

SENATE BILL NO. 9

INTRODUCED BY GALT, STIMATZ, IVERSON,
KOLSTAD, NEUMAN, BOYLAN, LANE, TOWE

IN THE SENATE

March 26, 1986	Introduced and referred to Committee on Taxation.
March 27, 1986	Committee recommend bill do pass. Report adopted.
	Second reading, do pass.
	Third reading, passed. Ayes, 49; Noes, 0.
	Transmitted to House.

IN THE HOUSE

March 27, 1986	Introduced and referred to Committee on Natural Resources.
March 28, 1986	Committee recommend bill be concurrent in. Report adopted.
	Second reading, concurred in.
	Third reading, concurred in.
	Returned to Senate.

IN THE SENATE

March 29, 1986	Received from House.
	Sent to enrolling.
	Reported correctly enrolled.

REFER TO
TAXATION

1
2 INTRODUCED BY *Senate* BILL NO. *9*
3 *Jeff Stinson, Inessa Kozel*
4 *Deanna Doyle, LANE* *Dwe*
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FUNDING TO
6 ENABLE THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
7 TO ISSUE ADDITIONAL GENERAL OBLIGATION WATER DEVELOPMENT
8 BONDS; AMENDING SECTIONS 85-1-603, 85-1-604, AND 85-1-617,
9 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 Section 1. Section 85-1-603, MCA, is amended to read:
12 "85-1-603. Water development debt service fund created
13 -- coal severance tax allocated. (1) There is created a
14 water development debt service fund within the debt service
15 fund type established in 17-2-102.
16 (2) The state pledges and allocates and directs to be
17 credited to the water development debt service fund, as
18 received:
19 (a) 1 1/4% of all money from time to time received
20 from the coal severance tax collected under Title 15,
21 chapter 35, and remaining after allocation of such tax to
22 the trust fund established under Article IX, section 5, of
23 The Constitution of the State of Montana;
24 (b) any principal and accrued interest received in
25 repayment of a loan made from the proceeds of bonds issued

1 under 85-1-617;
2 (c) all interest income earned on proceeds of water
3 development bonds; and
4 (d) revenue or money otherwise required to be paid
5 into the water development state special revenue account
6 pursuant to 85-1-604, as determined by the board of
7 examiners in connection with the issuance of bonds pursuant
8 to 85-1-617."
9 Section 2. Section 85-1-604, MCA, is amended to read:
10 "85-1-604. Water development state special revenue
11 account created -- revenues allocated -- limitations on
12 appropriations from account. (1) There is created a water
13 development state special revenue account within the state
14 special revenue fund established in 17-2-102.
15 (2) There Except to the extent that they are required
16 to be credited to the water development debt service fund
17 pursuant to 85-1-603, there shall be paid into the water
18 development state special revenue account:
19 (a) all revenues of the works and other money as
20 provided in 85-1-332;
21 (b) 30% of the interest income of the resource
22 indemnity trust fund as provided in and subject to the
23 conditions of 15-38-20;
24 (c) the excess of the coal severance tax proceeds
25 allocated by 85-1-603 to the water development debt service

1 fund above debt service requirements as provided in and
2 subject to the conditions of 85-1-619; and

3 ~~{d}--any-principal-and--accrued--interest--received--in~~
4 ~~repayment--of--a-loan-made-from-the-proceeds-of-bonds-issued~~
5 ~~under-85-1-617;~~

6 ~~{e}{d}~~ any fees or charges collected by the department
7 pursuant to 85-1-616 for the servicing of loans, including
8 arrangements for obtaining security interests; and

9 ~~{f}--all--interest--income--earned-on-proceeds-of-water~~
10 ~~development-bonds.~~

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

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

22 (b) An amount less than or equal to that paid into the
23 account from the resource indemnity trust, account plus any
24 excess from subsection (3)(a) and only that amount may be
25 appropriated from the account for:

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

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

6 (iii) the development of the hydropower potential of
7 state-owned dams;

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

11 (v) the promotion of the development of offstream and
12 tributary storage;

13 (vi) the promotion of joint state-tribal,
14 state-federal, and state-tribal-federal water development;

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

20 (viii) any other expenditures that meet the policies
21 and objectives of the state water development program.

