



1 House BILL NO. 449  
2 INTRODUCED BY Mark Bradley

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING INVESTMENT OF  
5 PORTIONS OF RETIREMENT FUNDS AND OF THE COAL TAX TRUST IN  
6 VENTURE CAPITAL; DEFINING VENTURE CAPITAL; AND AMENDING  
7 SECTION 17-6-201, MCA."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 17-6-201, MCA, is amended to read:

11 "17-6-201. Unified investment program -- general  
12 provisions. (1) The unified investment program directed by  
13 Article VIII, section 13, of the 1972 Montana constitution  
14 to be provided for public funds shall be administered by the  
15 board of investments and the Montana economic development  
16 board in accordance with Article VIII, section 13, of the  
17 Montana constitution and the prudent expert principle which  
18 requires any investment manager to:

19 (a) discharge his duties with the care, skill,  
20 prudence, and diligence, under the circumstances then  
21 prevailing, that a prudent person acting in a like capacity  
22 with the same resources and familiar with like matters  
23 exercises in the conduct of an enterprise of a like  
24 character with like aims;

25 (b) diversify the holdings of each fund within the

1 unified investment program to minimize the risk of loss and  
2 to maximize the rate of return, unless under the  
3 circumstances it is clearly prudent not to do so; and

4 (c) discharge his duties solely in the interest of and  
5 for the benefit of the funds forming the unified investment  
6 program.

7 (2) Retirement funds may be invested in common stocks  
8 of any corporation provided that no investment may be made  
9 at any time which would cause the book value of such  
10 investments in any retirement fund to exceed 50% of the book  
11 value of such fund or would cause the stock of one  
12 corporation to exceed 2% of the book value of such  
13 retirement fund.

14 ~~(3) Nothing contained in this section prevents the~~  
15 ~~investment in any business activity in Montana, including~~  
16 ~~activities that continue existing jobs or create new jobs in~~  
17 ~~Montana, if the investment meets the standard of care~~  
18 ~~required by this section: (a) The prudent expert principle~~  
19 is interpreted to allow for the investment of up to 2% of  
20 retirement funds and of up to 5% of coal tax trust funds in  
21 venture capital. At least 50% of the venture capital  
22 investments must be in small businesses having 50% of their  
23 assets or employees within this state or in venture capital  
24 firms with their principal offices or more than 50% of their  
25 assets within this state.



1        (b) An investment is a venture capital investment if  
 2        it results in the acquisition of debt, revenue, warrants, or  
 3        equity interests, either singly or in combination, in a  
 4        business that is expected to grow substantially in the  
 5        future and in which the expected return on investment is to  
 6        come predominantly from an increase in value of the nondebt  
 7        interests.

8        (c) In discharging its duties, the board of  
 9        investments and the Montana economic development board shall  
 10       consider the preservation of purchasing power of capital  
 11       during periods of high monetary inflation.

12       (4) The board of investments has the sole authority to  
 13       invest state funds other than the Montana in-state  
 14       investment fund. No other agency may invest such state  
 15       funds. The board shall direct the investment of state funds  
 16       in accordance with the laws and constitution of this state.  
 17       The board has the power to veto any investments made under  
 18       its general supervision.

19       (5) The board of investments shall:

20       (a) assist agencies with public money to determine if,  
 21       when, and how much surplus cash is available for investment;

22       (b) determine the amount of surplus treasury cash to  
 23       be invested;

24       (c) determine the type of investment to be made;

25       (d) prepare the claim to pay for the investment; and

1        (e) keep an account of the total of each investment  
 2        fund and of all the investments belonging to such fund and a  
 3        record of the participation of each treasury fund account  
 4        therein.

5        (6) The board of investments may:

6        (a) execute deeds of conveyance transferring all real  
 7        property obtained through foreclosure of any investments  
 8        purchased under the provisions of 17-6-211 when full payment  
 9        has been received therefor;

10       (b) direct the withdrawal of any funds deposited by or  
 11       for the state treasurer pursuant to 17-6-101 and 17-6-105;

12       (c) direct the sale of any securities in the program  
 13       at their full and true value when found necessary to raise  
 14       money for payments due from the treasury funds for which the  
 15       securities have been purchased.

16       (7) The cost of administering and accounting for each  
 17       investment fund shall be deducted from the income therefrom,  
 18       except that such costs of the nonexpendable trust funds  
 19       shall be paid from income otherwise receivable from the  
 20       pooled investment fund, and the amounts required for this  
 21       purpose shall be appropriated by the legislature from the  
 22       respective investment funds."

