

HOUSE BILL NO. 700

INTRODUCED BY BRADLEY, WINSLOW, VINCENT, HAFFEY, THAYER,
M. WILLIAMS, REGAN, CONNELLY, BLAYLOCK, VAN VALKENBURG,
REAM, IVERSON, SPAETH, PECK, MCCALLUM, NATHE, WALLIN,
THOMAS, FARRELL, MERCER, DONALDSON, RAMIREZ, MANUEL,
SCHYE, NEUMAN, J. BROWN, ADDY, QUILICI, PAVLOVICH,
SQUIRES, MENAHAN, DRISCOLL, KADAS, DAILY, KEENAN,
HARP, HARRINGTON, ABRAMS, MARKS, HALLIGAN, MAZUREK,
JERGESON, HIRSCH, REHBERG, NISBET, HANSEN, HARPER,
FRITZ, LYNCH, MILLER, MANNING, MOORE, STIMATZ, CRIPPEN,
JONES, LYBECK, RANEY, GRADY, STRIZICH, GILBERT, DARKO,
MCCORMICK, ECK, WALKER, B. WILLIAMS, B. BROWN, CORNE',
LORY, HOFMAN, BISHOP, PINSONEAULT, WEEDING, JACOBSON,
ASAY, C. SMITH, WHALEN

BY REQUEST OF THE SCIENCE
AND TECHNOLOGY DEVELOPMENT BOARD

IN THE HOUSE

FEBRUARY 11, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
FEBRUARY 16, 1987	ON MOTION BY CHIEF SPONSOR, REPRESENTATIVES ASAY, SMITH, AND WHALEN ADDED AS SPONSORS.
MARCH 13, 1987	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 14, 1987	PRINTING REPORT.
MARCH 16, 1987	SECOND READING, DO PASS AS AMENDED.
MARCH 17, 1987	ENGROSSING REPORT.
MARCH 18, 1987	THIRD READING, PASSED. AYES, 92; NOES, 0. TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 19, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
----------------	------------------------------------------------------

MARCH 28, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 31, 1987 ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

APRIL 1, 1987 ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

APRIL 2, 1987 SECOND READING, CONCURRED IN.

APRIL 3, 1987 THIRD READING, CONCURRED IN.
AYES, 41; NOES, 9.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 4, 1987 RECEIVED FROM SENATE.
SENT TO ENROLLING.

1 *M. Williams* *House* BILL NO. *200* *Council* *Blaylock*
 2 INTRODUCED BY *Bradley Wank* *Vincent Huffy* *Stacy*
 3 *Van Valkenburg* *Reaney* *Frank McCallum* *Spaeth* *Wallin*
 4 *Faneel* *Thomas*
 5 *MERCER* *Ronaldson* *Ramirez* *Manuel* *Julian*
 6 *Neuman* *Brown*
 7 *Carlson* *Spicer* *Menahan* *Smill* *Kadao* *Kelly*
 8 *Doak* *Keenan* *HART* *Harvick* *Wach*
 9 *Waller* *Hall* *Murphy* *Erwin* *Bruch* *Redden*
 10 *Maret* *DeLoach* *Leisen* *Ray* *Lytle* *Symk*
 11 *Muller* *Richard* *Norman* *More* *Stumby*
 12 *Seibert*
 13 17-7-502 AND 90-3-302, MCA; AND PROVIDING AN IMMEDIATE *Lybek*
 14 EFFECTIVE DATE." *Raney*
 15
 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: *Smith*
 17 NEW SECTION. Section 1. Short title. This part shall
 18 be known and may be cited as the "Science and Technology
 19 Development Board Seed Capital Bond Act".
 20 NEW SECTION. Section 2. Legislative finding and
 21 declaration. The legislature finds and declares that:
 22 (1) it is the policy of the state of Montana to
 23 promote the health, safety, and general welfare of all the
 24 people of the state;
 25 (2) such policy will be furthered through

1 strengthening and diversifying the state's economy by
 2 facilitating a public-private sector partnership to
 3 encourage scientific and technological development within
 4 the state in order to keep pace with a changing economic
 5 structure and to create new jobs and expand business
 6 opportunities; and
 7 (3) such strengthening and diversification will be
 8 fostered by assisting in the acceleration of development of
 9 technology in the state through the making of technology
 10 investments.
 11 NEW SECTION. Section 3. Definitions. As used in this
 12 part, the following definitions apply:
 13 (1) "Bonds and notes" means bonds and notes authorized
 14 by [section 6].
 15 (2) "Certified Montana capital company" has the
 16 meaning given in 90-8-104.
 17 (3) "Expansion capital project" means a technology
 18 development project undertaken to enable a company to expand
 19 its manufacturing and marketing activities in order to move
 20 its products or services into new markets.
 21 (4) "Obligations" means:
 22 (a) bonds and notes; and
 23 (b) refunding bonds and notes.
 24 (5) "Refunding bonds and notes" means refunding bonds
 25 and notes authorized by [section 6].



1 (6) "Return-on-investment agreement" means an
2 agreement contemplated by 90-3-302.

3 (7) "Seed capital project" means a technology
4 development project to develop a business plan, prove a
5 product concept, complete product development, or conduct
6 market research for a specific product prior to the actual
7 sale of any similar product for an enterprise that is not
8 profitable at the time of the investment.

9 (8) "Start-up capital project" means a technology
10 development project to enable a company to initiate
11 manufacturing on a regular basis.

12 (9) "Technology development account" means the
13 separate account created in [section 5].

14 (10) "Technology investment program" means the program
15 to be pursued by the board under [section 12].

16 (11) "Technology investment program debt service fund"
17 means the separate fund created in [section 4].

18 NEW SECTION. Section 4. Technology investment program
19 debt service fund. (1) There is a technology investment
20 program debt service fund within the debt service fund type
21 established in 17-2-102.

22 (2) There must be paid into the technology investment
23 program debt service fund:

24 (a) the amounts from time to time directed to be paid
25 under [section 16];

1 (b) accrued interest on obligations paid by the
2 initial purchaser of the obligations;

3 (c) all interest, principal, royalty, and other
4 payments received by the board with respect to technology
5 investments made from money in the technology development
6 account that is not paid into the coal severance tax
7 permanent trust fund under [section 16];

8 (d) all proceeds of the investment of money in the
9 technology development account; and

10 (e) all proceeds of refunding bonds and notes, other
11 than proceeds necessary to pay the costs of issuance of the
12 refunding bonds and notes.

13 (3) Money in the technology investment program debt
14 service fund is pledged to the payment, when due and
15 payable, of principal of and redemption premiums, if any,
16 and interest on obligations. Money in the debt service fund
17 must be used for these purposes.

18 NEW SECTION. Section 5. Technology development
19 account. (1) There is a technology development account
20 within the state special revenue fund established in
21 17-2-102.

22 (2) There must be paid into the technology development
23 account:

24 (a) all proceeds of bonds and notes, other than
25 accrued interest paid by initial purchasers; and

1 (b) proceeds of refunding bonds and notes necessary to
2 pay the costs of issuance.

3 NEW SECTION. Section 6. Bonds and notes. (1) Subject
4 to the limitations contained in this section, the board may
5 issue, in one or more series from time to time prior to [the
6 date that is 6 years after the effective date of this part],
7 bonds and notes in the amount it considers necessary and
8 proper to finance the technology investment program. All
9 obligations must be authorized by resolution of the board.

10 (2) Subject to the limitations contained in this
11 section, the board may issue, in one or more series from
12 time to time, refunding bonds or notes, or both, as the
13 board considers necessary to refund any obligations that
14 have been issued under this section, including the payment
15 of any redemption premium and any interest accrued or to
16 accrue to the date of payment or early redemption, if any.

17 (3) (a) Each series of obligations may be issued in
18 such denominations and forms, whether payable to bearer with
19 attached interest coupons or registered as to principal or
20 as to both principal and interest, with such provisions, if
21 any, for conversion or exchange and for the issuance of
22 temporary obligations in anticipation of the issuance of
23 definitive obligations, as the board determines. The
24 obligations shall bear interest, if any, at such rate or
25 rates as provided in the resolution authorizing their

1 issuance. The obligations shall mature on such date or dates
2 not exceeding 13 years from [the effective date of sections
3 1 through 20], subject to such optional or mandatory
4 redemption at such earlier times and prices and upon such
5 notice, with such provisions for payment and discharge by
6 the deposit of money or securities in escrow for that
7 purpose and payable at the office of such banking
8 institution within or outside the state, as the board
9 determines.

10 (b) In all respects not specified in this section, the
11 board is authorized to prescribe the form and terms of the
12 obligations.

13 (c) Obligations and any interest coupons appurtenant
14 thereto must be signed by the governor and the chairman or
15 other designated member of the board and countersigned by
16 the chief administrative officer of the board. They must be
17 issued under the state seal. Signing may be by facsimile
18 signatures, and the seal may be affixed by facsimile in the
19 manner and subject to the limitations prescribed by law.

20 (d) The state treasurer shall keep a record of all
21 such obligations issued and sold.

22 (4) Each series of obligations must be authorized by
23 resolution of the board and may be sold by the board or, in
24 the case of refunding bonds and notes, exchanged for
25 outstanding obligations at public or private sale at prices

1 above or below the stated principal amount as the board
2 determines.

