

HOUSE BILL NO. 692

INTRODUCED BY J. BROWN, GRADY

IN THE HOUSE

FEBRUARY 10, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON LOCAL GOVERNMENT.

FEBRUARY 18, 1987 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

FEBRUARY 19, 1987 PRINTING REPORT.

FEBRUARY 20, 1987 SECOND READING, DO PASS.

FEBRUARY 21, 1987 ENGROSSING REPORT.

THIRD READING, PASSED.
AYES, 91; NOES, 0.

TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 23, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

MARCH 6, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 10, 1987 SECOND READING, CONCURRED IN.

MARCH 12, 1987 THIRD READING, CONCURRED IN.
AYES, 50; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 13, 1987 RECEIVED FROM SENATE.

SENT TO ENROLLING.

1 House BILL NO. 692
2 INTRODUCED BY J. Brown Dandy
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PERMIT PUBLIC BODIES
5 TO ISSUE CROSSOVER REFUNDING BONDS; AND PROVIDING AN
6 IMMEDIATE EFFECTIVE DATE."
7

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

9 Section 1. Definitions. As used in [this act], the
10 following definitions apply:

- 11 (1) "Bonds" means crossover refunding bonds.
- 12 (2) "Crossover date" means the date the proceeds of
13 crossover refunding bonds are pledged to the payment of the
14 obligations to be refunded.
- 15 (3) "Governing body" means the board or body that
16 exercises the legislative power of the public body.
- 17 (4) "Public body" means any political subdivision of
18 the state and includes but is not limited to a county, city,
19 town, or school district.

20 Section 2. Crossover refunding bonds authorized. (1)
21 Any public body authorized to issue refunding obligations
22 may issue bonds pursuant to [this act] without regard to the
23 limitations contained in any other law relating to:

- 24 (a) the establishment of an escrow account for the
25 obligations to be refunded;

1 (b) the giving of a notice of redemption for the
2 obligations to be refunded and redeemed; or

3 (c) the application of the proceeds of the refunding
4 obligations.

5 (2) The proceeds of bonds, less any proceeds applied
6 to payment of costs of issuance or refunding, must be
7 deposited in a sinking fund account irrevocably appropriated
8 to the payment of principal of and interest on the refunding
9 obligations until the crossover date. The sinking fund
10 account must be maintained as an escrow account with a
11 suitable financial institution within or outside the state
12 and amounts in it must be invested in securities that are
13 direct obligations of the United States or on which the
14 payment of the principal and interest is guaranteed by the
15 United States. In the resolution authorizing the issuance of
16 the bonds, the governing body may pledge to their payment
17 any source of payment of the obligations to be refunded. In
18 the case of general obligation bonds, property taxes must be
19 levied and appropriated to the sinking fund account in the
20 amounts needed, together with estimated investment income
21 from money in the sinking fund account and any other
22 revenues available upon discharge of the obligations to be
23 refunded, to pay when due the principal of and interest on
24 the bonds. Funds pledged to the credit of the sinking fund
25 for the obligations to be refunded and not required on the



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1 crossover date for the payment of principal, premium, or
2 interest on the obligations to be refunded may be
3 appropriated by the public body to the sinking fund account
4 for the bonds.

5 (3) The public body may pay the reasonable costs and
6 expenses of issuing bonds and of establishing and
7 maintaining the escrow account.

8 (4) On the crossover date, obligations refunded
9 pursuant to [this act] are no longer considered outstanding
10 for purposes of any debt limitation if the provisions of
11 subsection (5) are met.

12 (5) The securities in the escrow account must mature
13 or be callable at the option of the holder on such date,
14 bearing interest at such rate, and payable on such dates as
15 necessary to provide sufficient funds, in addition to any
16 cash retained in the escrow account, to pay when due:

17 (a) the interest that will accrue on each refunded
18 obligation to its maturity or redemption date, if called for
19 redemption;

20 (b) the principal of each refunded obligation at
21 maturity or on the redemption date; and

22 (c) any redemption premium.

23 Section 3. Effective date. This act is effective on
24 passage and approval.

-End-

APPROVED BY COMM.
ON LOCAL GOVERNMENT

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