23       NEW SECTION. Section 2. Extension of authority. Any  
 24       existing authority of the board of investments and the  
 25       Montana economic development board to make rules on the

LC 1556/01

- 1 subject of the provisions of this act is extended to the
- 2 provisions of this act.

-End-

APPROVED BY COMM. ON  
BUSINESS AND LABOR

HOUSE BILL NO. 449

INTRODUCED BY MARKS, BRADLEY

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING INVESTMENT OF PORTIONS OF RETIREMENT FUNDS AND OF THE COAL-TAX TRUST IN VENTURE CAPITAL; DEFINING VENTURE CAPITAL; AND AMENDING SECTION 17-6-201, MCA."

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

Section 1. Section 17-6-201, MCA, is amended to read:

"17-6-201. Unified investment program -- general provisions. (1) The unified investment program directed by Article VIII, section 13, of the 1972 Montana constitution to be provided for public funds shall be administered by the board of investments and the Montana economic development board in accordance with Article VIII, section 13, of the Montana constitution and the prudent expert principle which requires any investment manager to:

(a) discharge his duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims;

(b) diversify the holdings of each fund within the

unified investment program to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and

(c) discharge his duties solely in the interest of and for the benefit of the funds forming the unified investment program.

(2) Retirement funds may be invested in common stocks of any corporation provided that no investment may be made at any time which would cause the book value of such investments in any retirement fund to exceed 50% of the book value of such fund or would cause the stock of one corporation to exceed 2% of the book value of such retirement fund.

~~(3) Nothing contained in this section prevents the investment in any business activity in Montana, including activities that continue existing jobs or create new jobs in Montana, if the investment meets the standard of care required by this section. (a) The prudent expert principle is interpreted to allow for the investment of up to 2% of retirement funds and of up to 5% of coal tax trust funds in venture capital. At least 50% of the venture capital investments must be in small businesses having 50% of their assets or employees within this state or in venture capital firms with their principal offices or more than 50% of their assets within this state.~~ NOTHING CONTAINED IN THIS SECTION

1 PREVENTS THE INVESTMENT IN ANY BUSINESS ACTIVITY IN MONTANA,  
2 INCLUDING ACTIVITIES THAT CONTINUE EXISTING JOBS OR CREATE  
3 NEW JOBS IN MONTANA.

4 (A) THE BOARD OF INVESTMENTS IS URGED UNDER THE  
5 PRUDENT EXPERT PRINCIPLE TO INVEST UP TO 3% OF RETIREMENT  
6 FUNDS IN VENTURE CAPITAL COMPANIES.

7 ~~{b)--An--investment--is--a--venture--capital--investment--if~~  
8 ~~it--results--in--the--acquisition--of--debt,--revenue,--warrants,--or~~  
9 ~~equity--interests,--either--singly--or--in--combination,--in--a~~  
10 ~~business--that--is--expected--to--grow--substantially--in--the~~  
11 ~~future--and--in--which--the--expected--return--on--investment--is--to~~  
12 ~~come--predominantly--from--an--increase--in--value--of--the--nondebt~~  
13 ~~interests;~~

14 {c)}(B) In discharging its duties, the board of  
15 investments and the Montana economic development board shall  
16 consider the preservation of purchasing power of capital  
17 during periods of high monetary inflation.

18 (4) The board of investments has the sole authority to  
19 invest state funds other than the Montana in-state  
20 investment fund. No other agency may invest such state  
21 funds. The board shall direct the investment of state funds  
22 in accordance with the laws and constitution of this state.  
23 The board has the power to veto any investments made under  
24 its general supervision.

25 (5) The board of investments shall:

1 (a) assist agencies with public money to determine if,  
2 when, and how much surplus cash is available for investment;

3 (b) determine the amount of surplus treasury cash to  
4 be invested;

5 (c) determine the type of investment to be made;

6 (d) prepare the claim to pay for the investment; and

7 (e) keep an account of the total of each investment  
8 fund and of all the investments belonging to such fund and a  
9 record of the participation of each treasury fund account  
10 therein.

11 (6) The board of investments may:

12 (a) execute deeds of conveyance transferring all real  
13 property obtained through foreclosure of any investments  
14 purchased under the provisions of 17-6-211 when full payment  
15 has been received therefor;

16 (b) direct the withdrawal of any funds deposited by or  
17 for the state treasurer pursuant to 17-6-101 and 17-6-105;

18 (c) direct the sale of any securities in the program  
19 at their full and true value when found necessary to raise  
20 money for payments due from the treasury funds for which the  
21 securities have been purchased.