3 NEW SECTION. Section 7. Trust indenture. In the
4 discretion of the board, a series of obligations may be
5 secured by a trust indenture by and between the board and a
6 trustee, which may be any trust company or bank having the
7 powers of a trust company within or outside of the state.
8 Each trust indenture or an executed counterpart thereof must
9 be filed in the office of the secretary of state. The filing
10 is constructive notice of its contents to all persons from
11 the time of the filing. The recording of the trust indenture
12 or its contents is not necessary. The trust indenture or the
13 resolution may contain provisions for protecting and
14 enforcing the rights and remedies of the holders of the
15 obligations as determined by the board to be reasonable and
16 proper and not in violation of law.

17 NEW SECTION. Section 8. Provisions of resolution on
18 investment. If permitted in the resolution authorizing the
19 issuance of the refunding bonds or notes or the trust
20 agreement securing them, the proceeds of the refunding bonds
21 or notes may be invested as provided by the board pending
22 the application of the proceeds of the refunding bonds or
23 notes, with other available funds, to the payment of
24 principal of and redemption premium, if any, and interest on
25 the obligations being refunded and to the payment of

1 interest on the refunding bonds and notes and the expenses
2 related to refunding.

3 NEW SECTION. Section 9. Negotiability of obligations.
4 Unless otherwise stated in the resolution authorizing them,
5 obligations are considered negotiable instruments under
6 Title 30, chapter 8, subject only to the provisions for
7 registration.

8 NEW SECTION. Section 10. Signatures. In case any
9 member of the board whose signature appears on an obligation
10 ceases to be a member before the delivery thereof, the
11 member's signature is nevertheless valid and sufficient for
12 all purposes, the same as if the member had remained in
13 office until delivery.

14 NEW SECTION. Section 11. Limit on obligations. (1)
15 There may not be outstanding at any time obligations in an
16 aggregate principal amount exceeding, together with unpaid
17 interest thereon to maturity, \$38 million.

18 (2) Not more than \$16 million of proceeds of bonds and
19 notes may be used for technology investments, costs of
20 issuance of bonds and notes, and administrative costs of the
21 board and its staff.

22 (3) Obligations by their terms no longer having a
23 claim to be paid from amounts to be paid into the technology
24 investment program debt service fund by reason of the
25 deposit of money or securities in escrow for such purpose

1 are not considered outstanding for purposes of subsection
2 (1).

3 NEW SECTION. Section 12. Technology investment
4 program -- statutory appropriation. (1) To further state
5 policy, the board shall pursue a program of making
6 technology investments with money in the technology
7 development account for technology development projects that
8 are seed capital projects, start-up capital projects, or
9 expansion capital projects. Prior to making an investment,
10 the board shall determine, after technical and financial
11 review by the board or committees thereof in accordance with
12 procedures established by the board, whether the project, if
13 successful, will accelerate development and application of
14 advanced and innovative technology in the state's economy by
15 encouraging or facilitating the development of new products,
16 processes, or technologies that make the state's economy
17 more productive and profitable and have commercial
18 application in existing and new businesses.

19 (2) Money in the technology development account is
20 statutorily appropriated for the purpose of making
21 technology investments and the payment of the obligations as
22 provided in 17-7-502. Money in the technology development
23 account may be used for administrative costs of the board
24 and its staff for the technology investment program to the
25 extent authorized by the legislature.

1 NEW SECTION. Section 13. Criteria for technology
2 investments. (1) Technology investments may be made from
3 money in the technology development account only upon a
4 favorable determination by the board of:

5 (a) the relevance of the proposed technology
6 development project to the purpose of this part;

7 (b) the prospects for collaboration on the project
8 between public and private sectors of the state's economy in
9 mineral technology, agricultural technology, forestry
10 technology, biotechnology, microelectronics and computer
11 sciences, energy technology, information sciences, and
12 materials science;

13 (c) the prospects for achieving commercial success in
14 general and for creating significant numbers of new jobs in
15 the state in particular;

16 (d) the quality of the specific product and business
17 development methodology proposed;

18 (e) the suitability of any proposed milestone for
19 evaluating progress of technology development project
20 results; and

21 (f) the availability or feasibility of matching funds
22 required under 90-3-203.

23 (2) In this evaluation process, the board shall
24 consider the investment's:

25 (a) job creation potential;

- 1 (b) potential benefit for existing industry;
- 2 (c) potential for creating new industry; and
- 3 (d) involvement of existing institutional research
- 4 strength or whether it involves a newly targeted technology
- 5 area with development potential.

6 (3) Each return-on-investment agreement for technology
 7 investment made from money in the technology development
 8 account shall:

9 (a) require periodic financial and progress reports
 10 concerning the technology development project and any other
 11 reports the board determines necessary to monitor the
 12 progress of the technology development project;

13 (b) require the technology development project to be
 14 conducted in the state; and

15 (c) contain any other provision the board considers
 16 appropriate in light of the purpose of the technology
 17 investment program.

18 NEW SECTION. Section 14. Technology investment
 19 requirements. A technology investment may be made from money
 20 in the technology development account only if the board
 21 anticipates receiving repayment of the investment within 12
 22 years from [the effective date of this part]. The
 23 return-on-investment agreement must provide for the payment
 24 of interest at a rate determined by the board. The agreement
 25 need not require payments on a date or dates certain but may

1 be payable on the occurrence of certain events or from
 2 certain specified sources, including but not limited to a
 3 percentage of gross sales revenues or a sales override on
 4 products, processes, services, or technologies derived in
 5 whole or in part from the proceeds of the technology
 6 investment. The board may use the technology development
 7 account only for technology investments from which it
 8 expects repayment on a schedule and in aggregate amounts
 9 sufficient to pay principal and interest on obligations.

10 NEW SECTION. Section 15. Montana capital companies.

11 (1) The board may make technology investments through
 12 certified Montana capital companies in order to further the
 13 development of private sector seed and start-up capital
 14 resources available for investment in technology-oriented
 15 business development and expansion activities. Certified
 16 Montana capital companies must be selected for investment by
 17 the board on the basis of the capital company's demonstrated
 18 ability to make sound investments and its business
 19 development experience. The board shall adopt rules
 20 governing such investments to ensure that any money made
 21 available to certified Montana capital companies is used to
 22 make technology investments that meet the requirements of
 23 [section 14].

24 (2) The board may make technology investments in
 25 start-up or expansion capital projects from money in the

1 technology development account only after then-existing
 2 certified Montana capital companies have been offered the
 3 opportunity to invest or coinvest in such projects. However,
 4 a decision by any certified Montana capital company to make
 5 any technology investment in such a project may not obligate
 6 the board to make any technology investment. Offers to and
 7 investment by certified Montana capital companies must be
 8 made in accordance with rules adopted by the board to carry
 9 out the purposes of this part.

10 NEW SECTION. Section 16. Transfer of portion of coal
 11 severance tax permanent trust fund. (1) (a) There must be
 12 deposited into the technology investment program debt
 13 service fund from the coal severance tax permanent trust
 14 fund maintained pursuant to 17-6-203 such amounts, not to
 15 exceed \$38 million, as are necessary from time to time,
 16 after application of all other money in the technology
 17 investment program debt service fund, to pay principal of
 18 and premium, if any, and interest on obligations when due.

19 (b) The chairman of the board shall advise the state
 20 treasurer prior to the date on which any payment is due of
 21 the amount needed to be transferred.

22 (2) After all obligations have been paid or payment
 23 has been provided for under the terms of the obligations,
 24 any interest, principal, royalty, and other payments
 25 received by the board with respect to technology investments

1 made from money in the technology development account must
 2 be deposited into the coal severance tax permanent trust
 3 fund.

4 (3) The legislature shall provide for the continued
 5 assessment, levy, collection, and deposit into the coal
 6 severance tax permanent trust fund so there is sufficient
 7 money to make the deposits into the technology investment
 8 program debt service fund under this section.

9 (4) This section may not be amended to reduce the
 10 security for an obligation prior to the time it is paid or
 11 provision for its payment has been made under its terms.

12 NEW SECTION. Section 17. Personal liability -- suit
 13 to compel performance. (1) The members of the board and
 14 officers and employees of state agencies are not personally
 15 liable or accountable on or by reason of the issuance of any
 16 obligation.

17 (2) The holder of an obligation or any party in
 18 interest, subject to its provisions, may sue to enforce and
 19 compel the performance of the obligation.

20 NEW SECTION. Section 18. Pledge of the state. In
 21 accordance with the constitutions of the United States and
 22 the state, the state pledges that it will not in any way
 23 impair the terms or conditions of any agreement between the
 24 state and the holders of obligations.

25 NEW SECTION. Section 19. Effect of federal taxation

1 -- legal investments. (1) Obligations may be issued whether
 2 or not interest thereon is exempt from federal income tax.
 3 The resolution authorizing their issuance may contain
 4 agreements of the state, and the board is authorized to
 5 enter into agreements, to comply with provisions of the
 6 Internal Revenue Code of 1986 with respect to obligations.

7 (2) Obligations are:

8 (a) legal investments for any person or board charged
 9 with investment of public funds;

10 (b) acceptable as security for any deposit of public
 11 money; and

12 (c) securities in which funds, including capital, in
 13 the control of insurance companies; insurance associations;
 14 banks; savings banks; banking associations; trust companies;
 15 building and loan associations; credit unions; pension,
 16 profit-sharing, and retirement funds; and executors,
 17 administrators, guardians, trustees, or other fiduciaries
 18 may be legally and properly invested.

19 NEW SECTION. Section 20. Exemption from registration.
 20 Title 30, chapter 10, part 2, does not apply to obligations
 21 issued under [sections 1 through 19].

22 Section 21. Section 17-7-502, MCA, is amended to read:

23 "17-7-502. Statutory appropriations -- definition --
 24 requisites for validity. (1) A statutory appropriation is an
 25 appropriation made by permanent law that authorizes spending

1 by a state agency without the need for a biennial
 2 legislative appropriation or budget amendment.