22 (c) An amount less than or equal to that paid into the
23 account from the sources provided for in (c) through ~~{f}~~ and
24 {d} of subsection (2) and only that amount may be
25 appropriated from the account for loans and grants for water

development projects and activities; for administrative expenses, including but not limited to the salaries and expenses of personnel, equipment, and office space; for the servicing of loans, including arrangements for obtaining security interests; and for other necessities incurred in administering the loans and grants."

Section 3. Section 85-1-617, MCA, is amended to read:

"85-1-617. Issuing bonds. (1) When authorized by the legislature and within the limits of the authorization and within the further limitations established in this section, the board of examiners may issue and sell water development bonds of the state in the amount and manner it considers necessary and proper to finance the water development loan program. The full faith and credit and taxing powers of the state are 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 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 provisions for conversion or exchange and for the issuance of notes in anticipation of the issuance of definitive

bonds, bearing interest at such rate or rates, maturing at such rate or rates, maturing at such time or times not exceeding 30 years from date of issue, subject to optional or mandatory redemption at such earlier times and prices and upon such notice, with such provisions for payment and discharge by the deposit of funds or securities in escrow for that purpose, and payable at the office of such banking institution or institutions within or outside the state, as the board of examiners shall determine subject to the limitations contained in this section and 17-5-731.

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

(4) In all other respects, the board of examiners is

1 authorized to prescribe the form and terms of the bonds and
 2 notes and shall do whatever is lawful and necessary for
 3 their issuance and payment. Such bonds, notes, and any
 4 interest coupons appurtenant thereto must be signed by the
 5 members of the board of examiners, and the bonds and notes
 6 must be issued under the great seal of the state of Montana.
 7 The bonds, notes, and coupons may be executed with facsimile
 8 signatures and seal in the manner and subject to the
 9 limitations prescribed by law. The state treasurer shall
 10 keep a record of all such bonds and notes issued and sold.

11 (5) There is created a water development account
 12 within the state special revenue fund established in
 13 17-2-102.

14 (6) All proceeds of bonds or notes issued under this
 15 section, other than refunding bonds, must be deposited in
 16 the water development account established in subsection (5),
 17 except that any principal and accrued interest received in
 18 repayment of a loan made from the proceeds of bonds issued
 19 under this section must be deposited in the water
 20 development ~~state--special--revenue--account--pursuant--to~~
 21 ~~85-1-604~~ debt service fund pursuant to 85-1-603. All
 22 proceeds of refunding bonds must be deposited in the water
 23 development debt service fund and applied to the payment and
 24 redemption of outstanding bonds issued under this section as
 25 directed by the board, whether at maturity or on any earlier

1 date on which they may be prepaid according to their terms.
 2 (7) All actions taken by the board of examiners under
 3 this section or 85-1-619 must be authorized by a vote of a
 4 majority of the members of the board of examiners."
 5 NEW SECTION. Section 4. Effective date. This act is
 6 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB009, Version: as originally introduced.

Description of Proposed Legislation:

An act to enable DNRC to issue additional general obligation water development bonds.

Assumptions:

- 1) All additional general obligation bonds sold under the proposed legislation will be used to provide loans to private persons.
- 2) Current federal legislation prevents the use of Resource Interest Trust (RIT) funds as pledge for future bond issues.
- 3) Revenues from loan repayments and interest income will be adequate to fully pledge the new bond issue.

Fiscal Impact:Expenditures:

	<u>FY 86</u>			<u>FY87</u>		
	Current	Proposed	Net	Current	Proposed	Net
Grants	92,000	(92,000)		126,000	(126,000)	
Benefits	-0-	92,000	-0-	-0-	126,000	-0-
State Special Revenue	92,000	-0-	-0-	126,000	-0-	-0-

NO NET IMPACT.

Revenue:

None.

Affect on County or Other Local Revenue or Expenditures:

None.

David L. Hunter 3/26/86
BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Jack O'Neil 3/26/86
PRIMARY SPONSOR DATE

Fiscal Note for SB009
as originally introduced

SB009

~~as originally introduced~~

March 26, 1986

Page 2

Long-Range Effects of Proposed Legislation:

There is a potential long-range general fund impact as current loan repayments and interest are used by the department to pay operational costs in the water development programs and to repair and maintain state owned water projects. If these revenues are used for bond pledges operational costs and maintenance on state projects may require general fund support.

