

SENATE BILL NO. 461

INTRODUCED BY FULLER, MAZUREK

BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD

IN THE SENATE

| | |
|-------------------|--|
| February 21, 1985 | Introduced and referred to Committee on Taxation. |
| February 22, 1985 | Fiscal Note requested. |
| February 27, 1985 | Fiscal Note returned. |
| March 12, 1985 | Committee recommend bill do pass as amended. Report adopted. |
| March 13, 1985 | Bill printed and placed on members' desks. |
| March 14, 1985 | Second reading, do pass. |
| March 15, 1985 | Considered correctly engrossed. |
| March 16, 1985 | Third reading, passed. Ayes, 46; Noes, 1. |
| | Transmitted to House. |

IN THE HOUSE

| | |
|----------------|---|
| March 18, 1985 | Introduced and referred to Committee on Taxation. |
| March 27, 1985 | Committee recommend bill be concurred in. Report adopted. |
| March 30, 1985 | Second reading, concurred in. |
| April 1, 1985 | Third reading, concurred in. Returned to Senate. |

IN THE SENATE

April 1, 1985

Received from House.

April 2, 1985

Sent to enrolling.

Reported correctly enrolled.

Senate Bill No. 461
Fisher, August

INTRODUCED BY _____
BY REQUEST OF THE MONTANA ECONOMIC
DEVELOPMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES, CITIES, CONSOLIDATED CITIES AND COUNTIES, TOWNS, AND SCHOOL DISTRICTS TO ISSUE TAX AND REVENUE ANTICIPATION NOTES TO BE SOLD AT PAR OR DISCOUNT AT PUBLIC SALE OR AT PRIVATE SALE TO THE MONTANA ECONOMIC DEVELOPMENT BOARD UNDER THE PROVISIONS OF THE MUNICIPAL FINANCE CONSOLIDATION ACT; PROVIDING THAT THE PURCHASE OF SUCH NOTES AND ISSUANCE OF NOTES BY THE BOARD FOR SUCH PURCHASE ARE EXEMPT FROM THE DOLLAR LIMITATIONS CONTAINED IN THE MUNICIPAL FINANCE CONSOLIDATION ACT; EXEMPTING THE TAX AND REVENUE ANTICIPATION NOTES FROM THE DEBT LIMITATIONS ON SUCH LOCAL GOVERNMENTS; AMENDING SECTIONS 17-5-1606, 17-5-1608, AND 17-5-1611, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
NEW SECTION. Section 1. Definitions. As used in [sections 1 through 8], unless the context clearly requires otherwise, the following definitions apply:
(1) "Governing body" means the legislative authority of a local government, by whatever name designated.

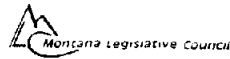
(2) "Local government" means any city, town, county, consolidated city-county, or school district.

(3) "Ordinance" means an ordinance or resolution of the local government.

(4) "Short-term obligations" are tax anticipation notes or revenue anticipation notes that mature at a time not to exceed 13 months from the date issued.

NEW SECTION. Section 2. Short-term obligations authorized. A local government may issue and sell short-term obligations as provided in [sections 1 through 8] in anticipation of taxes or revenues budgeted to be received and appropriated for expenditure during the fiscal year in which the obligations are issued. The proceeds of the obligations may be expended solely for the purposes for which the taxes or revenues were appropriated and for costs and expenses incident to the issuance and sale thereof. Pending expenditure, the proceeds may be invested as provided by law. The principal and interest on short-term obligations must be repaid from the money derived from the taxes and revenues in anticipation of which they were issued, income from investment of the proceeds of the obligations, and any money otherwise legally available for this purpose.

NEW SECTION. Section 3. Issuance and sale of short-term obligations -- procedure. (1) The issuance of



-2-
INTRODUCED BILL
SB 461

1 short-term obligations must be authorized by an ordinance of
 2 the governing body that fixes the maximum amount of the
 3 obligations to be issued or, if applicable, the maximum
 4 amount which may be outstanding at any time, the maximum
 5 term and interest rate or rates to be borne thereby, the
 6 manner of sale, maximum price, form including bearer or
 7 registered as provided in Title 17, chapter 5, part 11,
 8 terms, conditions, and the covenants of the obligations.
 9 Short-term obligations issued under this section shall bear
 10 such fixed or variable rate or rates of interest as the
 11 governing body considers to be in the best interests of the
 12 local government. Variable rates of interest may be fixed in
 13 relationship to such standard or index as the governing body
 14 designates.

15 (2) The governing body may sell the short-term
 16 obligations at par or at a discount:

17 (a) at private negotiated sale to the Montana economic
 18 development board as provided in Title 17, chapter 5, part
 19 16; or

20 (b) at public sale to any other person. Any public
 21 sale must be noticed as provided in 7-7-4434(2).

22 NEW SECTION. Section 4. Refunding and renewal of
 23 short-term obligations. Short-term obligations may, from
 24 time to time, be renewed or refunded by the issuance of
 25 short-term obligations. Short-term obligations may not be

1 renewed or refunded to a date later than 6 months from the
 2 end of the fiscal year in which the original short-term
 3 obligation was issued.

4 NEW SECTION. Section 5. Short-term obligations --
 5 security. Short-term obligations are general obligations of
 6 the local government and must be secured by the taxes and
 7 revenues in anticipation of which the short-term obligations
 8 were issued and in such other manner as set forth in the
 9 ordinance authorizing their issuance.

10 NEW SECTION. Section 6. Funds for payment of
 11 principal and interest. For the purpose of providing funds
 12 for the payment of principal of and interest on short-term
 13 obligations, the governing body may authorize the creation
 14 of a special fund or funds and provide for the payment from
 15 authorized sources to such funds of amounts sufficient to
 16 meet principal and interest requirements.

17 NEW SECTION. Section 7. Local government debt
 18 limitations not to apply to short-term obligations. The debt
 19 limitations for local governments in Title 7, chapter 7, and
 20 Title 20, chapter 9, do not apply to short-term obligations
 21 issued in accordance with [sections 1 through 8].

22 NEW SECTION. Section 8. Authority cumulative. The
 23 authority granted by [sections 1 through 8] is in addition
 24 and supplemental to any other authority granted and does not
 25 limit any other authority previously granted to any local

1 government.

2 Section 9. Section 17-5-1606, MCA, is amended to read:

3 "17-5-1606. Bonds, bond anticipation notes, and notes
4 of the board. (1) The board may by resolution, from time to
5 time, issue negotiable notes and bonds to finance loans or
6 refinance its loans to local government units and its
7 purchases of their bonds, registered warrants, and tax or
8 revenue anticipation notes and other notes, to establish or
9 replenish reserves securing the payment of its bonds and
10 notes, and to finance all other expenditures of the board
11 incident to and necessary or convenient to carry out this
12 part.

13 (2) The board may by resolution, from time to time:

14 (a) issue notes to renew notes and bonds to pay notes,
15 including interest;

16 (b) whenever it considers refunding expedient, refund
17 any bonds by the issuance of new bonds, whether the bonds to
18 be refunded have or have not matured; and

19 (c) issue bonds partly to refund bonds outstanding and
20 partly for any of its other purposes.

21 (3) The board may by resolution, from time to time, in
22 anticipation of the sale of its securities under this part,
23 issue temporary notes and renewal notes.

24 (4) Except as otherwise expressly provided by
25 resolution of the board, every issue of its notes and bonds

1 shall be an obligation of the board payable out of any
2 revenues, assets, or money of the board, subject only to
3 agreements with the holders of particular notes or bonds
4 pledging particular revenues, assets, or money.