3 (2) Except as provided in subsection (4), to be
 4 effective, a statutory appropriation must comply with both
 5 of the following provisions:

6 (a) The law containing the statutory authority must be
 7 listed in subsection (3).

8 (b) The law or portion of the law making a statutory
 9 appropriation must specifically state that a statutory
 10 appropriation is made as provided in this section.

11 (3) The following laws are the only laws containing
 12 statutory appropriations:

13 (a) 2-9-202;

14 (b) 2-17-105;

15 (c) 2-18-812;

16 (d) 10-3-203;

17 (e) 10-3-312;

18 (f) 10-3-314;

19 (g) 10-4-301;

20 (h) 13-37-304;

21 (i) 15-31-702;

22 (j) 15-36-112;

23 (k) 15-70-101;

24 (l) 16-1-404;

25 (m) 16-1-410;

1 (n) 16-1-411;
 2 (o) 17-3-212;
 3 (p) 17-5-404;
 4 (q) 17-5-424;
 5 (r) 17-5-804;
 6 (s) 19-8-504;
 7 (t) 19-9-702;
 8 (u) 19-9-1007;
 9 (v) 19-10-205;
 10 (w) 19-10-305;
 11 (x) 19-10-506;
 12 (y) 19-11-512;
 13 (z) 19-11-513;
 14 (aa) 19-11-606;
 15 (bb) 19-12-301;
 16 (cc) 19-13-604;
 17 (dd) 20-6-406;
 18 (ee) 20-8-111;
 19 (ff) 23-5-612;
 20 (gg) 37-51-501;
 21 (hh) 53-24-206;
 22 (ii) 75-1-1101;
 23 (jj) 75-7-305;
 24 (kk) 80-2-103;
 25 (ll) 80-2-228;

1 (mm) 90-3-301;
 2 (nn) 90-3-302;
 3 (oo) [section 7];
 4 ~~foo~~(pp) 90-15-103; and
 5 ~~fpp~~(qq) Sec. 13, HB 861, L. 1985.
 6 (4) There is a statutory appropriation to pay the
 7 principal, interest, premiums, and costs of issuing, paying,
 8 and securing all bonds, notes, or other obligations, as due,
 9 that have been authorized and issued pursuant to the laws of
 10 Montana. Agencies that have entered into agreements
 11 authorized by the laws of Montana to pay the state
 12 treasurer, for deposit in accordance with 17-2-101 through
 13 17-2-107, as determined by the state treasurer, an amount
 14 sufficient to pay the principal and interest as due on the
 15 bonds or notes have statutory appropriation authority for
 16 such payments."
 17 Section 22. Section 90-3-302, MCA, is amended to read:
 18 "90-3-302. Return-on-investment agreements. (1) The
 19 board shall enter into return-on-investment agreements for
 20 those products or processes that are to be developed and
 21 commercialized as a result of a technology investment. As a
 22 part of such an agreement, the board shall require payment
 23 of a return that it considers commensurate with the risk of
 24 its original investment. The private sector company shall
 25 own any patent rights obtained as a result of work done by

1 the private sector company.

2 (2) All income received by the board not required to
 3 be paid into the technology investment program debt service
 4 fund is appropriated to its use. This income is statutorily
 5 appropriated, as provided in 17-7-502. As this income is
 6 received, it will supplant the appropriation of coal tax
 7 revenues to the board. Such income received by the board in
 8 excess of the amount appropriated to it from coal severance
 9 tax revenues accrues to a science and technology research
 10 and development account in the state special revenue fund."

11 NEW SECTION. Section 23. Extension of authority. Any
 12 existing authority of the Montana science and technology
 13 development board to make rules on the subject of the
 14 provisions of this act is extended to the provisions of this
 15 act.

16 NEW SECTION. Section 24. Codification instruction.
 17 Sections 1 through 20 are intended to be codified as an
 18 integral part of Title 90, chapter 3, and the provisions of
 19 Title 90, chapter 3, apply to sections 1 through 20.

20 NEW SECTION. Section 25. Severability. If a part of
 21 this act is invalid, all valid parts that are severable from
 22 the invalid part remain in effect. If a part of this act is
 23 invalid in one or more of its applications, the part remains
 24 in effect in all valid applications that are severable from
 25 the invalid applications.

1 NEW SECTION. Section 26. Three-fourths vote required.
 2 Since this act appropriates money from the coal severance
 3 tax trust fund, Article IX, section 5, of the Montana
 4 constitution requires a vote of three-fourths of the members
 5 of each house for passage.

6 NEW SECTION. Section 27. Effective date. This act is
 7 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 HB700, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

Providing authority to the Montana Science and Technology Development Board to issue Science and Technology Development seed capital fund bonds to finance technology investments; creating necessary funds and accounts; making statutory appropriations of certain money; authorizing transfer of a portion of the Coal Severance Tax Permanent Trust Fund.

ASSUMPTIONS:

1. Bonds will be issued in annual increments of \$2,662,549 and \$2,695,060 during the 1989 biennium.
2. Costs of issuance will amount to \$90,000 per issue.
3. Administrative costs will be appropriated by the 1987 legislature.
4. The funding mechanism for administrative expenses as reflected in the Governor's budget will be changed from a proprietary account to a state special revenue account.

FISCAL IMPACT:

	FY88		FY89		89 Biennium
	Current Law	Proposed Law	Current Law	Proposed Law	Difference
<u>Expenditures:</u>					
Administration	\$ 0	\$ 72,549	\$ 0	\$ 105,060	\$ 177,609
Technology Investments	0	2,590,000	0	2,590,000	5,180,000
TOTAL	\$ 0	\$ 2,662,549	\$ 0	\$ 2,695,060	\$5,357,609
<u>Revenues (Bond Proceeds):</u>	\$ 0	\$ 2,662,549	\$ 0	\$ 2,695,060	\$5,357,609

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

None.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The Science and Technology Development Board will be authorized to issue bonds at its discretion over a six-year period to generate proceeds of up to \$16 million. Administrative costs must be appropriated biennially by the Legislature. Up to \$38 million in the Coal Trust Fund must be reserved until debt service on the bonds is paid, and could be required for debt service payments.

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

None noted.

David L. Hunter DATE 2/13/89
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Dorothy Bradley DATE _____
 DOROTHY BRADLEY, PRIMARY SPONSOR

Fiscal Note for HB700, as introduced.**HB 700**

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 700

INTRODUCED BY BRADLEY, WINSLOW, VINCENT, HAFHEY, THAYER,
M. WILLIAMS, REGAN, CONNELLY, BLAYLOCK, VAN VALKENBURG,
REAM, IVERSON, SPAETH, PECK, MCCALLUM, NATHE, WALLIN,
THOMAS, FARRELL, MERCER, DONALDSON, RAMIREZ, MANUEL,
SCHYE, NEUMAN, J. BROWN, ADDY, QUILICI, PAVLOVICH,
SQUIRES, MENAHAN, DRISCOLL, KADAS, DAILY, KEENAN,
HARP, HARRINGTON, ABRAMS, MARKS, HALLIGAN, MAZUREK,
JERGESON, HIRSCH, REHBERG, NISBET, HANSEN, HARPER,
FRITZ, LYNCH, MILLER, MANNING, MOORE, STIMATZ, CRIPPEN,
JONES, LYBECK, RANEY, GRADY, STRIZICH, GILBERT, DARKO,
MCCORMICK, ECK, WALKER, B. WILLIAMS, B. BROWN, CORNE',
LORY, HOFMAN, BISHOP, PINSONEAULT, WEEDING, JACOBSON,
ASAY, C. SMITH, WHALEN

BY REQUEST OF THE SCIENCE

AND TECHNOLOGY DEVELOPMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AUTHORITY TO
THE MONTANA SCIENCE AND TECHNOLOGY DEVELOPMENT BOARD TO
ISSUE SCIENCE AND TECHNOLOGY DEVELOPMENT SEED CAPITAL FUND
BONDS TO FINANCE TECHNOLOGY INVESTMENTS; CREATING NECESSARY
FUNDS AND ACCOUNTS; MAKING STATUTORY APPROPRIATIONS OF
CERTAIN MONEY; AUTHORIZING TRANSFER OF A PORTION OF THE COAL
SEVERANCE TAX PERMANENT TRUST FUND; AMENDING SECTIONS
17-7-502 AND 90-3-302, MCA; AND PROVIDING AN IMMEDIATE

EFFECTIVE DATE."

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

NEW SECTION. Section 1. Short title. This part shall
be known and may be cited as the "Science and Technology
Development Board Seed Capital Bond Act".

NEW SECTION. Section 2. Legislative finding and
declaration. The legislature finds and declares that:

(1) it is the policy of the state of Montana to
promote the health, safety, and general welfare of all the
people of the state;

(2) such policy will be furthered through
strengthening and diversifying the state's economy by
facilitating a public-private sector partnership to
encourage scientific and technological development within
the state in order to keep pace with a changing economic
structure and to create new jobs and expand business
opportunities; and

(3) such strengthening and diversification will be
fostered by assisting in the acceleration of development of
technology in the state through the making of technology
investments.

NEW SECTION. Section 3. Definitions. As used in this
part, the following definitions apply:

(1) "Bonds and notes" means bonds and notes authorized



1 by [section 6].

2 (2) "Certified Montana capital company" has the
3 meaning given in 90-8-104.

4 (3) "Expansion capital project" means a technology
5 development project undertaken to enable a company to expand
6 its manufacturing and marketing activities in order to move
7 its products or services into new markets.