22 (7) The cost of administering and accounting for each  
23 investment fund shall be deducted from the income therefrom,  
24 except that such costs of the nonexpendable trust funds  
25 shall be paid from income otherwise receivable from the

1 pooled investment fund, and the amounts required for this  
2 purpose shall be appropriated by the legislature from the  
3 respective investment funds."

4 NEW SECTION. Section 2. Extension of authority. Any  
5 existing authority of the board of investments and the  
6 Montana economic development board to make rules on the  
7 subject of the provisions of this act is extended to the  
8 provisions of this act.

-End-

## HOUSE BILL NO. 449

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(b) diversify the holdings of each fund within the

unified investment program to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and

(c) discharge his duties solely in the interest of and for the benefit of the funds forming the unified investment program.

(2) Retirement funds may be invested in common stocks of any corporation provided that no investment may be made at any time which would cause the book value of such investments in any retirement fund to exceed 50% of the book value of such fund or would cause the stock of one corporation to exceed 2% of the book value of such retirement fund.

(3) ~~Nothing contained in this section prevents the investment in any business activity in Montana, including activities that continue existing jobs or create new jobs in Montana, if the investment meets the standard of care required by this section. (a) The prudent expert principle is interpreted to allow for the investment of up to 2% of retirement funds and of up to 5% of coal tax trust funds in venture capital. At least 50% of the venture capital investments must be in small businesses having 50% of their assets or employees within this state or in venture capital firms with their principal offices or more than 50% of their assets within this state.~~ NOTHING CONTAINED IN THIS SECTION



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4 (A) THE BOARD OF INVESTMENTS IS URGED UNDER THE  
 5 PRUDENT EXPERT PRINCIPLE TO INVEST UP TO 3% OF RETIREMENT  
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 7 PREFERENCE SHOULD BE GIVEN TO INVESTMENTS IN THOSE VENTURE  
 8 CAPITAL COMPANIES WHICH DEMONSTRATE AN INTEREST IN MAKING  
 9 INVESTMENTS IN MONTANA.

10 ~~(b) An investment is a venture capital investment if~~  
 11 ~~it results in the acquisition of debt, revenue, warrants, or~~  
 12 ~~equity interests, either singly or in combination, in a~~  
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 14 ~~future and in which the expected return on investment is to~~  
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17 (c)(B) In discharging its duties, the board of  
 18 investments and the Montana economic development board shall  
 19 consider the preservation of purchasing power of capital  
 20 during periods of high monetary inflation.

21 (4) The board of investments has the sole authority to  
 22 invest state funds other than the Montana in-state  
 23 investment fund. No other agency may invest such state  
 24 funds. The board shall direct the investment of state funds  
 25 in accordance with the laws and constitution of this state.

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11 provisions of this act.

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5 PORTIONS OF RETIREMENT FUNDS ~~AND OF THE COAL-TAX-TRUST~~ IN  
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7 NEW SECTION. Section 2. Extension of authority. Any  
8 existing authority of the board of investments and the  
9 Montana economic development board to make rules on the  
10 subject of the provisions of this act is extended to the  
11 provisions of this act.

-End-

1                   HOUSE BILL NO. 53  
 2                   INTRODUCED BY EUDAILY  
 3                   BY REQUEST OF THE CODE COMMISSIONER  
 4

5   A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND  
 6   CLARIFY THE MONTANA CODE ANNOTATED; AND REPEALING SECTIONS  
 7   2-17-106, ~~2-17-109~~, 2-17-110, 7-15-4122, 7-33-4203, AND  
 8   50-5-421 THROUGH 50-5-424, MCA."  
 9

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

11       Section 1. Section 2-15-1857, MCA, is amended to read:

12       "2-15-1857. Board of cosmetologists. (1) There is a  
 13 board of cosmetologists.

14       (2) The board consists of three licensed  
 15 cosmetologists and one public member who is not engaged in  
 16 the practice of cosmetology or electrology appointed by the  
 17 governor with the consent of the senate. Each licensed  
 18 cosmetologist member appointed shall have actively engaged  
 19 in the profession of cosmetology for at least 5 years before  
 20 his appointment and have been a resident of this state for  
 21 at least 5 years immediately before his appointment. Each  
 22 member shall be at least 18 years old and a graduate of a  
 23 high school or its equivalent. No two members of the board  
 24 may be members of or affiliated with a school of  
 25 cosmetology.

REFERENCE PRINTING  
 THE CHANGES IN HB 53 ARE ON PAGES 1 and 239  
 ONLY (FIRST AND LAST PAGES) AND DUE TO LENGTH  
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 PAGES IN THE INTRODUCED COPY (WHITE) FOR  
 COMPLETE TEXT.

HB 53

