

SENATE BILL NO. 263

INTRODUCED BY B. WILLIAMS, THAYER

BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD

IN THE SENATE

FEBRUARY 2, 1987                   INTRODUCED AND REFERRED TO COMMITTEE  
ON BUSINESS & INDUSTRY.

FEBRUARY 17, 1987                   COMMITTEE RECOMMEND BILL  
DO PASS. REPORT ADOPTED.

FEBRUARY 18, 1987                   PRINTING REPORT.

FEBRUARY 19, 1987                   SECOND READING, DO PASS.

FEBRUARY 20, 1987                   ENGROSSING REPORT.

FEBRUARY 21, 1987                   THIRD READING, PASSED.  
AYES, 49; NOES, 0.

TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 23, 1987                   INTRODUCED AND REFERRED TO COMMITTEE  
ON BUSINESS & LABOR.

MARCH 12, 1987                   COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

MARCH 14, 1987                   SECOND READING, CONCURRED IN.

MARCH 16, 1987                   THIRD READING, CONCURRED IN.  
AYES, 92; NOES, 5.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

MARCH 19, 1987

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

MARCH 20, 1987

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

1 *Senate* BILL NO. *263*  
 2 INTRODUCED BY *W. Williams*  
 3 BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE  
 6 REQUIREMENT FOR HOLDING PUBLIC HEARINGS ON PROJECTS FINANCED  
 7 UNDER THE MONTANA ECONOMIC DEVELOPMENT BOND ACT OF 1983 IF  
 8 THE BONDS FINANCING THE PROJECT ARE SUBJECT TO FEDERAL  
 9 INCOME TAXES; AMENDING SECTIONS 17-5-1526 AND 17-5-1527,  
 10 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 17-5-1526, MCA, is amended to read:

14 "17-5-1526. Procedure prior to financing projects. (1)  
 15 The board may finance projects, fother than major projects,‡,  
 16 under this part only when it finds that:

17 (a) the financing is in the public interest and is  
 18 consistent with the legislative purposes and findings set  
 19 forth in 17-5-1502;

20 (b) the financing to be provided by the board for a  
 21 project does not exceed either \$800,000 or 90% of the cost  
 22 or appraised value of the project, whichever is less;

23 (c) a financial institution will participate in  
 24 financing the project, either directly or through a letter  
 25 of credit, to the extent of at least 10% of the financing to

1 be provided by the board;

2 (d) the financing for the project is insured or  
 3 guaranteed in whole or in part by a private or governmental  
 4 insurer or guarantor, including but not limited to a  
 5 guaranty by the board pursuant to 17-5-1519;

6 (e) an applicant has submitted a statement indicating  
 7 any contracts to construct the projects will require all  
 8 contractors to give preference to the employment of bona  
 9 fide Montana residents, as defined in 18-2-401(4), in the  
 10 performance of the work on the projects if their  
 11 qualifications are substantially equal to those of  
 12 nonresidents; "substantially equal qualifications" means the  
 13 qualifications of two or more persons among whom the  
 14 employer cannot make a reasonable determination that the  
 15 qualifications held by one person are significantly better  
 16 suited for the position than the qualifications held by the  
 17 other persons; and

18 (f) adequate provision is made in the loan agreement,  
 19 lease, or other credit arrangement regarding a project or  
 20 projects being financed to provide for payment of debt  
 21 service on bonds of the board issued to finance such project  
 22 or projects, to create and maintain reserves therefor, and  
 23 to meet all costs and expenses of issuing and servicing the  
 24 bonds.

25 (2) In order to make the findings as described in

1 subsection (1)(a), a hearing must be conducted in the  
2 following manner:

3 (a) the city or county in which the project will be  
4 located must be notified; and the city and county must,  
5 within 14 days after receipt of the notice, notify the board  
6 if it elects to conduct the hearing; or

7 (b) if no request for a local hearing is received, the  
8 board may hold the hearing at a time and place it  
9 prescribes.

10 (3) If the hearing required by subsection (2) is  
11 conducted by a local government, the governing body of the  
12 local government must notify the board of its determination  
13 of whether the project is in the public interest within 14  
14 days of the completion of the public hearing.