8 (4) "Obligations" means:

9 (a) bonds and notes; and

10 (b) refunding bonds and notes.

11 (5) "Refunding bonds and notes" means refunding bonds
12 and notes authorized by [section 6].

13 (6) "Return-on-investment agreement" means an
14 agreement contemplated REQUIRED by 90-3-302(1).

15 (7) "Seed capital project" means a technology
16 development project to develop a business plan, prove a
17 product concept, complete product development; or conduct
18 market research for a specific product prior to the actual
19 sale of any similar product for an enterprise that is not
20 profitable at the time of the investment.

21 (8) "Start-up capital project" means a technology
22 development project to enable a company to initiate
23 manufacturing on a regular basis.

24 (9) "Technology development account" means the
25 separate account created in [section 5].

1 (10) "Technology investment program" means the program
2 to be pursued by the board under [section 12].

3 (11) "Technology investment program debt service fund"
4 means the separate fund created in [section 4].

5 NEW SECTION. Section 4. Technology investment program
6 debt service fund. (1) There is a technology investment
7 program debt service fund within the debt service fund type
8 established in 17-2-102.

9 (2) There must be paid into the technology investment
10 program debt service fund:

11 (a) the amounts from time to time directed to be paid
12 under [section 16];

13 (b) accrued interest on obligations paid by the
14 initial purchaser of the obligations;

15 (c) all interest, principal, royalty, and other
16 payments received by the board with respect to technology
17 investments made from money in the technology development
18 account that is not paid into the coal severance tax
19 permanent trust fund under [section 16];

20 (d) all proceeds of the investment of money in the
21 technology development account; and

22 (e) all proceeds of refunding bonds and notes, other
23 than proceeds necessary to pay the costs of issuance of the
24 refunding bonds and notes.

25 (3) Money in the technology investment program debt

1 service fund is pledged to the payment, when due and
 2 payable, of principal of and redemption premiums, if any,
 3 and interest on obligations. Money in the debt service fund
 4 must be used for these purposes.

5 NEW SECTION. Section 5. Technology development
 6 account. (1) There is a technology development account
 7 within the state special revenue fund established in
 8 17-2-102.

9 (2) There must be paid into the technology development
 10 account:

11 (a) all proceeds of bonds and notes, other than
 12 accrued interest paid by initial purchasers; and

13 (b) proceeds of refunding bonds and notes necessary to
 14 pay the costs of issuance.

15 NEW SECTION. Section 6. Bonds and notes. (1) Subject
 16 to the limitations contained in this section, the board may
 17 issue, in one or more series from time to time prior to [the
 18 date that is 6 years after the effective date of this part],
 19 bonds and notes in the amount it considers necessary and
 20 proper to finance the technology investment program. All
 21 obligations must be authorized by resolution of the board.

22 (2) Subject to the limitations contained in this
 23 section, the board may issue, in one or more series from
 24 time to time, refunding bonds or notes, or both, as the
 25 board considers necessary to refund any obligations that

1 have been issued under this section, including the payment
 2 of any redemption premium and any interest accrued or to
 3 accrue to the date of payment or early redemption, if any.

4 (3) (a) Each series of obligations may be issued in
 5 such denominations and forms, whether payable to bearer with
 6 attached interest coupons or registered as to principal or
 7 as to both principal and interest, with such provisions, if
 8 any, for conversion or exchange and for the issuance of
 9 temporary obligations in anticipation of the issuance of
 10 definitive obligations, as the board determines. The
 11 obligations shall bear interest, if any, at such rate or
 12 rates as provided in the resolution authorizing their
 13 issuance. The obligations shall mature on such date or dates
 14 not exceeding 13 years from [the effective date of sections
 15 1 through 20], subject to such optional or mandatory
 16 redemption at such earlier times and prices and upon such
 17 notice, with such provisions for payment and discharge by
 18 the deposit of money or securities in escrow for that
 19 purpose and payable at the office of such banking
 20 institution within or outside the state, as the board
 21 determines.

22 (b) In all respects not specified in this section, the
 23 board is authorized to prescribe the form and terms of the
 24 obligations.

25 (c) Obligations and any interest coupons appurtenant

1 thereto must be signed by the governor and the chairman or
 2 other designated member of the board and countersigned by
 3 the chief administrative officer of the board. They must be
 4 issued under the state seal. Signing may be by facsimile
 5 signatures, and the seal may be affixed by facsimile in the
 6 manner and subject to the limitations prescribed by law.

7 (d) The state treasurer shall keep a record of all
 8 such obligations issued and sold.

9 (4) Each series of obligations must be authorized by
 10 resolution of the board and may be sold by the board or, in
 11 the case of refunding bonds and notes, exchanged for
 12 outstanding obligations at public or private sale at prices
 13 above or below the stated principal amount as the board
 14 determines.

15 NEW SECTION. Section 7. Trust indenture. In the
 16 discretion of the board, a series of obligations may be
 17 secured by a trust indenture by and between the board and a
 18 trustee, which may be any trust company or bank having the
 19 powers of a trust company within or outside of the state.
 20 Each trust indenture or an executed counterpart thereof must
 21 be filed in the office of the secretary of state. The filing
 22 is constructive notice of its contents to all persons from
 23 the time of the filing. The recording of the trust indenture
 24 or its contents is not necessary. The trust indenture or the
 25 resolution may contain provisions for protecting and

1 enforcing the rights and remedies of the holders of the
 2 obligations as determined by the board to be reasonable and
 3 proper and not in violation of law.

4 NEW SECTION. Section 8. Provisions of resolution on
 5 investment. If permitted in the resolution authorizing the
 6 issuance of the refunding bonds or notes or the trust
 7 agreement securing them, the proceeds of the refunding bonds
 8 or notes may be invested as provided by the board pending
 9 the application of the proceeds of the refunding bonds or
 10 notes, with other available funds, to the payment of
 11 principal of and redemption premium, if any, and interest on
 12 the obligations being refunded and to the payment of
 13 interest on the refunding bonds and notes and the expenses
 14 related to refunding.

15 NEW SECTION. Section 9. Negotiability of obligations.
 16 Unless otherwise stated in the resolution authorizing them,
 17 obligations are considered negotiable instruments under
 18 Title 30, chapter 8, subject only to the provisions for
 19 registration.

20 NEW SECTION. Section 10. Signatures. In case any
 21 member of the board whose signature appears on an obligation
 22 ceases to be a member before the delivery thereof, the
 23 member's signature is nevertheless valid and sufficient for
 24 all purposes, the same as if the member had remained in
 25 office until delivery.

1 NEW SECTION. Section 11. Limit on obligations. (1)
 2 There may not be outstanding at any time obligations in an
 3 aggregate principal amount exceeding, together with unpaid
 4 interest thereon to maturity, \$38 million.

5 (2) Not more than \$16 million of proceeds of bonds and
 6 notes may be used for technology investments, costs of
 7 issuance of bonds and notes, and administrative costs of the
 8 board and its staff.

9 (3) Obligations by their terms no longer having a
 10 claim to be paid from amounts to be paid into the technology
 11 investment program debt service fund by reason of the
 12 deposit of money or securities in escrow for such purpose
 13 are not considered outstanding for purposes of subsection
 14 (1).

15 NEW SECTION. Section 12. Technology investment
 16 program -- statutory appropriation. (1) To further state
 17 policy, the board shall pursue a program of making
 18 technology investments with money in the technology
 19 development account for technology development projects that
 20 are seed capital projects, start-up capital projects, or
 21 expansion capital projects. Prior to making an investment,
 22 the board shall determine, after technical and financial
 23 review by the board or committees thereof in accordance with
 24 procedures established by the board, whether THAT the
 25 project, if successful, will accelerate development and

1 application of advanced and innovative technology in the
 2 state's economy by encouraging or facilitating the
 3 development of new products, processes, or technologies that
 4 make the state's economy more productive and profitable and
 5 have commercial application in existing and new businesses.

6 (2) Money in the technology development account is
 7 statutorily appropriated for the purpose of making
 8 technology investments and the payment of the obligations as
 9 provided in 17-7-502. Money in the technology development
 10 account may be used for administrative costs of the board
 11 and its staff for the technology investment program to the
 12 extent authorized by the legislature.

13 NEW SECTION. Section 13. Criteria for technology
 14 investments. (1) Technology investments may be made from
 15 money in the technology development account only upon a
 16 favorable determination by the board of:

17 (a) the relevance of the proposed technology
 18 development project to the purpose of this part;

19 (b) the prospects for collaboration on the project
 20 between public and private sectors of the state's economy in
 21 mineral technology, agricultural technology, forestry
 22 technology, biotechnology, microelectronics and computer
 23 sciences, energy technology, information sciences, and
 24 materials science;

25 (c) the prospects for achieving commercial success in

1 general and for creating significant numbers of new jobs in
2 the state in particular;

3 (d) the quality of the specific product and business
4 development methodology proposed;

5 (e) the suitability of any proposed milestone for
6 evaluating progress of technology development project
7 results; and

8 (f) the availability ~~or-feasibility~~ of matching funds
9 required under ~~90-3-203~~ 90-3-301(2).

10 (2) In this evaluation process, the board shall
11 consider the investment's:

- 12 (a) job creation potential;
- 13 (b) potential benefit for existing industry;
- 14 (c) potential for creating new industry; and
- 15 (d) involvement of existing institutional research
16 strength or whether it involves a newly targeted technology
17 area with development potential.

