescribe the form and terms of the bonds and 3 notes and shall do whatever is lawful and necessary for 4 their issuance and payment. Such bonds, notes, and any 5 6 interest coupons appurtenant thereto must be signed by the 7 members of the board of examiners, and the bonds and notes 8 must be issued under the great seal of the state of Montana. 9 The bonds, notes, and coupons may be executed with facsimile 10 signatures and seal in the manner and subject to the limitations prescribed by law. The state treasurer shall 11 keep a record of all such bonds and notes issued and sold. 12 (5) There is created a water development account 13 14 within the state special revenue fund established in 17-2-102. 15

(6) All proceeds of bonds or notes issued under this 16 section, other than refunding bonds, must be deposited in 17 the water development account established in subsection (5), 18 19 except that any principal and accrued interest received in 20 repayment of a loan made from the proceeds of bonds issued 21 under this section must be deposited in the water 22 development state special revenue account pursuant to 23 85-1-604. All proceeds of refunding bonds must be deposited 24 in the water development debt service fund and applied to 25 the payment and redemption of outstanding bonds issued under

this section as directed by the board, whether at maturity
 or on any earlier date on which they may be prepaid
 according to their terms.

4 (7) All actions taken by the board of examiners under 5 this section or 85-1-619 must be authorized by a vote of a 6 majority of the members of the board of examiners."

Section 14. Section 85-1-619, MCA, is amended to read: 7 8 "85-1-619. Debt service fund -- pledge and administration of sufficient balance. (1) The legislature 9 10 may levy, impose, assess, and pledge and appropriate to the 11 water development debt service fund any tax, charge, fee, rental, or other income from any designated source. The 12 13 state reserves the right to modify from time to time the nature and amount of special taxes and other revenues 14 pledged and appropriated to the water development debt 15 16 service fund, provided that the aggregate resources so pledged and appropriated are determined by the legislature 17 18 to be sufficient for the prompt and full payment of the principal of and interest and redemption premiums when due 19 on all bonds payable from that fund and provided that the 20 21 pledge of the full faith and credit and taxing powers of the state for the security of all such bonds shall be and remain 22 23 irrevocable until they are fully paid.

24 (2) Money in the water development debt service fund
25 must be used firsty to pay interest, principal, and

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redemption premiums when due and payable with respect to water development bonds;-second, and for bonds issued prior to 1985, to accumulate a reserve for the further security of such payments;-to-the-amount-required--each--month--to--meet those--payments--due-within-12-months-thereafter;-and-third; to-restore-the-reserve-to-this-amount-after-each-payment.

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(3) After the reserve provided for in subsection (2) 7 for bonds issued prior to 1985 has been accumulated in the 8 water development debt service fund, money at any time 9 received in the water development debt service fund in 10 excess of that amount must be transferred by the treasurer 11 to the water development state special revenue account. If 12 the-balance-on-hand-at-any-time--in--the--water--development 13 debt--service--fund-is-not-sufficient-to-accumulate-required 14 reserves-under-subsection-{2}-and-is--not--restored--to--the 15 required -- amount -- within -- 3-- months -- thereafter -- from -- funds 16 17 specifically--pledged--and---appropriated---to---the---water development--debt--service-fund;-the-treasurer-in-accordance 18 with-the-pledge-of-the-full--faith--and--credit--and--taxing 19 powers--of--the-state-shall-transfer-an-amount-sufficient-to 20 restore-the-required-balance-from-the-general--fund--to--the 21 water-development-debt-service-fund;" 22

23 <u>SECTION 15. SECTION 85-1-623, MCA, IS AMENDED TO READ:</u>
24 "85-1-623. Authorization of water development bonds.
25 The legislature, through the enactment of this section by a

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two-thirds vote of the members of each house, authorizes the creation of state debt in an amount not to exceed \$5 \$10 million and the issuance and sale of water development bonds in this amount for the purpose of providing funds appropriated to the water development account for loans as provided in the water development program."

7 Section 16. Section 90-2-121, MCA, is amended to read: 8 "90-2-121. Issuing bonds. (1) Within the limits 9 authorized by 90-2-127 and within the further limitations in 10 this section, the board of examiners may issue and sell 11 bonds of the state in such manner as it considers necessary 12 and proper to finance the renewable resource development 13 program. The full faith and credit and taxing powers of the 14 state shall be pledged for the prompt and full payment of 15 all bonds so issued and interest and redemption premiums payable thereon according to their terms. 16

(2) Each series of such bonds shall be issued by the 17 18 board of examiners upon request of the board of natural resources and conservation in such denominations and forms, 19 whether payable to bearer with attached interest coupons or 20 registered as to principal or as to both principal and 21 interest, with such provisions for conversion or exchange 22 and for the issuance of notes in anticipation of the 23 issuance of definitive bonds, bearing interest at such rate 24 25 or rates, maturing at such time or times not exceeding 30

1 years from date of issue, subject to optional or mandatory 2 redemption at such earlier times and prices and upon such 3 notice, with such provisions for payment and discharge by the deposit of funds or securities in escrow for that 4 5 purpose, and payable at the office of such banking 6 institution or institutions within or outside the state, as the board shall determine subject to the limitations 7 contained in this section. 8