15 (4) When a hearing is required either locally or at  
16 the state level, notice must be given, at least once a week  
17 for 2 weeks prior to the date set for the hearing, by  
18 publication in a newspaper of general circulation in the  
19 city or county where the hearing will be held. The notice  
20 must include the time and place of the hearing; the general  
21 nature of the project; the name of the lessee, borrower, or  
22 user of the project; and the estimated cost of the project.

23 (5) The requirements of subsections (1)(b) through  
24 (1)(d) do not apply to bonds that are not secured by the  
25 board's guarantee under 17-5-1519 or the capital reserve

1 account authorized by 17-5-1515.

2 (6) The hearing requirements of subsections (2)  
3 through (4) do not apply to projects financed with bonds  
4 that are subject to federal income taxes."

5 Section 2. Section 17-5-1527, MCA, is amended to read:  
6 "17-5-1527. Procedure prior to financing major  
7 projects. (1) The board may finance major projects under  
8 this part only when it finds that:

9 (a) the financing is in the public interest and is  
10 consistent with legislative purposes and findings;

11 (b) the financing to be provided by the board for a  
12 project does not exceed either \$10 million or 90% of the  
13 cost or appraised value of the project, whichever is less;

14 (c) a financial institution will participate in  
15 financing the project if the cost or appraised value is less  
16 than \$1 million, either directly or through a letter of  
17 credit, to the extent of at least 10% of the financing to be  
18 provided by the board, provided, however, that participation  
19 by a financial institution in projects of over \$1 million is  
20 at the discretion of the board;

21 (d) the financing for the project is insured or  
22 guaranteed in whole or in part by a private or governmental  
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24 guaranty by the board pursuant to 17-5-1519;

25 (e) any contracts to construct the projects require

1 all contractors to give preference to the employment of bona  
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 3 performance of the work on the projects if their  
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 5 nonresidents; "substantially equal qualifications" means the  
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 14 user of the project; and the estimated cost of the project.

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 16 (1)(d) do not apply to bonds that are not secured by the  
 17 board's guarantee under 17-5-1519 or the capital reserve  
 18 account authorized by 17-5-1515.

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 21 bonds that are subject to federal income taxes."

22 NEW SECTION. Section 3. Extension of authority. Any  
 23 existing authority of the Montana economic development board  
 24 to make rules on the subject of the provisions of this act  
 25 is extended to the provisions of this act.

LC 1692/01

1        NEW SECTION. Section 4. Effective date. This act is  
2 effective on passage and approval.

-End-

APPROVED BY COMM. ON  
BUSINESS & INDUSTRY

*Senate* BILL NO. *263*  
*W. Williams* *Ph. W. G. G.*

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3 BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD  
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 25 is extended to the provisions of this act.

LC 1692/01

1        NEW SECTION. Section 4. Effective date. This act is  
2 effective on passage and approval.

-End-

1 *Senate* BILL NO. *263*  
 2 INTRODUCED BY *William J. Ryan*  
 3 BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD  
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5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE  
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LC 1692/01

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## 1 SENATE BILL NO. 263

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3 BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD

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9 TO FEDERAL INCOME TAXES; AMENDING SECTIONS 17-5-1526 AND  
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25 (2) In order to make the findings as described in

1 subsection (1)(a), a hearing must be conducted in the  
2 following manner:

3 (a) the city or county in which the project will be  
4 located must be notified; and the city and county must,  
5 within 14 days after receipt of the notice, notify the board  
6 if it elects to conduct the hearing; or

7 (b) if no request for a local hearing is received, the  
8 board may hold the hearing at a time and place it  
9 prescribes.

10 (3) If the hearing required by subsection (2) is  
11 conducted by a local government, the governing body of the  
12 local government must notify the board of its determination  
13 of whether the project is in the public interest within 14  
14 days of the completion of the public hearing.

15 (4) When a hearing is required either locally or at  
16 the state level, notice must be given, at least once a week  
17 for 2 weeks prior to the date set for the hearing, by  
18 publication in a newspaper of general circulation in the  
19 city or county where the hearing will be held. The notice  
20 must include the time and place of the hearing; the general  
21 nature of the project; the name of the lessee, borrower, or  
22 user of the project; and the estimated cost of the project.

23 (5) The requirements of subsections (1)(b) through  
24 (1)(d) do not apply to bonds that are not secured by the  
25 board's guarantee under 17-5-1519 or the capital reserve

1 account authorized by 17-5-1515.