Technical or Mechanical Defects in Proposed Legislation or Conflicts With Existing Legislation:

The proposed legislation obligates revenues already obligated in 85-1-617(6) MCA.

APPROVED BY COMMITTEE
ON TAXATION

2nd reading dispensed

SENATE BILL NO. 9

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FUNDING TO
ENABLE THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TO ISSUE ADDITIONAL GENERAL OBLIGATION WATER DEVELOPMENT
BONDS; AMENDING SECTIONS 85-1-603, 85-1-604, AND 85-1-617,
MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 85-1-603, MCA, is amended to read:

"85-1-603. Water development debt service fund created
-- coal severance tax allocated. (1) There is created a
water development debt service fund within the debt service
fund type established in 17-2-102.

(2) The state pledges and allocates and directs to be
credited to the water development debt service fund, as
received:

(a) 1 1/4% of all money from time to time received
from the coal severance tax collected under Title 15,
chapter 35, and remaining after allocation of such tax to
the trust fund established under Article IX, section 5, of
The Constitution of the State of Montana;

(b) any principal and accrued interest received in
repayment of a loan made from the proceeds of bonds issued

under 85-1-617;

(c) all interest income earned on proceeds of water
development bonds; and

(d) revenue or money otherwise required to be paid
into the water development state special revenue account
pursuant to 85-1-604, as determined by the board of
examiners in connection with the issuance of bonds pursuant
to 85-1-617."

Section 2. 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.

(2) There Except to the extent that they are required
to be credited to the water development debt service fund
pursuant to 85-1-603, there shall be paid into the water
development 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 15-38-20;

(c) the excess of the coal severance tax proceeds
allocated by 85-1-603 to the water development debt service

1 fund above debt service requirements as provided in and
2 subject to the conditions of 85-1-619; and

3 ~~{d}--any-principal-and--accrued--interest--received--in~~
4 ~~repayment--of--a-loan-made-from-the-proceeds-of-bonds-issued~~
5 ~~under-85-1-617;~~

6 ~~te}{d}~~ any fees or charges collected by the department
7 pursuant to 85-1-616 for the servicing of loans, including
8 arrangements for obtaining security interests; ~~and~~

9 ~~{f}--all--interest--income--earned-on-proceeds-of-water~~
10 ~~development-bonds.~~

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

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

22 (b) An amount less than or equal to that paid into the
23 account from the resource indemnity trust, account plus any
24 excess from subsection (3)(a) and only that amount may be
25 appropriated from the account for:

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

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

6 (iii) the development of the hydropower potential of
7 state-owned dams;

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

11 (v) the promotion of the development of offstream and
12 tributary storage;

13 (vi) the promotion of joint state-tribal,
14 state-federal, and state-tribal-federal water development;

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

20 (viii) any other expenditures that meet the policies
21 and objectives of the state water development program.

22 (c) An amount less than or equal to that paid into the
23 account from the sources provided for in (c) through ~~{f}~~ and
24 {d} of subsection (2) and only that amount may be
25 appropriated from the account for loans and grants for water

1 development projects and activities; for administrative
2 expenses, including but not limited to the salaries and
3 expenses of personnel, equipment, and office space; for the
4 servicing of loans, including arrangements for obtaining
5 security interests; and for other necessities incurred in
6 administering the loans and grants."

7 Section 3. Section 85-1-617, MCA, is amended to read:

8 "85-1-617. Issuing bonds. (1) When authorized by the
9 legislature and within the limits of the authorization and
10 within the further limitations established in this section,
11 the board of examiners may issue and sell water development
12 bonds of the state in the amount and manner it considers
13 necessary and proper to finance the water development loan
14 program. The full faith and credit and taxing powers of the
15 state are pledged for the prompt and full payment of all
16 bonds so issued and interest and redemption premiums payable
17 thereon according to their terms.

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

1 bonds, bearing interest at such rate or rates, maturing at
2 such rate or rates, maturing at such time or times not
3 exceeding 30 years from date of issue, subject to optional
4 or mandatory redemption at such earlier times and prices and
5 upon such notice, with such provisions for payment and
6 discharge by the deposit of funds or securities in escrow
7 for that purpose, and payable at the office of such banking
8 institution or institutions within or outside the state, as
9 the board of examiners shall determine subject to the
10 limitations contained in this section and 17-5-731.