18 (3) Each return-on-investment agreement for technology
19 investment made from money in the technology development
20 account shall:

21 (a) require periodic financial and progress reports
22 concerning the technology development project and any other
23 reports the board determines necessary to monitor the
24 progress of the technology development project;

25 (b) require the technology development project to be

1 conducted in the state; and

2 (c) contain any other provision the board considers
3 appropriate in light of the purpose of the technology
4 investment program.

5 NEW SECTION. Section 14. Technology investment
6 requirements. A technology investment may be made from money
7 in the technology development account only if the board
8 anticipates receiving repayment of the investment within 12
9 years from [the effective date of this part]. The
10 return-on-investment agreement must provide for the payment
11 of interest at a rate determined by the board. The agreement
12 need not require payments on a date or dates certain but may
13 be payable on the occurrence of certain events or from
14 certain specified sources, including but not limited to a
15 percentage of gross sales revenues or a sales override on
16 products, processes, services, or technologies derived in
17 whole or in part from the proceeds of the technology
18 investment. The board may use the technology development
19 account only for technology investments from which it
20 expects repayment on a schedule and in aggregate amounts
21 sufficient to pay principal and interest on obligations.

22 NEW SECTION. Section 15. Montana capital companies.
23 (1) The board ~~may~~ SHALL make ~~technology-investments--through~~
24 AT LEAST 20% OF THE TECHNOLOGY DEVELOPMENT ACCOUNT AVAILABLE
25 FOR INVESTMENT IN certified Montana capital companies in

1 order to further the development of private sector seed, and
 2 start-up, AND EXPANSION capital resources available for
 3 investment in technology-oriented business development and
 4 expansion activities. Certified Montana capital companies
 5 must be selected for investment by the board on the basis of
 6 the capital company's demonstrated ability to make sound
 7 investments and its business development experience. The
 8 board shall adopt rules governing such investments to ensure
 9 that any money made available to certified Montana capital
 10 companies is used to make technology investments that meet
 11 the requirements of [~~section~~ SECTIONS 13 AND 14].

12 (2) The board may make technology investments in
 13 start-up or expansion capital projects from money in the
 14 technology development account only after then-existing
 15 certified Montana capital companies have been offered the
 16 opportunity to invest or coinvest in such projects. However,
 17 a decision by any certified Montana capital company to make
 18 any technology investment in such a project may not obligate
 19 the board to make any technology investment. Offers to and
 20 investment by certified Montana capital companies must be
 21 made in accordance with rules adopted by the board to carry
 22 out the purposes of this part.

23 NEW SECTION. Section 16. Transfer of portion of coal
 24 severance tax permanent trust fund. (1) (a) There must be
 25 deposited into the technology investment program debt

1 service fund from the coal severance tax permanent trust
 2 fund maintained pursuant to 17-6-203 such amounts, not to
 3 exceed \$38 million, as are necessary from time to time,
 4 after application of all other money in the technology
 5 investment program debt service fund, to pay principal of
 6 and premium, if any, and interest on obligations when due.

7 (b) The chairman of the board shall advise the state
 8 treasurer prior to the date on which any payment is due of
 9 the amount needed to be transferred.

10 (2) After all obligations have been paid or payment
 11 has been provided for under the terms of the obligations,
 12 any interest, principal, royalty, and other payments
 13 received by the board with respect to technology investments
 14 made from money in the technology development account must
 15 be deposited into the coal severance tax permanent trust
 16 fund.

17 (3) The legislature shall provide for the continued
 18 assessment, levy, collection, and deposit into the coal
 19 severance tax permanent trust fund so there is sufficient
 20 money to make the deposits into the technology investment
 21 program debt service fund under this section.

22 (4) This section may not be amended to reduce the
 23 security for an obligation prior to the time it is paid or
 24 provision for its payment has been made under its terms.

25 NEW SECTION. Section 17. Personal liability -- suit

1 to compel performance. (1) The members of the board and
 2 officers and employees of state agencies are not personally
 3 liable or accountable on or by reason of the issuance of any
 4 obligation.

5 (2) The holder of an obligation or any party in
 6 interest, subject to its provisions, may sue to enforce and
 7 compel the performance of the obligation.

8 NEW SECTION. Section 18. Pledge of the state. In
 9 accordance with the constitutions of the United States and
 10 the state, the state pledges that it will not in any way
 11 impair the terms or conditions of any agreement between the
 12 state and the holders of obligations.

13 NEW SECTION. Section 19. Effect of federal taxation
 14 -- legal investments. (1) Obligations may be issued whether
 15 or not interest thereon is exempt from federal income tax.
 16 The resolution authorizing their issuance may contain
 17 agreements of the state, and the board is authorized to
 18 enter into agreements, to comply with provisions of the
 19 Internal Revenue Code of 1986 with respect to obligations.

20 (2) Obligations are:

21 (a) legal investments for any person or board charged
 22 with investment of public funds;

23 (b) acceptable as security for any deposit of public
 24 money; and

25 (c) securities in which funds, including capital, in

1 the control of insurance companies; insurance associations;
 2 banks; savings banks; banking associations; trust companies;
 3 building and loan associations; credit unions; pension,
 4 profit-sharing, and retirement funds; and executors,
 5 administrators, guardians, trustees, or other fiduciaries
 6 may be legally and properly invested.

7 NEW SECTION. Section 20. Exemption from registration.
 8 Title 30, chapter 10, part 2, does not apply to obligations
 9 issued under [sections 1 through 19].

10 Section 21. Section 17-7-502, MCA, is amended to read:

11 "17-7-502. Statutory appropriations -- definition --
 12 requisites for validity. (1) A statutory appropriation is an
 13 appropriation made by permanent law that authorizes spending
 14 by a state agency without the need for a biennial
 15 legislative appropriation or budget amendment.

16 (2) Except as provided in subsection (4), to be
 17 effective, a statutory appropriation must comply with both
 18 of the following provisions:

19 (a) The law containing the statutory authority must be
 20 listed in subsection (3).

21 (b) The law or portion of the law making a statutory
 22 appropriation must specifically state that a statutory
 23 appropriation is made as provided in this section.

24 (3) The following laws are the only laws containing
 25 statutory appropriations:

1 (a) 2-9-202;
 2 (b) 2-17-105;
 3 (c) 2-18-812;
 4 (d) 10-3-203;
 5 (e) 10-3-312;
 6 (f) 10-3-314;
 7 (g) 10-4-301;
 8 (h) 13-37-304;
 9 (i) 15-31-702;
 10 (j) 15-36-112;
 11 (k) 15-70-101;
 12 (l) 16-1-404;
 13 (m) 16-1-410;
 14 (n) 16-1-411;
 15 (o) 17-3-212;
 16 (p) 17-5-404;
 17 (q) 17-5-424;
 18 (r) 17-5-804;
 19 (s) 19-8-504;
 20 (t) 19-9-702;
 21 (u) 19-9-1007;
 22 (v) 19-10-205;
 23 (w) 19-10-305;
 24 (x) 19-10-506;
 25 (y) 19-11-512;

1 (z) 19-11-513;
 2 (aa) 19-11-606;
 3 (bb) 19-12-301;
 4 (cc) 19-13-604;
 5 (dd) 20-6-406;
 6 (ee) 20-8-111;
 7 (ff) 23-5-612;
 8 (gg) 37-51-501;
 9 (hh) 53-24-206;
 10 (ii) 75-1-1101;
 11 (jj) 75-7-305;
 12 (kk) 80-2-103;
 13 (ll) 80-2-228;
 14 (mm) 90-3-301;
 15 (nn) 90-3-302;
 16 (oo) [section 7];
 17 ~~(oo)~~(pp) 90-15-103; and
 18 ~~(pp)~~(qq) Sec. 13, HB 861, L. 1985.

19 (4) There is a statutory appropriation to pay the
 20 principal, interest, premiums, and costs of issuing, paying,
 21 and securing all bonds, notes, or other obligations, as due,
 22 that have been authorized and issued pursuant to the laws of
 23 Montana. Agencies that have entered into agreements
 24 authorized by the laws of Montana to pay the state
 25 treasurer, for deposit in accordance with 17-2-101 through

1 17-2-107, as determined by the state treasurer, an amount
 2 sufficient to pay the principal and interest as due on the
 3 bonds or notes have statutory appropriation authority for
 4 such payments."

5 Section 22. Section 90-3-302, MCA, is amended to read:

6 "90-3-302. Return-on-investment agreements. (1) The
 7 board shall enter into return-on-investment agreements for
 8 those products or processes that are to be developed and
 9 commercialized as a result of a technology investment. As a
 10 part of such an agreement, the board shall require payment
 11 of a return that it considers commensurate with the risk of
 12 its original investment. The private sector company shall
 13 own any patent rights obtained as a result of work done by
 14 the private sector company.

15 (2) All income received by the board not required to
 16 be paid into the technology investment program debt service
 17 fund is appropriated to its use. This income is statutorily
 18 appropriated, as provided in 17-7-502. As this income is
 19 received, it will supplant the appropriation of coal tax
 20 revenues to the board. Such income received by the board in
 21 excess of the amount appropriated to it from coal severance
 22 tax revenues accrues to a science and technology research
 23 and development account in the state special revenue fund."

24 NEW SECTION. Section 23. Extension of authority. Any
 25 existing authority of the Montana science and technology

1 development board to make rules on the subject of the
 2 provisions of this act is extended to the provisions of this
 3 act.

4 NEW SECTION. Section 24. Codification instruction.
 5 Sections 1 through 20 are intended to be codified as an
 6 integral part of Title 90, chapter 3, and the provisions of
 7 Title 90, chapter 3, apply to sections 1 through 20.