5 (5) The notes and bonds must be authorized by
6 resolutions of the board, shall bear a date, and shall
7 mature at times as the resolutions provide. The bonds may
8 be issued as serial bonds payable in annual installments or
9 as term bonds or as a combination thereof. The notes and
10 bonds shall bear interest at a rate or rates; be in
11 denominations; be in a form, either coupon or registered;
12 carry registration privileges; be executed in a manner; be
13 payable in a medium of payment, at places inside or outside
14 the state; and be subject to terms of redemption as provided
15 in resolutions of the board. The notes and bonds of the
16 board may be sold at public or private sale at such prices,
17 which may be above or below par, as are determined by the
18 board."

19 Section 10. Section 17-5-1608, MCA, is amended to
20 read:

21 "17-5-1608. Limitations on amounts. The board may not:

22 (1) make any loans to or purchase the bonds or notes
23 of any single local government unit in an amount greater
24 than \$500,000 per single loan, bond issue, or note (except
25 that this limit does not apply to a loan to or purchase by

1 the board of registered warrants or tax or revenue
2 anticipation notes); or

3 (2) issue any bonds or notes that cause the total
4 outstanding indebtedness of the board under this part
5 (except for bonds or notes issued to fund or refund other
6 outstanding bonds or notes or to purchase registered
7 warrants or tax or revenue anticipation notes of a local
8 government as defined in (section 1)] to exceed \$25
9 million."

10 Section 11. Section 17-5-1611, MCA, is amended to
11 read:

12 "17-5-1611. Additional powers of the board. In
13 addition to all other powers conferred on the board by this
14 part or any other law, the board has the power:

15 (1) to purchase or hold municipal bonds, bond
16 anticipation notes, registered warrants, tax or revenue
17 anticipation notes, or other notes at prices and in a manner
18 the board considers advisable;

19 (2) to sell municipal bonds, bond anticipation notes,
20 registered warrants, tax or revenue anticipation notes, or
21 other notes acquired or held by it at prices without
22 relation to cost and in a manner the board considers
23 advisable;

24 (3) to invest funds or money acquired by the board as
25 provided in 17-5-1641;

1 (4) to prescribe the form of application or procedure
2 required of a local government unit for a loan or purchase
3 of its municipal bonds, bond anticipation notes, registered
4 warrants, tax or revenue anticipation notes, or other notes;
5 fix the terms and conditions of the loan or purchase; and
6 enter into agreements with local government units with
7 respect to loans or purchases;

8 (5) to render services to local government units in
9 connection with public or private sales of their municipal
10 bonds, bond anticipation notes, registered warrants, tax or
11 revenue anticipation notes, or other notes that are eligible
12 for purchase by the board under this part, including
13 advisory and other services, and charge the local government
14 units for such services;

15 (6) to charge for its costs and services in reviewing
16 or acting upon a proposed loan to a local government unit or
17 a proposed purchase by the board of municipal bonds, bond
18 anticipation notes, registered warrants, tax or revenue
19 anticipation notes, or other notes of the local government
20 unit, whether or not the loan is made or the municipal
21 bonds, bond anticipation notes, registered warrants, tax or
22 revenue anticipation notes, or other notes are purchased;

23 (7) to fix and establish terms, interest rates, and
24 provisions with respect to a purchase of municipal bonds,
25 bond anticipation notes, registered warrants, tax or revenue

1 anticipation notes, or other notes by the board, including:

2 (a) the date and maturities of the bonds, bond
3 anticipation notes, registered warrants, tax or revenue
4 anticipation notes, or other notes;

5 (b) provisions as to redemption or payment before
6 maturity; and

7 (c) any other matters judged by the board to be
8 necessary, desirable, or advisable for the purchase or loan;

9 (8) in connection with any loan to a local government
10 unit or purchase of municipal bonds, bond anticipation
11 notes, registered warrants, tax or revenue anticipation
12 notes, or other notes of a local government unit, to
13 consider:

14 (a) the lawfulness and validity of the purpose to be
15 served by the loan or purchase;

16 (b) the ability of the local government unit to secure
17 borrowed money from other sources and the costs thereof;

18 (c) the ability of the local government unit to repay
19 the loan, notes, or bonds;

20 (d) the priority of need for the particular public
21 improvement or purpose to be financed; and

22 (e) varying the terms and conditions of its loans or
23 purchases as between various local government units in
24 accordance with their respective priorities and credit
25 worthiness;

1 (9) to conduct examinations and hearings and to hear
2 testimony and take proof, under oath or affirmation, at
3 public or private hearings, on any matter material to its
4 information and necessary to carry out this part;

5 (10) to issue subpoenas requiring the attendance of
6 witnesses and the production of books and papers pertinent
7 to any hearing before the board;

8 (11) to appoint, employ, or contract for the services
9 of officers, employees, agents, financial or professional
10 advisers, and attorneys and to pay such compensation for
11 their services as the board may determine;

12 (12) to procure insurance against any losses in
13 connection with its property, operations, or assets in such
14 amounts and from such insurers as it considers desirable;

15 (13) to the extent permitted under its contracts with
16 the holders of bonds or notes of the board, to consent to
17 modification of the rate of interest, the time for payment
18 of any installment of principal or interest, or the security
19 for any other term of a bond, bond anticipation note, note,
20 contract, or agreement of any kind to which the board is a
21 party; and

22 (14) to do all acts and things necessary, convenient,
23 or desirable to carry out the powers expressly granted or
24 necessarily implied in this part."

25 NEW SECTION. Section 12. Extension of authority. Any

LC 1684/01

1 existing authority of the Montana economic development board
2 to make rules on the subject of the provisions of this act
3 is extended to the provisions of this act.
4 NEW SECTION. Section 13. Effective date. This act is
5 effective on passage and approval.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 497-85

Form BD-15

In compliance with a written request received February 22, 19 85, there is hereby submitted a Fiscal Note for S.B. 461 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:

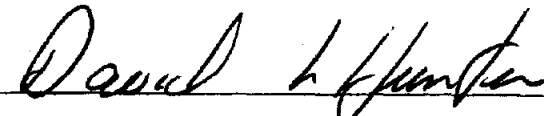
SB 461 authorizes local government units to issue tax and revenue anticipation notes to finance operating shortfalls in anticipation of the receipt of taxes or other budgeted revenues. These notes may then be sold by public sale, or by private sale to the Montana Economic Development Board via the Municipal Finance Consolidation Act. (This financing vehicle would essentially allow local governments an alternative to the current process of registering warrants.)

ASSUMPTIONS:

1. The Montana Economic Development Board (MEDB) will issue approximately \$20 million per year in notes to provide funds for the purchase of \$10 million in local government tax and revenue anticipation notes. The \$20 million is based on the allowable amount established by the federal government. This amount is determined by adding the maximum deficit for one fiscal year to one months total operating expenses.
2. The Montana Economic Development Board will charge a fee of .2 percent of the total amount of notes issued to cover the costs of administering the program.
3. Costs of issuing the MEDB notes (i.e. consultant and underwriting fees, printing of notes, etc.) will be capitalized in the note issue and paid through loan repayments and investment earnings.
4. Local governments will pay an interest rate on the tax and revenue anticipation notes sold to the MEDB of 2 percent.
5. The average term that notes sold to the MEDB will be outstanding is 3 months.
6. Local governments are presently paying an average interest rate on registered warrants of 10 percent.