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

25 (4) In all other respects, the board of examiners is

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

14 (6) All proceeds of bonds or notes issued under this
 15 section, other than refunding bonds, must be deposited in
 16 the water development account established in subsection (5),
 17 except that any principal and accrued interest received in
 18 repayment of a loan made from the proceeds of bonds issued
 19 under this section must be deposited in the water
 20 development ~~state--special--revenue--account--pursuant--to~~
 21 ~~05-1-604~~ debt service fund pursuant to 85-1-603. All
 22 proceeds of refunding bonds must be deposited in the water
 23 development debt service fund and applied to the payment and
 24 redemption of outstanding bonds issued under this section as
 25 directed by the board, whether at maturity or on any earlier

1 date on which they may be prepaid according to their terms.
 2 (7) All actions taken by the board of examiners under
 3 this section or 85-1-619 must be authorized by a vote of a
 4 majority of the members of the board of examiners."
 5 NEW SECTION. Section 4. Effective date. This act is
 6 effective on passage and approval.

-End-

SENATE BILL NO. 9

INTRODUCED BY GALT, STIMATZ, IVERSON,
KOLSTAD, NEUMAN, BOYLAN, LANE, TOWE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FUNDING TO
ENABLE THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TO ISSUE ADDITIONAL GENERAL OBLIGATION WATER DEVELOPMENT
BONDS; AMENDING SECTIONS 85-1-603, 85-1-604, AND 85-1-617,
MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 85-1-603, MCA, is amended to read:

"85-1-603. Water development debt service fund created
-- coal severance tax allocated. (1) There is created a
water development debt service fund within the debt service
fund type established in 17-2-102.

(2) The state pledges and allocates and directs to be
credited to the water development debt service fund, as
received;

(a) 1 1/4% of all money from time to time received
from the coal severance tax collected under Title 15,
chapter 35, and remaining after allocation of such tax to
the trust fund established under Article IX, section 5, of
The Constitution of the State of Montana;

(b) any principal and accrued interest received in

repayment of a loan made from the proceeds of bonds issued
under 85-1-617;

(c) all interest income earned on proceeds of water
development bonds; and

(d) revenue or money otherwise required to be paid
into the water development state special revenue account
pursuant to 85-1-604, as determined by the board of
examiners in connection with the issuance of bonds pursuant
to 85-1-617."

Section 2. 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.

(2) There Except to the extent that they are required
to be credited to the water development debt service fund
pursuant to 85-1-603, there shall be paid into the water
development 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

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; and

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;~~

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

10 ~~(f)--all--interest--income--earned-on-proceeds-of-water~~
11 ~~development-bonds.~~

12 (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 subsection (3)(b).

23 (b) An amount less than or equal to that paid into the
24 account from the resource indemnity trust account plus any
25 excess from subsection (3)(a) and only that amount may be

1 appropriated from the account for:

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

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

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

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

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

14 (vi) the promotion of joint state-tribal,
15 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 policies
22 and objectives of the state water development program.

23 (c) An amount less than or equal to that paid into the
24 account from the sources provided for in (c) ~~through-(f)~~ and
25 (d) of subsection (2) and only that amount may be

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

8 Section 3. 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 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 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 (2) Each series of water development bonds may be
 20 issued by the board of examiners, upon request of the board
 21 of natural resources and conservation, at public or private
 22 sale, in such denominations and forms, whether payable to
 23 bearer with attached interest coupons or registered as to
 24 principal or as to both principal and interest, with such
 25 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 17-5-731.

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 they are authorized to be issued.

1 (4) In all other respects, the board of examiners is
 2 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 The bonds, notes, and coupons may be executed with facsimile
 9 signatures and seal in the manner and subject to the
 10 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 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 the water development account established in subsection (5),
 18 except that any principal and accrued interest received in
 19 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 ~~85-1-604~~ debt service fund pursuant to 85-1-603. All
 23 proceeds of refunding bonds must be deposited in the water
 24 development debt service fund and applied to the payment and
 25 redemption of outstanding bonds issued under this section as

1 directed by the board, whether at maturity or on any earlier
 2 date on which they may be prepaid according to their terms.
 3 (7) All actions taken by the board of examiners under
 4 this section or 85-1-619 must be authorized by a vote of a
 5 majority of the members of the board of examiners."
 6 NEW SECTION. Section 4. Effective date. This act is
 7 effective on passage and approval.

-End-