8 NEW SECTION. Section 25. Severability. If a part of
 9 this act is invalid, all valid parts that are severable from
 10 the invalid part remain in effect. If a part of this act is
 11 invalid in one or more of its applications, the part remains
 12 in effect in all valid applications that are severable from
 13 the invalid applications.

14 NEW SECTION. Section 26. Three-fourths vote required.
 15 Since this act appropriates money from the coal severance
 16 tax trust fund, Article IX, section 5, of the Montana
 17 constitution requires a vote of three-fourths of the members
 18 of each house for passage.

19 NEW SECTION. Section 27. Effective date. This act is
 20 effective on passage and approval.

-End-

1 HOUSE BILL NO. 700
 2 INTRODUCED BY BRADLEY, WINSLOW, VINCENT, HAFHEY, THAYER,
 3 M. WILLIAMS, REGAN, CONNELLY, BLAYLOCK, VAN VALKENBURG,
 4 REAM, IVERSON, SPAETH, PECK, MCCALLUM, NATHE, WALLIN,
 5 THOMAS, FARRELL, MERCER, DONALDSON, RAMIREZ, MANUEL,
 6 SCHYE, NEUMAN, J. BROWN, ADDY, QUILICI, PAVLOVICH,
 7 SQUIRES, MENAHAN, DRISCOLL, KADAS, DAILY, KEENAN,
 8 HARP, HARRINGTON, ABRAMS, MARKS, HALLIGAN, MAZUREK,
 9 JERGESON, HIRSCH, REHBERG, NISBET, HANSEN, HARPER,
 10 FRITZ, LYNCH, MILLER, MANNING, MOORE, STIMATZ, CRIPPEN,
 11 JONES, LYBECK, RANEY, GRADY, STRIZICH, GILBERT, DARKO,
 12 MCCORMICK, ECK, WALKER, B. WILLIAMS, B. BROWN, CORNE',
 13 LORY, HOFMAN, BISHOP, PINSONEAULT, WEEDING, JACOBSON,
 14 ASAY, C. SMITH, WHALEN
 15 BY REQUEST OF THE SCIENCE
 16 AND TECHNOLOGY DEVELOPMENT BOARD
 17
 18 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AUTHORITY TO
 19 THE MONTANA SCIENCE AND TECHNOLOGY DEVELOPMENT BOARD TO
 20 ISSUE SCIENCE AND TECHNOLOGY DEVELOPMENT SEED CAPITAL FUND
 21 BONDS TO FINANCE TECHNOLOGY INVESTMENTS; CREATING NECESSARY
 22 FUNDS AND ACCOUNTS; MAKING STATUTORY APPROPRIATIONS OF
 23 CERTAIN MONEY; AUTHORIZING TRANSFER OF A PORTION OF THE COAL
 24 SEVERANCE TAX PERMANENT TRUST FUND; PROVIDING FOR AUDITS OF
 25 THE BOARD; AMENDING SECTIONS 17-7-502, AND 90-3-203,

1 90-3-302, AND 90-3-304, MCA; AND PROVIDING AN IMMEDIATE
 2 EFFECTIVE DATE."
 3
 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 5 NEW SECTION. Section 1. Short title. This part shall
 6 be known and may be cited as the "Science and Technology
 7 Development Board Seed Capital Bond Act".
 8 NEW SECTION. Section 2. Legislative finding and
 9 declaration. The legislature finds and declares that:
 10 (1) it is the policy of the state of Montana to
 11 promote the health, safety, and general welfare of all the
 12 people of the state;
 13 (2) such policy will be furthered through
 14 strengthening and diversifying the state's economy by
 15 facilitating a public-private sector partnership to
 16 encourage scientific and technological development within
 17 the state in order to keep pace with a changing economic
 18 structure and to create new jobs and expand business
 19 opportunities; and
 20 (3) such strengthening and diversification will be
 21 fostered by assisting in the acceleration of development of
 22 technology in the state through the making of technology
 23 investments.
 24 NEW SECTION. Section 3. Definitions. As used in this
 25 part, the following definitions apply:



1 (1) "Bonds and notes" means bonds and notes authorized
2 by [section 6].

3 (2) "Certified Montana capital company" has the
4 meaning given in 90-8-104.

5 (3) "Expansion capital project" means a technology
6 development project undertaken to enable a company to expand
7 its manufacturing and marketing activities in order to move
8 its products or services into new markets.

9 (4) "Obligations" means:

10 (a) bonds and notes; and

11 (b) refunding bonds and notes.

12 (5) "Refunding bonds and notes" means refunding bonds
13 and notes authorized by [section 6].

14 (6) "Return-on-investment agreement" means an
15 agreement contemplated REQUIRED by 90-3-302(1).

16 (7) "Seed capital project" means a technology
17 development project to develop a business plan, prove a
18 product concept, complete product development, or conduct
19 market research for a specific product prior to the actual
20 sale of any similar product for an enterprise that is not
21 profitable at the time of the investment.

22 (8) "Start-up capital project" means a technology
23 development project to enable a company to initiate
24 manufacturing on a regular basis.

25 (9) "Technology development account" means the

1 separate account created in [section 5].

2 (10) "Technology investment program" means the program
3 to be pursued by the board under [section 12].

4 (11) "Technology investment program debt service fund"
5 means the separate fund created in [section 4].

6 NEW SECTION. Section 4. Technology investment program
7 debt service fund. (1) There is a technology investment
8 program debt service fund within the debt service fund type
9 established in 17-2-102.

10 (2) There must be paid into the technology investment
11 program debt service fund:

12 (a) the amounts from time to time directed to be paid
13 under [section 16];

14 (b) accrued interest on obligations paid by the
15 initial purchaser of the obligations;

16 (c) all interest, principal, royalty, and other
17 payments received by the board with respect to technology
18 investments made from money in the technology development
19 account that is not paid into the coal severance tax
20 permanent trust fund under [section 16];

21 (d) all proceeds of the investment of money in the
22 technology development account; and

23 (e) all proceeds of refunding bonds and notes, other
24 than proceeds necessary to pay the costs of issuance of the
25 refunding bonds and notes.

1 (3) Money in the technology investment program debt
2 service fund is pledged to the payment, when due and
3 payable, of principal of and redemption premiums, if any,
4 and interest on obligations. Money in the debt service fund
5 must be used for these purposes.

6 NEW SECTION. Section 5. Technology development
7 account. (1) There is a technology development account
8 within the state special revenue fund established in
9 17-2-102.

10 (2) There must be paid into the technology development
11 account:

12 (a) all proceeds of bonds and notes, other than
13 accrued interest paid by initial purchasers; and

14 (b) proceeds of refunding bonds and notes necessary to
15 pay the costs of issuance.

16 NEW SECTION. Section 6. Bonds and notes. (1) Subject
17 to the limitations contained in this section, the board may
18 issue, in one or more series from time to time prior to [the
19 date that is 6 years after the effective date of this part],
20 bonds and notes in the amount it considers necessary and
21 proper to finance the technology investment program. All
22 obligations must be authorized by resolution of the board.

23 (2) Subject to the limitations contained in this
24 section, the board may issue, in one or more series from
25 time to time, refunding bonds or notes, or both, as the

1 board considers necessary to refund any obligations that
2 have been issued under this section, including the payment
3 of any redemption premium and any interest accrued or to
4 accrue to the date of payment or early redemption, if any.

5 (3) (a) Each series of obligations may be issued in
6 such denominations and forms, whether payable to bearer with
7 attached interest coupons or registered as to principal or
8 as to both principal and interest, with such provisions, if
9 any, for conversion or exchange and for the issuance of
10 temporary obligations in anticipation of the issuance of
11 definitive obligations, as the board determines. The
12 obligations shall bear interest, if any, at such rate or
13 rates as provided in the resolution authorizing their
14 issuance. The obligations shall mature on such date or dates
15 not exceeding 13 years from [the effective date of sections
16 1 through 20], subject to such optional or mandatory
17 redemption at such earlier times and prices and upon such
18 notice, with such provisions for payment and discharge by
19 the deposit of money or securities in escrow for that
20 purpose and payable at the office of such banking
21 institution within or outside the state, as the board
22 determines.

23 (b) In all respects not specified in this section, the
24 board is authorized to prescribe the form and terms of the
25 obligations.

1 (c) Obligations and any interest coupons appurtenant
 2 thereto must be signed by the governor and the chairman or
 3 other designated member of the board and countersigned by
 4 the chief administrative officer of the board. They must be
 5 issued under the state seal. Signing may be by facsimile
 6 signatures, and the seal may be affixed by facsimile in the
 7 manner and subject to the limitations prescribed by law.

8 (d) The state treasurer shall keep a record of all
 9 such obligations issued and sold.

10 (4) Each series of obligations must be authorized by
 11 resolution of the board and may be sold by the board or, in
 12 the case of refunding bonds and notes, exchanged for
 13 outstanding obligations at public or private sale at prices
 14 above or below the stated principal amount as the board
 15 determines.

16 NEW SECTION. Section 7. Trust indenture. In the
 17 discretion of the board, a series of obligations may be
 18 secured by a trust indenture by and between the board and a
 19 trustee, which may be any trust company or bank having the
 20 powers of a trust company within or outside of the state.
 21 Each trust indenture or an executed counterpart thereof must
 22 be filed in the office of the secretary of state. The filing
 23 is constructive notice of its contents to all persons from
 24 the time of the filing. The recording of the trust indenture
 25 or its contents is not necessary. The trust indenture or the

1 resolution may contain provisions for protecting and
 2 enforcing the rights and remedies of the holders of the
 3 obligations as determined by the board to be reasonable and
 4 proper and not in violation of law.