FISCAL IMPACT ON PROPRIETARY FUNDS:

| | <u>FY 86</u> | <u>FY 87</u> |
|--------------|-----------------|-----------------|
| Revenues | \$ 40,000 | \$ 40,000 |
| Expenditures | <u>(40,000)</u> | <u>(40,000)</u> |
| TOTAL COST | \$ -0- | \$ -0- |


BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 27, 1985

SB461

Request No. FNN 497-85
Form BD-15 page 2

AFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Annual cumulative interest cost savings: \$ 200,000

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

None

APPROVED BY COMMITTEE
ON TAXATION

1 SENATE BILL NO. 461
2 INTRODUCED BY FULLER, MAZUREK
3 BY REQUEST OF THE MONTANA ECONOMIC
4 DEVELOPMENT BOARD
5

6 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES,
7 CITIES, CONSOLIDATED CITIES AND COUNTIES, TOWNS, AND SCHOOL
8 DISTRICTS TO ISSUE TAX AND REVENUE ANTICIPATION NOTES TO BE
9 SOLD AT PAR OR DISCOUNT AT PUBLIC SALE OR AT PRIVATE SALE TO
10 THE MONTANA ECONOMIC DEVELOPMENT BOARD UNDER THE PROVISIONS
11 OF THE MUNICIPAL FINANCE CONSOLIDATION ACT; PROVIDING THAT
12 THE PURCHASE OF SUCH NOTES AND ISSUANCE OF NOTES BY THE
13 BOARD FOR SUCH PURCHASE ARE EXEMPT FROM THE DOLLAR
14 LIMITATIONS CONTAINED IN THE MUNICIPAL FINANCE CONSOLIDATION
15 ACT; DELETING THE LOAN LIMITATION IN SECTION 17-5-1608(1),
16 MCA; PROVIDING FOR THE RESPONSIBILITIES OF THE COUNTY
17 TREASURERS IN THE ISSUANCE OF SUCH NOTES BY SCHOOL
18 DISTRICTS; EXEMPTING THE TAX AND REVENUE ANTICIPATION NOTES
19 FROM THE DEBT LIMITATIONS ON SUCH LOCAL GOVERNMENTS;
20 AMENDING SECTIONS 17-5-1606, 17-5-1608, AND 17-5-1611, AND
21 20-9-212, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
22

23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
24 NEW SECTION. Section 1. Definitions. As used in
25 [sections 1 through 8], unless the context clearly requires

1 otherwise, the following definitions apply:
2 (1) "Governing body" means the legislative authority
3 of a local government, by whatever name designated.
4 (2) "Local government" means any city, town, county,
5 consolidated city-county, or school district.
6 (3) "Ordinance" means an ordinance or resolution of
7 the local government.
8 (4) "Short-term obligations" are tax anticipation
9 notes or revenue anticipation notes that mature at a time
10 not to exceed 13 months from the date issued.
11 NEW SECTION. Section 2. Short-term obligations
12 authorized. A local government may issue and sell short-term
13 obligations as provided in [sections 1 through 8] in
14 anticipation of taxes or revenues budgeted to be received
15 and appropriated for expenditure during the fiscal year in
16 which the obligations are issued. The proceeds of the
17 obligations may be expended solely for the purposes for
18 which the taxes or revenues were appropriated and for costs
19 and expenses incident to the issuance and sale thereof.
20 Pending expenditure, the proceeds may be invested as
21 provided by law. The principal and interest on short-term
22 obligations must be repaid from the money derived from the
23 taxes and revenues in anticipation of which they were
24 issued, income from investment of the proceeds of the
25 obligations, and any money otherwise legally available for



1 this purpose.

2 NEW SECTION. Section 3. Issuance and sale of
3 short-term obligations -- procedure. (1) The issuance of
4 short-term obligations must be authorized by an ordinance of
5 the governing body that fixes the maximum amount of the
6 obligations to be issued or, if applicable, the maximum
7 amount which may be outstanding at any time, the maximum
8 term and interest rate or rates to be borne thereby, the
9 manner of sale, maximum price, form including bearer or
10 registered as provided in Title 17, chapter 5, part 11,
11 terms, conditions, and the covenants of the obligations.
12 Short-term obligations issued under this section shall bear
13 such fixed or variable rate or rates of interest as the
14 governing body considers to be in the best interests of the
15 local government. Variable rates of interest may be fixed in
16 relationship to such standard or index as the governing body
17 designates.

18 (2) The governing body may sell the short-term
19 obligations at par or at a discount:

20 (a) at private negotiated sale to the Montana economic
21 development board as provided in Title 17, chapter 5, part
22 16; or

23 (b) at public sale to any other person. Any public
24 sale must be noticed as provided in 7-7-4434(2).

25 NEW SECTION. Section 4. Refunding and renewal of

1 short-term obligations. Short-term obligations may, from
2 time to time, be renewed or refunded by the issuance of
3 short-term obligations. Short-term obligations may not be
4 renewed or refunded to a date later than 6 months from the
5 end of the fiscal year in which the original short-term
6 obligation was issued.

7 NEW SECTION. Section 5. Short-term obligations --
8 security. Short-term obligations are general obligations of
9 the local government and must be secured by the taxes and
10 revenues in anticipation of which the short-term obligations
11 were issued and in such other manner as set forth in the
12 ordinance authorizing their issuance.

13 NEW SECTION. Section 6. Funds for payment of
14 principal and interest. For the purpose of providing funds
15 for the payment of principal of and interest on short-term
16 obligations, the governing body may authorize the creation
17 of a special fund or funds and provide for the payment from
18 authorized sources to such funds of amounts sufficient to
19 meet principal and interest requirements.

20 NEW SECTION. Section 7. Local government debt
21 limitations not to apply to short-term obligations. The debt
22 limitations for local governments in Title 7, chapter 7, and
23 Title 20, chapter 9, do not apply to short-term obligations
24 issued in accordance with [sections 1 through 8].

25 NEW SECTION. Section 8. Authority cumulative. The

1 authority granted by [sections 1 through 8] is in addition
2 and supplemental to any other authority granted and does not
3 limit any other authority previously granted to any local
4 government.

5 Section 9. Section 17-5-1606, MCA, is amended to read:

6 "17-5-1606. Bonds, bond anticipation notes, and notes
7 of the board. (1) The board may by resolution, from time to
8 time, issue negotiable notes and bonds to finance loans or
9 refinance its loans to local government units and its
10 purchases of their bonds, registered warrants, and tax or
11 revenue anticipation notes and other notes, to establish or
12 replenish reserves securing the payment of its bonds and
13 notes, and to finance all other expenditures of the board
14 incident to and necessary or convenient to carry out this
15 part.

16 (2) The board may by resolution, from time to time:

17 (a) issue notes to renew notes and bonds to pay notes,
18 including interest;

19 (b) whenever it considers refunding expedient, refund
20 any bonds by the issuance of new bonds, whether the bonds to
21 be refunded have or have not matured; and

22 (c) issue bonds partly to refund bonds outstanding and
23 partly for any of its other purposes.

24 (3) The board may by resolution, from time to time, in
25 anticipation of the sale of its securities under this part,

1 issue temporary notes and renewal notes.

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

8 (5) The notes and bonds must be authorized by
9 resolutions of the board, shall bear a date, and shall
10 mature at times as the resolutions provide. The bonds may
11 be issued as serial bonds payable in annual installments or
12 as term bonds or as a combination thereof. The notes and
13 bonds shall bear interest at a rate or rates; be in
14 denominations; be in a form, either coupon or registered;
15 carry registration privileges; be executed in a manner; be
16 payable in a medium of payment, at places inside or outside
17 the state; and be subject to terms of redemption as provided
18 in resolutions of the board. The notes and bonds of the
19 board may be sold at public or private sale at such prices,
20 which may be above or below par, as are determined by the
21 board."

22 Section 10. Section 17-5-1608, MCA, is amended to
23 read:

24 "17-5-1608. Limitations on amounts. The board may not:
25 ~~(1) make any loans to or purchase the bonds or notes~~

1 ~~of any single local government unit in an amount greater~~
 2 ~~than \$500,000 per single loan, bond issue, or note (except~~
 3 ~~that this limit does not apply to a loan to or purchase by~~
 4 ~~the board of registered warrants or tax or revenue~~
 5 ~~anticipation notes); or~~

6 (2) issue any bonds or notes that cause the total
 7 outstanding indebtedness of the board under this part
 8 (except for bonds or notes issued to fund or refund other
 9 outstanding bonds or notes or to purchase registered
 10 warrants or tax or revenue anticipation notes of a local
 11 government as defined in [section 1]) to exceed \$25
 12 million."