9 (3) In the issuance of each series of such bonds the 10 interest rates and the maturities and any mandatory 11 redemption provisions thereof shall be established in such 12 manner that the funds then specifically pledged and 13 appropriated by law to the debt service fund will in the 14 judgment of the board be received in an amount sufficient in each year to pay all principal, redemotion premiums, and 15 16 interest due and payable in that year with respect to that and all prior series of such bonds, except outstanding bonds 17 18 as to which the obligation of the state has been discharged 19 by the deposit of funds or securities sufficient for their 20 payment in accordance with the terms of the resolutions by which they are authorized to be issued. 21

(4) In all other respects the board of examiners is
authorized to prescribe the form and terms of the bonds and
shall do whatever is lawful and necessary for their issuance
and payment. Such bonds and any interest coupons appurtement

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1 thereto shall be signed by the members of the board of 2 examiners, and the bonds shall be issued under the great 3 seal of the state of Montana. The bonds and coupons may be 4 executed with facsimile signatures and seal in the manner 5 and subject to the limitations prescribed by law. The state 6 treasurer shall keep a record of all such bonds issued and 7 sold.

8 (5) All proceeds of bonds issued hereunder and 9 interest earned on such proceeds, other than refunding 10 bonds. shall be deposited in the renewable resource development accounty-except-that-any-principal--and--accrued 11 12 interest--received-in-repayment-of-the-loans-provided-for-in this-part-shall-be-deposited-in-the-debt-service-fund. 13 A11 proceeds of refunding bonds shall be deposited in the debt 14 service fund and applied to the payment and redemption of 15 outstanding bonds issued hereunder as directed by the board, 16 17 whether at maturity or on any previous date on which they may be prepaid according to their terms." 18

19 Section 17. Section 90-2-123, MCA, is amended to read: 20 "90-2-123. Debt service fund. (1) The state may by 21 enactment of the legislature or the people levy, impose, 22 assess, and pledge and appropriate to the debt service fund 23 any tax, charge, fee, rental, or other income from any 24 designated source. The state reserves the right to modify 25 from time to time the nature and amount of special taxes and

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other revenues pledged and appropriated to the debt service 1 2 fund, provided that the aggregate resources so pledged and appropriated are determined by the legislature to be 3 4 sufficient for the prompt and full payment of the principal of and interest and redemption premiums when due on all 5 bonds payable from that fund, and provided that the pledge 6 of the full faith and credit and taxing powers of the state 7 for the security of all such bonds shall be and remain 8 9 irrevocable until they are fully paid.

(2) Money in the debt service fund shall be used first 10 to pay interest, principal, and redemption premiums when due 11 and payable with respect to renewable resource development 12 bonds+--second--to+-accumulate--a-reserve--for--the-further 13 14 security-of-such-payments;-to-the-amount-required-each-month to-meet-those-payments-due-within-12-months-thereafter;--and 15 16 third--to--restore--the--reserve--to--this-amount-after-each 17 payment.

(3) After-the-reserve-provided-for-in--subsection--(2) 18 above--is--in-the-debt-service-fund;-money Money at any time 19 received in the debt service fund in excess of that the 20 amount required by subsection (2) shall be transferred by 21 22 the treasurer to the renewable resource development account. If-the-balance-at-any-time-on-hand-in-the-debt-service--fund 23 ia--not-sufficient-for-compliance-with-subsection-f2)-and-is 24 not--restored--to--the--required--amount--within--3---months 25

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1 thereafter--from-funds-specifically-pledged-and-appropriated 2 to-the-debt--service--fundy--the--treasurer--shall--transfer 3 thereto--from--the--general--fund--an--amount--sufficient-to restore-the-required-balance-"

Section 18. Section 90-2-125, MCA, is amended to read: 5 6 "90-2-125. Renewable resource development account. The 7 state may by enactment of the legislature or the people 8 levy, impose, assess, and pledge and appropriate to the 9 renewable resource development account any tax, charge, fee. rental, or other income from any source, including but not 10 limited to renewable resource development bond proceeds, 11 interest earned on the bond proceeds, and any principal and 12 accrued interest received in repayment of a loan made from 13 14 the proceeds of bonds issued under 90-2-121." 15 NEW SECTION. Section 19. Remedial character. Section 16 1 of this act is remedial in character, and nothing therein may be considered to imply that authority for the taking of 17 any action therein expressly authorized did not previously 18 19 exist. NEW SECTION. Section 20. Codification 20 instruction. Section 8 is intended to be codified as an integral part of. 21 22 Title 17, chapter 5, part 7, and the provisions of Title 17,

23 chapter 5, part 7, apply to section 8. 24 NEW SECTION. Section 21. Applicability. Section 10

25 applies retroactively, within the meaning of 1-2-109, to all

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2	NEW SECTION. SECTION 22. REQUIREMENTS FOR APPROVAL OF
3	STATE DEBT SEVERABILITY. BECAUSE SECTION 15 AUTHORIZES
4	THE CREATION OF STATE DEBT, A VOTE OF TWO-THIRDS OF THE
5	MEMBERS OF EACH HOUSE IS REQUIRED FOR ENACTMENT OF SECTION
6	15. IF SECTION 15 IS NOT APPROVED BY THE REQUIRED VOTE,
7	SECTION 15 IS VOID, AND THE REMAINING SECTIONS OF THIS ACT
8	ARE VALID AND REMAIN IN EFFECT IN ALL VALID APPLICATIONS
9	UPON ENACTMENT.
10	NEW SECTION. Section 23. Effective date. This act is
11	effective on passage and approval.

occurrences after July 1, 1981.

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-End-

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