5 NEW SECTION. Section 8. Provisions of resolution on
 6 investment. If permitted in the resolution authorizing the
 7 issuance of the refunding bonds or notes or the trust
 8 agreement securing them, the proceeds of the refunding bonds
 9 or notes may be invested as provided by the board pending
 10 the application of the proceeds of the refunding bonds or
 11 notes, with other available funds, to the payment of
 12 principal of and redemption premium, if any, and interest on
 13 the obligations being refunded and to the payment of
 14 interest on the refunding bonds and notes and the expenses
 15 related to refunding.

16 NEW SECTION. Section 9. Negotiability of obligations.
 17 Unless otherwise stated in the resolution authorizing them,
 18 obligations are considered negotiable instruments under
 19 Title 30, chapter 8, subject only to the provisions for
 20 registration.

21 NEW SECTION. Section 10. Signatures. In case any
 22 member of the board whose signature appears on an obligation
 23 ceases to be a member before the delivery thereof, the
 24 member's signature is nevertheless valid and sufficient for
 25 all purposes, the same as if the member had remained, in

1 office until delivery.

2 NEW SECTION. Section 11. Limit on obligations. (1)
 3 There may not be outstanding at any time obligations in an
 4 aggregate principal amount exceeding, together with unpaid
 5 interest thereon to maturity, \$38 million.

6 (2) Not more than \$16 million of proceeds of bonds and
 7 notes may be used for technology investments, costs of
 8 issuance of bonds and notes, and administrative costs of the
 9 board and its staff.

10 (3) Obligations by their terms no longer having a
 11 claim to be paid from amounts to be paid into the technology
 12 investment program debt service fund by reason of the
 13 deposit of money or securities in escrow for such purpose
 14 are not considered outstanding for purposes of subsection
 15 (1).

16 NEW SECTION. Section 12. Technology investment
 17 program -- statutory appropriation. (1) To further state
 18 policy, the board shall pursue a program of making
 19 technology investments with money in the technology
 20 development account for technology development projects that
 21 are seed capital projects, start-up capital projects, or
 22 expansion capital projects. Prior to making an investment,
 23 the board shall determine, after technical and financial
 24 review by the board or committees thereof in accordance with
 25 procedures established by the board, whether THAT the

1 project, if successful, will accelerate development and
 2 application of advanced and innovative technology in the
 3 state's economy by encouraging or facilitating the
 4 development of new products, processes, or technologies that
 5 make the state's economy more productive and profitable and
 6 have commercial application in existing and new businesses.

7 (2) Money in the technology development account is
 8 statutorily appropriated for the purpose of making
 9 technology investments and the payment of the obligations as
 10 provided in 17-7-502. Money in the technology development
 11 account may be used for administrative costs of the board
 12 and its staff for the technology investment program to the
 13 extent authorized by the legislature.

14 NEW SECTION. Section 13. Criteria for technology
 15 investments. (1) Technology investments may be made from
 16 money in the technology development account only upon a
 17 favorable determination by the board of:

18 (a) the relevance of the proposed technology
 19 development project to the purpose of this part;

20 (b) the prospects for collaboration on the project
 21 between public and private sectors of the state's economy in
 22 mineral technology, agricultural technology, forestry
 23 technology, biotechnology, microelectronics and computer
 24 sciences, energy technology, information sciences, and
 25 materials science;

1 (c) the prospects for achieving commercial success in
 2 general and for creating significant numbers of new jobs in
 3 the state in particular;

4 (d) the quality of the specific product and business
 5 development methodology proposed;

6 (e) the suitability of any proposed milestone for
 7 evaluating progress of technology development project
 8 results; and

9 (f) the availability ~~or-feasibility~~ of matching funds
 10 required under ~~90-3-203~~ 90-3-301(2).

11 (2) In this evaluation process, the board shall
 12 consider the investment's:

13 (a) job creation potential;

14 (b) potential benefit for existing industry;

15 (c) potential for creating new industry; and

16 (d) involvement of existing institutional research
 17 strength or whether it involves a newly targeted technology
 18 area with development potential.

19 (3) Each return-on-investment agreement for technology
 20 investment made from money in the technology development
 21 account shall:

22 (a) require periodic financial and progress reports
 23 concerning the technology development project and any other
 24 reports the board determines necessary to monitor the
 25 progress of the technology development project;

1 (b) require the technology development project to be
 2 conducted in the state; and

3 (c) contain any other provision the board considers
 4 appropriate in light of the purpose of the technology
 5 investment program.

6 NEW SECTION. Section 14. Technology investment
 7 requirements. A technology investment may be made from money
 8 in the technology development account only if the board
 9 anticipates receiving repayment of the investment within 12
 10 years from [the effective date of this part]. The
 11 return-on-investment agreement must provide for the payment
 12 of interest at a rate determined by the board. The agreement
 13 need not require payments on a date or dates certain but may
 14 be payable on the occurrence of certain events or from
 15 certain specified sources, including but not limited to a
 16 percentage of gross sales revenues or a sales override on
 17 products, processes, services, or technologies derived in
 18 whole or in part from the proceeds of the technology
 19 investment. The board may use the technology development
 20 account only for technology investments from which it
 21 expects repayment on a schedule and in aggregate amounts
 22 sufficient to pay principal and interest on obligations.

23 NEW SECTION. Section 15. Montana capital companies.
 24 (1) The board may SHALL make technology-investments-through
 25 AT LEAST 20% OF THE TECHNOLOGY DEVELOPMENT ACCOUNT AVAILABLE

1 FOR INVESTMENT IN certified Montana capital companies in
 2 order to further the development of private sector seed, and
 3 start-up, AND EXPANSION capital resources available for
 4 investment in technology-oriented business development and
 5 expansion activities. Certified Montana capital companies
 6 must be selected for investment by the board on the basis of
 7 the capital company's demonstrated ability to make sound
 8 investments and its business development experience. The
 9 board shall adopt rules governing such investments to ensure
 10 that any money made available to certified Montana capital
 11 companies is used to make technology investments that meet
 12 the requirements of [section SECTIONS 13 AND 14].

13 (2) The board may make technology investments in
 14 start-up or expansion capital projects from money in the
 15 technology development account only after then-existing
 16 certified Montana capital companies have been offered the
 17 opportunity to invest or coinvest in such projects. However,
 18 a decision by any certified Montana capital company to make
 19 any technology investment in such a project may not obligate
 20 the board to make any technology investment. Offers to and
 21 investment by certified Montana capital companies must be
 22 made in accordance with rules adopted by the board to carry
 23 out the purposes of this part.

24 NEW SECTION. Section 16. Transfer of portion of coal
 25 severance tax permanent trust fund. (1) (a) There must be

1 deposited into the technology investment program debt
 2 service fund from the coal severance tax permanent trust
 3 fund maintained pursuant to 17-6-203 such amounts, not to
 4 exceed \$38 million, as are necessary from time to time,
 5 after application of all other money in the technology
 6 investment program debt service fund, to pay principal of
 7 and premium, if any, and interest on obligations when due.

8 (b) The chairman of the board shall advise the state
 9 treasurer prior to the date on which any payment is due of
 10 the amount needed to be transferred.

11 (2) After all obligations have been paid or payment
 12 has been provided for under the terms of the obligations,
 13 any interest, principal, royalty, and other payments
 14 received by the board with respect to technology investments
 15 made from money in the technology development account must
 16 be deposited into the coal severance tax permanent trust
 17 fund.

18 (3) The legislature shall provide for the continued
 19 assessment, levy, collection, and deposit into the coal
 20 severance tax permanent trust fund so there is sufficient
 21 money to make the deposits into the technology investment
 22 program debt service fund under this section.

23 (4) This section may not be amended to reduce the
 24 security for an obligation prior to the time it is paid or
 25 provision for its payment has been made under its terms.

1 NEW SECTION. Section 17. Personal liability -- suit
 2 to compel performance. (1) The members of the board and
 3 officers and employees of state agencies are not personally
 4 liable or accountable on or by reason of the issuance of any
 5 obligation.

6 (2) The holder of an obligation or any party in
 7 interest, subject to its provisions, may sue to enforce and
 8 compel the performance of the obligation.

9 NEW SECTION. Section 18. Pledge of the state. In
 10 accordance with the constitutions of the United States and
 11 the state, the state pledges that it will not in any way
 12 impair the terms or conditions of any agreement between the
 13 state and the holders of obligations.

14 NEW SECTION. Section 19. Effect of federal taxation
 15 -- legal investments. (1) Obligations may be issued whether
 16 or not interest thereon is exempt from federal income tax.
 17 The resolution authorizing their issuance may contain
 18 agreements of the state, and the board is authorized to
 19 enter into agreements, to comply with provisions of the
 20 Internal Revenue Code of 1986 with respect to obligations.

21 (2) Obligations are:

22 (a) legal investments for any person or board charged
 23 with investment of public funds;

24 (b) acceptable as security for any deposit of public
 25 money; and

1 (c) securities in which funds, including capital, in
 2 the control of insurance companies; insurance associations;
 3 banks; savings banks; banking associations; trust companies;
 4 building and loan associations; credit unions; pension,
 5 profit-sharing, and retirement funds; and executors,
 6 administrators, guardians, trustees, or other fiduciaries
 7 may be legally and properly invested.

8 NEW SECTION. Section 20. Exemption from registration.
 9 Title 30, chapter 10, part 2, does not apply to obligations
 10 issued under [sections 1 through 19].