13 Section 11. Section 17-5-1611, MCA, is amended to
 14 read:

15 "17-5-1611. Additional powers of the board. In
 16 addition to all other powers conferred on the board by this
 17 part or any other law, the board has the power:

18 (1) to purchase or hold municipal bonds, bond
 19 anticipation notes, registered warrants, tax or revenue
 20 anticipation notes, or other notes at prices and in a manner
 21 the board considers advisable;

22 (2) to sell municipal bonds, bond anticipation notes,
 23 registered warrants, tax or revenue anticipation notes, or
 24 other notes acquired or held by it at prices without
 25 relation to cost and in a manner the board considers

1 advisable;

2 (3) to invest funds or money acquired by the board as
 3 provided in 17-5-1641;

4 (4) to prescribe the form of application or procedure
 5 required of a local government unit for a loan or purchase
 6 of its municipal bonds, bond anticipation notes, registered
 7 warrants, tax or revenue anticipation notes, or other notes;
 8 fix the terms and conditions of the loan or purchase; and
 9 enter into agreements with local government units with
 10 respect to loans or purchases;

11 (5) to render services to local government units in
 12 connection with public or private sales of their municipal
 13 bonds, bond anticipation notes, registered warrants, tax or
 14 revenue anticipation notes, or other notes that are eligible
 15 for purchase by the board under this part, including
 16 advisory and other services, and charge the local government
 17 units for such services;

18 (6) to charge for its costs and services in reviewing
 19 or acting upon a proposed loan to a local government unit or
 20 a proposed purchase by the board of municipal bonds, bond
 21 anticipation notes, registered warrants, tax or revenue
 22 anticipation notes, or other notes of the local government
 23 unit, whether or not the loan is made or the municipal
 24 bonds, bond anticipation notes, registered warrants, tax or
 25 revenue anticipation notes, or other notes are purchased;

1 (7) to fix and establish terms, interest rates, and
 2 provisions with respect to a purchase of municipal bonds,
 3 bond anticipation notes, registered warrants, tax or revenue
 4 anticipation notes, or other notes by the board, including:

5 (a) the date and maturities of the bonds, bond
 6 anticipation notes, registered warrants, tax or revenue
 7 anticipation notes, or other notes;

8 (b) provisions as to redemption or payment before
 9 maturity; and

10 (c) any other matters judged by the board to be
 11 necessary, desirable, or advisable for the purchase or loan;

12 (8) in connection with any loan to a local government
 13 unit or purchase of municipal bonds, bond anticipation
 14 notes, registered warrants, tax or revenue anticipation
 15 notes, or other notes of a local government unit, to
 16 consider:

17 (a) the lawfulness and validity of the purpose to be
 18 served by the loan or purchase;

19 (b) the ability of the local government unit to secure
 20 borrowed money from other sources and the costs thereof;

21 (c) the ability of the local government unit to repay
 22 the loan, notes, or bonds;

23 (d) the priority of need for the particular public
 24 improvement or purpose to be financed; and

25 (e) varying the terms and conditions of its loans or

1 purchases as between various local government units in
 2 accordance with their respective priorities and credit
 3 worthiness;

4 (9) to conduct examinations and hearings and to hear
 5 testimony and take proof, under oath or affirmation, at
 6 public or private hearings, on any matter material to its
 7 information and necessary to carry out this part;

8 (10) to issue subpoenas requiring the attendance of
 9 witnesses and the production of books and papers pertinent
 10 to any hearing before the board;

11 (11) to appoint, employ, or contract for the services
 12 of officers, employees, agents, financial or professional
 13 advisers, and attorneys and to pay such compensation for
 14 their services as the board may determine;

15 (12) to procure insurance against any losses in
 16 connection with its property, operations, or assets in such
 17 amounts and from such insurers as it considers desirable;

18 (13) to the extent permitted under its contracts with
 19 the holders of bonds or notes of the board, to consent to
 20 modification of the rate of interest, the time for payment
 21 of any installment of principal or interest, or the security
 22 for any other term of a bond, bond anticipation note, note,
 23 contract, or agreement of any kind to which the board is a
 24 party; and

25 (14) to do all acts and things necessary, convenient,

1 or desirable to carry out the powers expressly granted or
2 necessarily implied in this part."

3 SECTION 12. SECTION 20-9-212, MCA, IS AMENDED TO READ:

4 "20-9-212. Duties of county treasurer. The county
5 treasurer of each county shall:

6 (1) receive and hold all school money subject to
7 apportionment and keep a separate accounting of its
8 apportionment to the several districts which are entitled to
9 a portion of such money according to the apportionments
10 ordered by the county superintendent. A separate accounting
11 shall be maintained for each county fund supported by a
12 countywide levy for a specific, authorized purpose,
13 including:

14 (a) the basic county tax in support of the elementary
15 foundation programs;

16 (b) the basic special tax for high schools in support
17 of the high school foundation programs;

18 (c) the county tax in support of the county's high
19 school transportation obligation;

20 (d) the county tax in support of the high school
21 obligations to the retirement systems of the state of
22 Montana;

23 (e) any additional county tax required by law to
24 provide for deficiency financing of the elementary
25 foundation programs;

1 (f) any additional county tax required by law to
2 provide for deficiency financing of the high school
3 foundation programs; and

4 (g) any other county tax for schools, including the
5 community colleges, which may be authorized by law and
6 levied by the county commissioners;

7 (2) whenever requested, notify the county
8 superintendent and the superintendent of public instruction
9 of the amount of county school money on deposit in each of
10 the funds enumerated in subsection (1) of this section and
11 the amount of any other school money subject to
12 apportionment and apportion such county and other school
13 money to the districts in accordance with the apportionment
14 ordered by the county superintendent;

15 (3) keep a separate accounting of the expenditures for
16 each budgeted fund included in the final budget of each
17 district;

18 (4) keep a separate accounting of the receipts,
19 expenditures, and cash balances for each budgeted fund
20 included in the final budget of each district and for each
21 nonbudgeted fund established by each district;

22 (5) except as otherwise limited by law, pay all
23 warrants properly drawn on the county or district school
24 money and properly endorsed by their holders;

25 (6) receive all revenue collected by and for each

1 district and deposit these receipts in the fund designated
 2 by law or by the district if no fund is designated by law.
 3 Interest and penalties on delinquent school taxes shall be
 4 credited to the same fund and district for which the
 5 original taxes were levied.

6 (7) send all revenues received for a joint district,
 7 part of which is situated in his county, to the county
 8 treasurer designated as the custodian of such revenues, no
 9 later than December 15 of each year and every 3 months
 10 thereafter until the end of the school fiscal year;

11 (8) at the direction of the trustees of a district,
 12 assist the district in the issuance and sale of tax and
 13 revenue anticipation notes as provided in [sections 1
 14 through 8];

15 ~~(8)~~(9) register district warrants drawn on a budgeted
 16 fund in accordance with 7-6-2604 when there is insufficient
 17 money available in the sum of money in all funds of the
 18 district to make payment of such warrant. Redemption of
 19 registered warrants shall be made in accordance with
 20 7-6-2116, 7-6-2605, and 7-6-2606.

21 ~~(9)~~(10) invest the money of any district as directed by
 22 the trustees of the district;

23 ~~(10)~~(11) give each month to the trustees of each
 24 district an itemized report for each fund maintained by the
 25 district, showing the paid warrants, outstanding warrants,

1 registered warrants, amounts and types of revenue received,
 2 and the cash balance; and

3 ~~(11)~~(12) remit promptly to the state treasurer receipts
 4 for the county tax for a postsecondary vocational-technical
 5 center when levied by the board of county commissioners."

6 NEW SECTION. Section 13. Extension of authority. Any
 7 existing authority of the Montana economic development board
 8 to make rules on the subject of the provisions of this act
 9 is extended to the provisions of this act.