2 (6) The hearing requirements of subsections (2)  
3 through (4) do not apply to projects financed with bonds  
4 that--are THE INTEREST ON WHICH IS subject to federal income  
5 taxes."

6 Section 2. Section 17-5-1527, MCA, is amended to read:  
7 "17-5-1527. Procedure prior to financing major  
8 projects. (1) The board may finance major projects under  
9 this part only when it finds that:

10 (a) the financing is in the public interest and is  
11 consistent with legislative purposes and findings;

12 (b) the financing to be provided by the board for a  
13 project does not exceed either \$10 million or 90% of the  
14 cost or appraised value of the project, whichever is less;

15 (c) a financial institution will participate in  
16 financing the project if the cost or appraised value is less  
17 than \$1 million, either directly or through a letter of  
18 credit, to the extent of at least 10% of the financing to be  
19 provided by the board, provided, however, that participation  
20 by a financial institution in projects of over \$1 million is  
21 at the discretion of the board;

22 (d) the financing for the project is insured or  
23 guaranteed in whole or in part by a private or governmental  
24 insurer or guarantor, including but not limited to a  
25 guaranty by the board pursuant to 17-5-1519;



1 (e) any contracts to construct the projects require  
 2 all contractors to give preference to the employment of bona  
 3 fide Montana residents, as defined in 18-2-401(4), in the  
 4 performance of the work on the projects if their  
 5 qualifications are substantially equal to those of  
 6 nonresidents; "substantially equal qualifications" means the  
 7 qualifications of two or more persons among whom the  
 8 employer cannot make a reasonable determination that the  
 9 qualifications held by one person are significantly better  
 10 suited for the position than the qualifications held by the  
 11 other persons; and

12 (f) adequate provision is made in the loan agreement,  
 13 lease, or other credit arrangement regarding a project or  
 14 projects being financed to provide for payment of debt  
 15 service on bonds of the board issued to finance such project  
 16 or projects, to create and maintain reserves therefor, and  
 17 to meet all costs and expenses of issuing and servicing the  
 18 bonds.

19 (2) In order to make the findings as described in  
 20 subsection (1)(a), a hearing must be conducted in the  
 21 following manner:

22 (a) the city or county in which the project will be  
 23 located shall be notified, and within 14 days must advise  
 24 the board if it elects to conduct the hearing; or

25 (b) if no request for a local hearing is received, the

1 board may hold the hearing at a time and place it  
 2 prescribes.

3 (3) If the hearing required by subsection (2) is  
 4 conducted by a local government, the governing body of the  
 5 local government must notify the board of its determination  
 6 of whether the project is in the public interest within 14  
 7 days of the completion of the public hearing.

8 (4) When a hearing is required either locally or at  
 9 the state level, notice must be given, at least once a week  
 10 for 2 weeks prior to the date set for the hearing, by  
 11 publication in a newspaper of general circulation in the  
 12 city or county where the hearing will be held. The notice  
 13 must include the time and place of the hearing; the general  
 14 nature of the project; the name of the lessee, borrower, or  
 15 user of the project; and the estimated cost of the project.

16 (5) The requirements of subsections (1)(b) through  
 17 (1)(d) do not apply to bonds that are not secured by the  
 18 board's guarantee under 17-5-1519 or the capital reserve  
 19 account authorized by 17-5-1515.

20 (6) The hearing requirements of subsections (2)  
 21 through (4) do not apply to major projects financed with  
 22 bonds that are THE INTEREST ON WHICH IS subject to federal  
 23 income taxes."

24 NEW SECTION. Section 3. Extension of authority. Any  
 25 existing authority of the Montana economic development board

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

3 NEW SECTION. Section 4. Effective date. This act is  
4 effective on passage and approval.

-End-

STANDING COMMITTEE REPORT

HOUSE

MARCH 13 19 87

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report SENATE BILL NO. 263

do pass  
 do not pass

be concurred in  
 be not concurred in

as amended  
 statement of intent attached

  
REP. LES KITSELMAN Chairman

AMENDMENTS AS FOLLOWS:

1) Title, line 8  
Following: first "THE"  
Insert: "INTEREST ON"

2) Page 4, line 4  
Strike: "that are"  
Insert: "the interest on which is"

3) Page 6, line 21  
Strike: "that are"  
Insert: "the interest on which is"

MS. Rep. Ray Brandewie will sponsor  
THIRD reading copy (BLUE color)