11 Section 21. Section 17-7-502, MCA, is amended to read:
 12 "17-7-502. Statutory appropriations -- definition --
 13 prerequisites for validity. (1) A statutory appropriation is an
 14 appropriation made by permanent law that authorizes spending
 15 by a state agency without the need for a biennial
 16 legislative appropriation or budget amendment.

17 (2) Except as provided in subsection (4), to be
 18 effective, a statutory appropriation must comply with both
 19 of the following provisions:

20 (a) The law containing the statutory authority must be
 21 listed in subsection (3).

22 (b) The law or portion of the law making a statutory
 23 appropriation must specifically state that a statutory
 24 appropriation is made as provided in this section.

25 (3) The following laws are the only laws containing

1 statutory appropriations:
 2 (a) 2-9-202;
 3 (b) 2-17-105;
 4 (c) 2-18-812;
 5 (d) 10-3-203;
 6 (e) 10-3-312;
 7 (f) 10-3-314;
 8 (g) 10-4-301;
 9 (h) 13-37-304;
 10 (i) 15-31-702;
 11 (j) 15-36-112;
 12 (k) 15-70-101;
 13 (l) 16-1-404;
 14 (m) 16-1-410;
 15 (n) 16-1-411;
 16 (o) 17-3-212;
 17 (p) 17-5-404;
 18 (q) 17-5-424;
 19 (r) 17-5-804;
 20 (s) 19-8-504;
 21 (t) 19-9-702;
 22 (u) 19-9-1007;
 23 (v) 19-10-205;
 24 (w) 19-10-305;
 25 (x) 19-10-506;

1 (y) 19-11-512;
 2 (z) 19-11-513;
 3 (aa) 19-11-606;
 4 (bb) 19-12-301;
 5 (cc) 19-13-604;
 6 (dd) 20-6-406;
 7 (ee) 20-8-111;
 8 (ff) 23-5-612;
 9 (gg) 37-51-501;
 10 (hh) 53-24-206;
 11 (ii) 75-1-1101;
 12 (jj) 75-7-305;
 13 (kk) 80-2-103;
 14 (ll) 80-2-228;
 15 (mm) 90-3-301;
 16 (nn) 90-3-302;
 17 (oo) [section 7];
 18 ~~(pp)~~(pp) 90-15-103; and
 19 ~~(pp)~~(qq) Sec. 13, HB 861, L. 1985.
 20 (4) There is a statutory appropriation to pay the
 21 principal, interest, premiums, and costs of issuing, paying,
 22 and securing all bonds, notes, or other obligations, as due,
 23 that have been authorized and issued pursuant to the laws of
 24 Montana. Agencies that have entered into agreements
 25 authorized by the laws of Montana to pay the state

1 treasurer, for deposit in accordance with 17-2-101 through
2 17-2-107, as determined by the state treasurer, an amount
3 sufficient to pay the principal and interest as due on the
4 bonds or notes have statutory appropriation authority for
5 such payments."

6 SECTION 22. SECTION 90-3-203, MCA, IS AMENDED TO READ:
7 "90-3-203. Powers and duties of board. The board
8 shall:

9 (1) establish policies and priorities that will expand
10 and develop the use of science and technology for economic
11 development in Montana;

12 (2) provide technical assistance for the transfer of
13 technology to Montana businesses in order to encourage the
14 use of new technology by Montana business and industry;

15 (3) make technology investments in technology
16 development projects in the following areas that have short-
17 or long-term potential to stimulate economic development in
18 Montana:

- 19 (a) research capability development;
- 20 (b) applied technological research;
- 21 (c) technology assistance and transfer; and
- 22 (d) seed capital awards for development and
23 commercialization of new products and processes;

24 (4) accept grants or receive devises of money or
25 property to be used in Montana for investments described in

1 this chapter;

2 (5) submit to the governor and the legislature a
3 report describing the board's programs and accomplishments
4 by November 1 of each even-numbered year or at the request
5 of the governor; and

6 (6) adopt rules necessary to implement the provisions
7 of this chapter, including but not limited to rules:

- 8 (a) governing the conduct of board business;
- 9 (b) establishing matching fund requirements for
10 capability, basic research, and seed capital investment
11 programs;

12 (c) establishing criteria for determining the
13 eligibility of projects and programs for technology
14 investments; and

15 (d) establishing methods of committing funds, types
16 and amounts of fees, and types of research investments to be
17 made; and

18 (7) adopt specific goals and objectives for each
19 program administered by the board."

20 Section 23. Section 90-3-302, MCA, is amended to read:

21 "90-3-302. Return-on-investment agreements. (1) The
22 board shall enter into return-on-investment agreements for
23 those products or processes that are to be developed and
24 commercialized as a result of a technology investment. As a
25 part of such an agreement, the board shall require payment

1 of a return that it considers commensurate with the risk of
 2 its original investment. The private sector company shall
 3 own any patent rights obtained as a result of work done by
 4 the private sector company.

5 (2) All income received by the board not required to
 6 be paid into the technology investment program debt service
 7 fund is appropriated to its use. This income is statutorily
 8 appropriated, as provided in 17-7-502. As this income is
 9 received, it will supplant the appropriation of coal tax
 10 revenues to the board. Such income received by the board in
 11 excess of the amount appropriated to it from coal severance
 12 tax revenues accrues to a science and technology research
 13 and development account in the state special revenue fund."

14 SECTION 24. SECTION 90-3-304, MCA, IS AMENDED TO READ:

15 "90-3-304. Accountability -- audits. (1) The board
 16 shall develop independent review and audit procedures to
 17 ensure that investments made by it are used for the purposes
 18 identified in its investment agreements.

19 (2) The board's technology investment agreements must
 20 contain provisions considered necessary by the board to
 21 ensure the proper inspection and review of projects, the
 22 attainment of project goals, and the maintenance of adequate
 23 financial records by recipients of board funds.

24 (3) The board's books and records must be audited by
 25 or at the direction of the legislative auditor. The

1 legislative auditor must conduct a performance audit of the
 2 board's goals, objectives, and statutory duties prior to the
 3 51st legislative session and at such times as determined
 4 necessary by the legislative audit committee. The actual
 5 costs of audits must be paid from the board's funds."

6 NEW SECTION. Section 25. Extension of authority. Any
 7 existing authority of the Montana science and technology
 8 development board to make rules on the subject of the
 9 provisions of this act is extended to the provisions of this
 10 act.

11 NEW SECTION. Section 26. Codification instruction.
 12 Sections 1 through 20 are intended to be codified as an
 13 integral part of Title 90, chapter 3, and the provisions of
 14 Title 90, chapter 3, apply to sections 1 through 20.

15 NEW SECTION. Section 27. Severability. If a part of
 16 this act is invalid, all valid parts that are severable from
 17 the invalid part remain in effect. If a part of this act is
 18 invalid in one or more of its applications, the part remains
 19 in effect in all valid applications that are severable from
 20 the invalid applications.

21 NEW SECTION. Section 28. Three-fourths vote required.
 22 Since this act appropriates money from the coal severance
 23 tax trust fund, Article IX, section 5, of the Montana
 24 constitution requires a vote of three-fourths of the members
 25 of each house for passage.

HB 0700/03

1 NEW SECTION. Section 29. Effective date. This act is
2 effective on passage and approval.

-End-

1 HOUSE BILL NO. 700

2 INTRODUCED BY BRADLEY, WINSLOW, VINCENT, HAFPEY, THAYER,
3 M. WILLIAMS, REGAN, CONNELLY, BLAYLOCK, VAN VALKENBURG,
4 REAM, IVERSON, SPAETH, PECK, MCCALLUM, NATHE, WALLIN,
5 THOMAS, FARRELL, MERCER, DONALDSON, RAMIREZ, MANUEL,
6 SCHYE, NEUMAN, J. BROWN, ADDY, QUILICI, PAVLOVICH,
7 SQUIRES, MENAHAN, DRISCOLL, KADAS, DAILY, KEENAN,
8 HARP, HARRINGTON, ABRAMS, MARKS, HALLIGAN, MAZUREK,
9 JERGESON, HIRSCH, REHBERG, NISBET, HANSEN, HARPER,
10 FRITZ, LYNCH, MILLER, MANNING, MOORE, STIMATZ, CRIPPEN,
11 JONES, LYBECK, RANEY, GRADY, STRIZICH, GILBERT, DARKO,
12 MCCORMICK, ECK, WALKER, B. WILLIAMS, B. BROWN, CORNE',
13 LORY, HOFMAN, BISHOP, PINSONEAULT, WEEDING, JACOBSON,

14 ASAY, C. SMITH, WHALEN

15 BY REQUEST OF THE SCIENCE

16 AND TECHNOLOGY DEVELOPMENT BOARD

17
18 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AUTHORITY TO
19 THE MONTANA SCIENCE AND TECHNOLOGY DEVELOPMENT BOARD TO
20 ISSUE SCIENCE AND TECHNOLOGY DEVELOPMENT SEED CAPITAL FUND
21 BONDS TO FINANCE TECHNOLOGY INVESTMENTS; CREATING NECESSARY
22 FUNDS AND ACCOUNTS; MAKING STATUTORY APPROPRIATIONS OF
23 CERTAIN MONEY; AUTHORIZING TRANSFER OF A PORTION OF THE COAL
24 SEVERANCE TAX PERMANENT TRUST FUND; PROVIDING FOR AUDITS OF
25 THE BOARD; AMENDING SECTIONS 17-7-502, AND 90-3-203,

THERE ARE NO CHANGES ON HB 700 AND
WILL NOT BE REPRINTED. PLEASE REFER
TO THIRD READING (BLUE) FOR COMPLETE
TEXT.