10 NEW SECTION. Section 14. Effective date. This act is
 11 effective on passage and approval.

-End-

SENATE BILL NO. 461

INTRODUCED BY FULLER, MAZUREK

BY REQUEST OF THE MONTANA ECONOMIC

DEVELOPMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES, CITIES, CONSOLIDATED CITIES AND COUNTIES, TOWNS, AND SCHOOL DISTRICTS TO ISSUE TAX AND REVENUE ANTICIPATION NOTES TO BE SOLD AT PAR OR DISCOUNT AT PUBLIC SALE OR AT PRIVATE SALE TO THE MONTANA ECONOMIC DEVELOPMENT BOARD UNDER THE PROVISIONS OF THE MUNICIPAL FINANCE CONSOLIDATION ACT; PROVIDING THAT THE PURCHASE OF SUCH NOTES AND ISSUANCE OF NOTES BY THE BOARD FOR SUCH PURCHASE ARE EXEMPT FROM THE DOLLAR LIMITATIONS CONTAINED IN THE MUNICIPAL FINANCE CONSOLIDATION ACT; DELETING THE LOAN LIMITATION IN SECTION 17-5-1608(1), MCA; PROVIDING FOR THE RESPONSIBILITIES OF THE COUNTY TREASURERS IN THE ISSUANCE OF SUCH NOTES BY SCHOOL DISTRICTS; EXEMPTING THE TAX AND REVENUE ANTICIPATION NOTES FROM THE DEBT LIMITATIONS ON SUCH LOCAL GOVERNMENTS; AMENDING SECTIONS 17-5-1606, 17-5-1608, AND 17-5-1611, AND 20-9-212, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Definitions. As used in [sections 1 through 8], unless the context clearly requires

otherwise, the following definitions apply:

(1) "Governing body" means the legislative authority of a local government, by whatever name designated.

(2) "Local government" means any city, town, county, consolidated city-county, or school district.

(3) "Ordinance" means an ordinance or resolution of the local government.

(4) "Short-term obligations" are tax anticipation notes or revenue anticipation notes that mature at a time not to exceed 13 months from the date issued.

NEW SECTION. Section 2. Short-term obligations authorized. A local government may issue and sell short-term obligations as provided in [sections 1 through 8] in anticipation of taxes or revenues budgeted to be received and appropriated for expenditure during the fiscal year in which the obligations are issued. The proceeds of the obligations may be expended solely for the purposes for which the taxes or revenues were appropriated and for costs and expenses incident to the issuance and sale thereof. Pending expenditure, the proceeds may be invested as provided by law. The principal and interest on short-term obligations must be repaid from the money derived from the taxes and revenues in anticipation of which they were issued, income from investment of the proceeds of the obligations, and any money otherwise legally available for



1 this purpose.

2 NEW SECTION. Section 3. Issuance and sale of
3 short-term obligations -- procedure. (1) The issuance of
4 short-term obligations must be authorized by an ordinance of
5 the governing body that fixes the maximum amount of the
6 obligations to be issued or, if applicable, the maximum
7 amount which may be outstanding at any time, the maximum
8 term and interest rate or rates to be borne thereby, the
9 manner of sale, maximum price, form including bearer or
10 registered as provided in Title 17, chapter 5, part 11,
11 terms, conditions, and the covenants of the obligations.
12 Short-term obligations issued under this section shall bear
13 such fixed or variable rate or rates of interest as the
14 governing body considers to be in the best interests of the
15 local government. Variable rates of interest may be fixed in
16 relationship to such standard or index as the governing body
17 designates.

18 (2) The governing body may sell the short-term
19 obligations at par or at a discount:

20 (a) at private negotiated sale to the Montana economic
21 development board as provided in Title 17, chapter 5, part
22 16; or

23 (b) at public sale to any other person. Any public
24 sale must be noticed as provided in 7-7-4434(2).

25 NEW SECTION. Section 4. Refunding and renewal of

1 short-term obligations. Short-term obligations may, from
2 time to time, be renewed or refunded by the issuance of
3 short-term obligations. Short-term obligations may not be
4 renewed or refunded to a date later than 6 months from the
5 end of the fiscal year in which the original short-term
6 obligation was issued.

7 NEW SECTION. Section 5. Short-term obligations --
8 security. Short-term obligations are general obligations of
9 the local government and must be secured by the taxes and
10 revenues in anticipation of which the short-term obligations
11 were issued and in such other manner as set forth in the
12 ordinance authorizing their issuance.

13 NEW SECTION. Section 6. Funds for payment of
14 principal and interest. For the purpose of providing funds
15 for the payment of principal of and interest on short-term
16 obligations, the governing body may authorize the creation
17 of a special fund or funds and provide for the payment from
18 authorized sources to such funds of amounts sufficient to
19 meet principal and interest requirements.

20 NEW SECTION. Section 7. Local government debt
21 limitations not to apply to short-term obligations. The debt
22 limitations for local governments in Title 7, chapter 7, and
23 Title 20, chapter 9, do not apply to short-term obligations
24 issued in accordance with [sections 1 through 8].

25 NEW SECTION. Section 8. Authority cumulative. The

1 authority granted by [sections 1 through 8] is in addition
2 and supplemental to any other authority granted and does not
3 limit any other authority previously granted to any local
4 government.

5 Section 9. Section 17-5-1606, MCA, is amended to read:

6 "17-5-1606. Bonds, bond anticipation notes, and notes
7 of the board. (1) The board may by resolution, from time to
8 time, issue negotiable notes and bonds to finance loans or
9 refinance its loans to local government units and its
10 purchases of their bonds, registered warrants, and tax or
11 revenue anticipation notes and other notes, to establish or
12 replenish reserves securing the payment of its bonds and
13 notes, and to finance all other expenditures of the board
14 incident to and necessary or convenient to carry out this
15 part.

16 (2) The board may by resolution, from time to time:

17 (a) issue notes to renew notes and bonds to pay notes,
18 including interest;

19 (b) whenever it considers refunding expedient, refund
20 any bonds by the issuance of new bonds, whether the bonds to
21 be refunded have or have not matured; and

22 (c) issue bonds partly to refund bonds outstanding and
23 partly for any of its other purposes.

24 (3) The board may by resolution, from time to time, in
25 anticipation of the sale of its securities under this part,

1 issue temporary notes and renewal notes.

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

8 (5) The notes and bonds must be authorized by
9 resolutions of the board, shall bear a date, and shall
10 mature at times as the resolutions provide. The bonds may
11 be issued as serial bonds payable in annual installments or
12 as term bonds or as a combination thereof. The notes and
13 bonds shall bear interest at a rate or rates; be in
14 denominations; be in a form, either coupon or registered;
15 carry registration privileges; be executed in a manner; be
16 payable in a medium of payment, at places inside or outside
17 the state; and be subject to terms of redemption as provided
18 in resolutions of the board. The notes and bonds of the
19 board may be sold at public or private sale at such prices,
20 which may be above or below par, as are determined by the
21 board."

22 Section 10. Section 17-5-1608, MCA, is amended to
23 read:

24 "17-5-1608. Limitations on amounts. The board may not:
25 ~~(1) make any loans to or purchase the bonds or notes~~

1 ~~of any single local government unit in an amount greater~~
 2 ~~than \$500,000 per single loan, bond issue, or note (except~~
 3 ~~that this limit does not apply to a loan to or purchase by~~
 4 ~~the board of registered warrants or tax or revenue~~
 5 ~~anticipation notes), or~~

6 (2) issue any bonds or notes that cause the total
 7 outstanding indebtedness of the board under this part
 8 (except for bonds or notes issued to fund or refund other
 9 outstanding bonds or notes or to purchase registered
 10 warrants or tax or revenue anticipation notes of a local
 11 government as defined in [section 1]) to exceed \$25
 12 million."

13 Section 11. Section 17-5-1611, MCA, is amended to
 14 read:

15 "17-5-1611. Additional powers of the board. In
 16 addition to all other powers conferred on the board by this
 17 part or any other law, the board has the power:

18 (1) to purchase or hold municipal bonds, bond
 19 anticipation notes, registered warrants, tax or revenue
 20 anticipation notes, or other notes at prices and in a manner
 21 the board considers advisable;

22 (2) to sell municipal bonds, bond anticipation notes,
 23 registered warrants, tax or revenue anticipation notes, or
 24 other notes acquired or held by it at prices without
 25 relation to cost and in a manner the board considers

1 advisable;

2 (3) to invest funds or money acquired by the board as
 3 provided in 17-5-1641;

4 (4) to prescribe the form of application or procedure
 5 required of a local government unit for a loan or purchase
 6 of its municipal bonds, bond anticipation notes, registered
 7 warrants, tax or revenue anticipation notes, or other notes;
 8 fix the terms and conditions of the loan or purchase; and
 9 enter into agreements with local government units with
 10 respect to loans or purchases;

11 (5) to render services to local government units in
 12 connection with public or private sales of their municipal
 13 bonds, bond anticipation notes, registered warrants, tax or
 14 revenue anticipation notes, or other notes that are eligible
 15 for purchase by the board under this part, including
 16 advisory and other services, and charge the local government
 17 units for such services;

18 (6) to charge for its costs and services in reviewing
 19 or acting upon a proposed loan to a local government unit or
 20 a proposed purchase by the board of municipal bonds, bond
 21 anticipation notes, registered warrants, tax or revenue
 22 anticipation notes, or other notes of the local government
 23 unit, whether or not the loan is made or the municipal
 24 bonds, bond anticipation notes, registered warrants, tax or
 25 revenue anticipation notes, or other notes are purchased;

1 (7) to fix and establish terms, interest rates, and
 2 provisions with respect to a purchase of municipal bonds,
 3 bond anticipation notes, registered warrants, tax or revenue
 4 anticipation notes, or other notes by the board, including:

5 (a) the date and maturities of the bonds, bond
 6 anticipation notes, registered warrants, tax or revenue
 7 anticipation notes, or other notes;

8 (b) provisions as to redemption or payment before
 9 maturity; and

10 (c) any other matters judged by the board to be
 11 necessary, desirable, or advisable for the purchase or loan;

12 (8) in connection with any loan to a local government
 13 unit or purchase of municipal bonds, bond anticipation
 14 notes, registered warrants, tax or revenue anticipation
 15 notes, or other notes of a local government unit, to
 16 consider:

17 (a) the lawfulness and validity of the purpose to be
 18 served by the loan or purchase;

19 (b) the ability of the local government unit to secure
 20 borrowed money from other sources and the costs thereof;

21 (c) the ability of the local government unit to repay
 22 the loan, notes, or bonds;

23 (d) the priority of need for the particular public
 24 improvement or purpose to be financed; and

25 (e) varying the terms and conditions of its loans or

1 purchases as between various local government units in
 2 accordance with their respective priorities and credit
 3 worthiness;

4 (9) to conduct examinations and hearings and to hear
 5 testimony and take proof, under oath or affirmation, at
 6 public or private hearings, on any matter material to its
 7 information and necessary to carry out this part;

8 (10) to issue subpoenas requiring the attendance of
 9 witnesses and the production of books and papers pertinent
 10 to any hearing before the board;

11 (11) to appoint, employ, or contract for the services
 12 of officers, employees, agents, financial or professional
 13 advisers, and attorneys and to pay such compensation for
 14 their services as the board may determine;

15 (12) to procure insurance against any losses in
 16 connection with its property, operations, or assets in such
 17 amounts and from such insurers as it considers desirable;

18 (13) to the extent permitted under its contracts with
 19 the holders of bonds or notes of the board, to consent to
 20 modification of the rate of interest, the time for payment
 21 of any installment of principal or interest, or the security
 22 for any other term of a bond, bond anticipation note, note,
 23 contract, or agreement of any kind to which the board is a
 24 party; and

25 (14) to do all acts and things necessary, convenient,

1 or desirable to carry out the powers expressly granted or
2 necessarily implied in this part."

3 SECTION 12. SECTION 20-9-212, MCA, IS AMENDED TO READ:

4 "20-9-212. Duties of county treasurer. The county
5 treasurer of each county shall:

6 (1) receive and hold all school money subject to
7 apportionment and keep a separate accounting of its
8 apportionment to the several districts which are entitled to
9 a portion of such money according to the apportionments
10 ordered by the county superintendent. A separate accounting
11 shall be maintained for each county fund supported by a
12 countywide levy for a specific, authorized purpose,
13 including:

14 (a) the basic county tax in support of the elementary
15 foundation programs;

16 (b) the basic special tax for high schools in support
17 of the high school foundation programs;

18 (c) the county tax in support of the county's high
19 school transportation obligation;

20 (d) the county tax in support of the high school
21 obligations to the retirement systems of the state of
22 Montana;

23 (e) any additional county tax required by law to
24 provide for deficiency financing of the elementary
25 foundation programs;

1 (f) any additional county tax required by law to
2 provide for deficiency financing of the high school
3 foundation programs; and

4 (g) any other county tax for schools, including the
5 community colleges, which may be authorized by law and
6 levied by the county commissioners;

7 (2) whenever requested, notify the county
8 superintendent and the superintendent of public instruction
9 of the amount of county school money on deposit in each of
10 the funds enumerated in subsection (1) of this section and
11 the amount of any other school money subject to
12 apportionment and apportion such county and other school
13 money to the districts in accordance with the apportionment
14 ordered by the county superintendent;

15 (3) keep a separate accounting of the expenditures for
16 each budgeted fund included in the final budget of each
17 district;

18 (4) keep a separate accounting of the receipts,
19 expenditures, and cash balances for each budgeted fund
20 included in the final budget of each district and for each
21 nonbudgeted fund established by each district;

22 (5) except as otherwise limited by law, pay all
23 warrants properly drawn on the county or district school
24 money and properly endorsed by their holders;

25 (6) receive all revenue collected by and for each

1 district and deposit these receipts in the fund designated
 2 by law or by the district if no fund is designated by law.
 3 Interest and penalties on delinquent school taxes shall be
 4 credited to the same fund and district for which the
 5 original taxes were levied.

6 (7) send all revenues received for a joint district,
 7 part of which is situated in his county, to the county
 8 treasurer designated as the custodian of such revenues, no
 9 later than December 15 of each year and every 3 months
 10 thereafter until the end of the school fiscal year;

11 (8) at the direction of the trustees of a district,
 12 assist the district in the issuance and sale of tax and
 13 revenue anticipation notes as provided in [sections 1
 14 through 8];

15 (9) register district warrants drawn on a budgeted
 16 fund in accordance with 7-6-2604 when there is insufficient
 17 money available in the sum of money in all funds of the
 18 district to make payment of such warrant. Redemption of
 19 registered warrants shall be made in accordance with
 20 7-6-2116, 7-6-2605, and 7-6-2606.

21 (10) invest the money of any district as directed by
 22 the trustees of the district;

23 (11) give each month to the trustees of each
 24 district an itemized report for each fund maintained by the
 25 district, showing the paid warrants, outstanding warrants,

1 registered warrants, amounts and types of revenue received,
 2 and the cash balance; and

3 ~~(11)~~(12) remit promptly to the state treasurer receipts
 4 for the county tax for a postsecondary vocational-technical
 5 center when levied by the board of county commissioners."

6 NEW SECTION. Section 13. Extension of authority. Any
 7 existing authority of the Montana economic development board
 8 to make rules on the subject of the provisions of this act
 9 is extended to the provisions of this act.

10 NEW SECTION. Section 14. Effective date. This act is
 11 effective on passage and approval.

-End-

1 SENATE BILL NO. 461

2 INTRODUCED BY FULLER, MAZUREK

3 BY REQUEST OF THE MONTANA ECONOMIC

4 DEVELOPMENT BOARD

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES,
7 CITIES, CONSOLIDATED CITIES AND COUNTIES, TOWNS, AND SCHOOL
8 DISTRICTS TO ISSUE TAX AND REVENUE ANTICIPATION NOTES TO BE
9 SOLD AT PAR OR DISCOUNT AT PUBLIC SALE OR AT PRIVATE SALE TO
10 THE MONTANA ECONOMIC DEVELOPMENT BOARD UNDER THE PROVISIONS
11 OF THE MUNICIPAL FINANCE CONSOLIDATION ACT; PROVIDING THAT
12 THE PURCHASE OF SUCH NOTES AND ISSUANCE OF NOTES BY THE
13 BOARD FOR SUCH PURCHASE ARE EXEMPT FROM THE DOLLAR
14 LIMITATIONS CONTAINED IN THE MUNICIPAL FINANCE CONSOLIDATION
15 ACT; DELETING THE LOAN LIMITATION IN SECTION 17-5-1608(1),
16 MCA; PROVIDING FOR THE RESPONSIBILITIES OF THE COUNTY
17 TREASURERS IN THE ISSUANCE OF SUCH NOTES BY SCHOOL
18 DISTRICTS; EXEMPTING THE TAX AND REVENUE ANTICIPATION NOTES
19 FROM THE DEBT LIMITATIONS ON SUCH LOCAL GOVERNMENTS;
20 AMENDING SECTIONS 17-5-1606, 17-5-1608, AND 17-5-1611, AND
21 20-9-212, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
22

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

24 NEW SECTION. Section 1. Definitions. As used in
25 [sections 1 through 8], unless the context clearly requires

1 otherwise, the following definitions apply:

2 (1) "Governing body" means the legislative authority
3 of a local government, by whatever name designated.

4 (2) "Local government" means any city, town, county,
5 consolidated city-county, or school district.

6 (3) "Ordinance" means an ordinance or resolution of
7 the local government.

8 (4) "Short-term obligations" are tax anticipation
9 notes or revenue anticipation notes that mature at a time
10 not to exceed 13 months from the date issued.

11 NEW SECTION. Section 2. Short-term obligations
12 authorized. A local government may issue and sell short-term
13 obligations as provided in [sections 1 through 8] in
14 anticipation of taxes or revenues budgeted to be received
15 and appropriated for expenditure during the fiscal year in
16 which the obligations are issued. The proceeds of the
17 obligations may be expended solely for the purposes for
18 which the taxes or revenues were appropriated and for costs
19 and expenses incident to the issuance and sale thereof.
20 Pending expenditure, the proceeds may be invested as
21 provided by law. The principal and interest on short-term
22 obligations must be repaid from the money derived from the
23 taxes and revenues in anticipation of which they were
24 issued, income from investment of the proceeds of the
25 obligations, and any money otherwise legally available for

REFERENCE BILL

1 this purpose.

2 NEW SECTION. Section 3. Issuance and sale of
3 short-term obligations -- procedure. (1) The issuance of
4 short-term obligations must be authorized by an ordinance of
5 the governing body that fixes the maximum amount of the
6 obligations to be issued or, if applicable, the maximum
7 amount which may be outstanding at any time, the maximum
8 term and interest rate or rates to be borne thereby, the
9 manner of sale, maximum price, form including bearer or
10 registered as provided in Title 17, chapter 5, part 11,
11 terms, conditions, and the covenants of the obligations.
12 Short-term obligations issued under this section shall bear
13 such fixed or variable rate or rates of interest as the
14 governing body considers to be in the best interests of the
15 local government. Variable rates of interest may be fixed in
16 relationship to such standard or index as the governing body
17 designates.

18 (2) The governing body may sell the short-term
19 obligations at par or at a discount:

20 (a) at private negotiated sale to the Montana economic
21 development board as provided in Title 17, chapter 5, part
22 16; or

23 (b) at public sale to any other person. Any public
24 sale must be noticed as provided in 7-7-4434(2).

25 NEW SECTION. Section 4. Refunding and renewal of

1 short-term obligations. Short-term obligations may, from
2 time to time, be renewed or refunded by the issuance of
3 short-term obligations. Short-term obligations may not be
4 renewed or refunded to a date later than 6 months from the
5 end of the fiscal year in which the original short-term
6 obligation was issued.

7 NEW SECTION. Section 5. Short-term obligations --
8 security. Short-term obligations are general obligations of
9 the local government and must be secured by the taxes and
10 revenues in anticipation of which the short-term obligations
11 were issued and in such other manner as set forth in the
12 ordinance authorizing their issuance.

13 NEW SECTION. Section 6. Funds for payment of
14 principal and interest. For the purpose of providing funds
15 for the payment of principal of and interest on short-term
16 obligations, the governing body may authorize the creation
17 of a special fund or funds and provide for the payment from
18 authorized sources to such funds of amounts sufficient to
19 meet principal and interest requirements.

20 NEW SECTION. Section 7. Local government debt
21 limitations not to apply to short-term obligations. The debt
22 limitations for local governments in Title 7, chapter 7, and
23 Title 20, chapter 9, do not apply to short-term obligations
24 issued in accordance with [sections 1 through 8].

25 NEW SECTION. Section 8. Authority cumulative. The

1 authority granted by [sections 1 through 8] is in addition
2 and supplemental to any other authority granted and does not
3 limit any other authority previously granted to any local
4 government.

5 Section 9. Section 17-5-1606, MCA, is amended to read:

6 "17-5-1606. Bonds, bond anticipation notes, and notes
7 of the board. (1) The board may by resolution, from time to
8 time, issue negotiable notes and bonds to finance loans or
9 refinance its loans to local government units and its
10 purchases of their bonds, registered warrants, and tax or
11 revenue anticipation notes and other notes, to establish or
12 replenish reserves securing the payment of its bonds and
13 notes, and to finance all other expenditures of the board
14 incident to and necessary or convenient to carry out this
15 part.

16 (2) The board may by resolution, from time to time:

17 (a) issue notes to renew notes and bonds to pay notes,
18 including interest;

19 (b) whenever it considers refunding expedient, refund
20 any bonds by the issuance of new bonds, whether the bonds to
21 be refunded have or have not matured; and

22 (c) issue bonds partly to refund bonds outstanding and
23 partly for any of its other purposes.

24 (3) The board may by resolution, from time to time, in
25 anticipation of the sale of its securities under this part,

1 issue temporary notes and renewal notes.

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

8 (5) The notes and bonds must be authorized by
9 resolutions of the board, shall bear a date, and shall
10 mature at times as the resolutions provide. The bonds may
11 be issued as serial bonds payable in annual installments or
12 as term bonds or as a combination thereof. The notes and
13 bonds shall bear interest at a rate or rates; be in
14 denominations; be in a form, either coupon or registered;
15 carry registration privileges; be executed in a manner; be
16 payable in a medium of payment, at places inside or outside
17 the state; and be subject to terms of redemption as provided
18 in resolutions of the board. The notes and bonds of the
19 board may be sold at public or private sale at such prices,
20 which may be above or below par, as are determined by the
21 board."

22 Section 10. Section 17-5-1608, MCA, is amended to
23 read:

24 "17-5-1608. Limitations on amounts. The board may not:
25 ~~{1}--make-any-loans-to-or-purchase-the-bonds--or--notes~~

1 ~~of any single local government unit in an amount greater~~
 2 ~~than \$500,000 per single loan, bond issue, or note~~ except
 3 ~~that this limit does not apply to a loan to or purchase by~~
 4 ~~the board of registered warrants or tax or revenue~~
 5 ~~anticipation notes, or~~

6 (2) issue any bonds or notes that cause the total
 7 outstanding indebtedness of the board under this part
 8 (except for bonds or notes issued to fund or refund other
 9 outstanding bonds or notes or to purchase registered
 10 warrants or tax or revenue anticipation notes of a local
 11 government as defined in [section 1]) to exceed \$25
 12 million."

13 Section 11. Section 17-5-1611, MCA, is amended to
 14 read:

15 "17-5-1611. Additional powers of the board. In
 16 addition to all other powers conferred on the board by this
 17 part or any other law, the board has the power:

18 (1) to purchase or hold municipal bonds, bond
 19 anticipation notes, registered warrants, tax or revenue
 20 anticipation notes, or other notes at prices and in a manner
 21 the board considers advisable;

22 (2) to sell municipal bonds, bond anticipation notes,
 23 registered warrants, tax or revenue anticipation notes, or
 24 other notes acquired or held by it at prices without
 25 relation to cost and in a manner the board considers

1 advisable;

2 (3) to invest funds or money acquired by the board as
 3 provided in 17-5-1641;

4 (4) to prescribe the form of application or procedure
 5 required of a local government unit for a loan or purchase
 6 of its municipal bonds, bond anticipation notes, registered
 7 warrants, tax or revenue anticipation notes, or other notes;
 8 fix the terms and conditions of the loan or purchase; and
 9 enter into agreements with local government units with
 10 respect to loans or purchases;

11 (5) to render services to local government units in
 12 connection with public or private sales of their municipal
 13 bonds, bond anticipation notes, registered warrants, tax or
 14 revenue anticipation notes, or other notes that are eligible
 15 for purchase by the board under this part, including
 16 advisory and other services, and charge the local government
 17 units for such services;

18 (6) to charge for its costs and services in reviewing
 19 or acting upon a proposed loan to a local government unit or
 20 a proposed purchase by the board of municipal bonds, bond
 21 anticipation notes, registered warrants, tax or revenue
 22 anticipation notes, or other notes of the local government
 23 unit, whether or not the loan is made or the municipal
 24 bonds, bond anticipation notes, registered warrants, tax or
 25 revenue anticipation notes, or other notes are purchased;

1 (7) to fix and establish terms, interest rates, and
 2 provisions with respect to a purchase of municipal bonds,
 3 bond anticipation notes, registered warrants, tax or revenue
 4 anticipation notes, or other notes by the board, including:

5 (a) the date and maturities of the bonds, bond
 6 anticipation notes, registered warrants, tax or revenue
 7 anticipation notes, or other notes;

8 (b) provisions as to redemption or payment before
 9 maturity; and

10 (c) any other matters judged by the board to be
 11 necessary, desirable, or advisable for the purchase or loan;

12 (8) in connection with any loan to a local government
 13 unit or purchase of municipal bonds, bond anticipation
 14 notes, registered warrants, tax or revenue anticipation
 15 notes, or other notes of a local government unit, to
 16 consider:

17 (a) the lawfulness and validity of the purpose to be
 18 served by the loan or purchase;

19 (b) the ability of the local government unit to secure
 20 borrowed money from other sources and the costs thereof;

21 (c) the ability of the local government unit to repay
 22 the loan, notes, or bonds;

23 (d) the priority of need for the particular public
 24 improvement or purpose to be financed; and

25 (e) varying the terms and conditions of its loans or

1 purchases as between various local government units in
 2 accordance with their respective priorities and credit
 3 worthiness;

4 (9) to conduct examinations and hearings and to hear
 5 testimony and take proof, under oath or affirmation, at
 6 public or private hearings, on any matter material to its
 7 information and necessary to carry out this part;

8 (10) to issue subpoenas requiring the attendance of
 9 witnesses and the production of books and papers pertinent
 10 to any hearing before the board;

11 (11) to appoint, employ, or contract for the services
 12 of officers, employees, agents, financial or professional
 13 advisers, and attorneys and to pay such compensation for
 14 their services as the board may determine;

15 (12) to procure insurance against any losses in
 16 connection with its property, operations, or assets in such
 17 amounts and from such insurers as it considers desirable;

18 (13) to the extent permitted under its contracts with
 19 the holders of bonds or notes of the board, to consent to
 20 modification of the rate of interest, the time for payment
 21 of any installment of principal or interest, or the security
 22 for any other term of a bond, bond anticipation note, note,
 23 contract, or agreement of any kind to which the board is a
 24 party; and

25 (14) to do all acts and things necessary, convenient,

1 or desirable to carry out the powers expressly granted or
2 necessarily implied in this part."

3 SECTION 12. SECTION 20-9-212, MCA, IS AMENDED TO READ:

4 "20-9-212. Duties of county treasurer. The county
5 treasurer of each county shall:

6 (1) receive and hold all school money subject to
7 apportionment and keep a separate accounting of its
8 apportionment to the several districts which are entitled to
9 a portion of such money according to the apportionments
10 ordered by the county superintendent. A separate accounting
11 shall be maintained for each county fund supported by a
12 countywide levy for a specific, authorized purpose,
13 including:

14 (a) the basic county tax in support of the elementary
15 foundation programs;

16 (b) the basic special tax for high schools in support
17 of the high school foundation programs;

18 (c) the county tax in support of the county's high
19 school transportation obligation;

20 (d) the county tax in support of the high school
21 obligations to the retirement systems of the state of
22 Montana;

23 (e) any additional county tax required by law to
24 provide for deficiency financing of the elementary
25 foundation programs;

1 (f) any additional county tax required by law to
2 provide for deficiency financing of the high school
3 foundation programs; and

4 (g) any other county tax for schools, including the
5 community colleges, which may be authorized by law and
6 levied by the county commissioners;

7 (2) whenever requested, notify the county
8 superintendent and the superintendent of public instruction
9 of the amount of county school money on deposit in each of
10 the funds enumerated in subsection (1) of this section and
11 the amount of any other school money subject to
12 apportionment and apportion such county and other school
13 money to the districts in accordance with the apportionment
14 ordered by the county superintendent;

15 (3) keep a separate accounting of the expenditures for
16 each budgeted fund included in the final budget of each
17 district;

18 (4) keep a separate accounting of the receipts,
19 expenditures, and cash balances for each budgeted fund
20 included in the final budget of each district and for each
21 nonbudgeted fund established by each district;

22 (5) except as otherwise limited by law, pay all
23 warrants properly drawn on the county or district school
24 money and properly endorsed by their holders;

25 (6) receive all revenue collected by and for each

1 district and deposit these receipts in the fund designated
 2 by law or by the district if no fund is designated by law.
 3 Interest and penalties on delinquent school taxes shall be
 4 credited to the same fund and district for which the
 5 original taxes were levied.

6 (7) send all revenues received for a joint district,
 7 part of which is situated in his county, to the county
 8 treasurer designated as the custodian of such revenues, no
 9 later than December 15 of each year and every 3 months
 10 thereafter until the end of the school fiscal year;

11 (8) at the direction of the trustees of a district,
 12 assist the district in the issuance and sale of tax and
 13 revenue anticipation notes as provided in [sections 1
 14 through 8];

15 ~~(8)~~(9) register district warrants drawn on a budgeted
 16 fund in accordance with 7-6-2604 when there is insufficient
 17 money available in the sum of money in all funds of the
 18 district to make payment of such warrant. Redemption of
 19 registered warrants shall be made in accordance with
 20 7-6-2116, 7-6-2605, and 7-6-2606.

21 ~~(9)~~(10) invest the money of any district as directed by
 22 the trustees of the district;

23 ~~(10)~~(11) give each month to the trustees of each
 24 district an itemized report for each fund maintained by the
 25 district, showing the paid warrants, outstanding warrants,

1 registered warrants, amounts and types of revenue received,
 2 and the cash balance; and

3 ~~(11)~~(12) remit promptly to the state treasurer receipts
 4 for the county tax for a postsecondary vocational-technical
 5 center when levied by the board of county commissioners."

6 NEW SECTION. Section 13. Extension of authority. Any
 7 existing authority of the Montana economic development board
 8 to make rules on the subject of the provisions of this act
 9 is extended to the provisions of this act.

10 NEW SECTION. Section 14. Effective date. This act is
 11 effective on passage and approval.

-End-