

SENATE BILL NO. 332

INTRODUCED BY MANNING, HARRINGTON, DAILY

IN THE SENATE

FEBRUARY 3, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
	FIRST READING.
FEBRUARY 10, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 11, 1989	PRINTING REPORT.
FEBRUARY 14, 1989	SECOND READING, DO PASS.
FEBRUARY 15, 1989	ENGROSSING REPORT.
FEBRUARY 16, 1989	THIRD READING, PASSED. AYES, 48; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 16, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
FEBRUARY 20, 1989	FIRST READING.
MARCH 8, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 11, 1989	SECOND READING, CONCURRED IN.
MARCH 13, 1989	THIRD READING, CONCURRED IN. AYES, 99; NOES, 0.
	RETURNED TO SENATE.

MARCH 14, 1989

IN THE SENATE

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *332*
 2 INTRODUCED BY *Richard E. Manning* *Harvey* *Daif*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO COUNTY,
 5 MUNICIPAL, IMPROVEMENT DISTRICT, AND SCHOOL DISTRICT BONDS;
 6 CHANGING THE DEFINITION OF SERIAL BONDS AND ESTABLISHING
 7 WHEN THE TERM OF A BOND COMMENCES; AMENDING SECTIONS
 8 7-7-2206, 7-7-2211, 7-7-4205, 7-7-4210, 7-12-2171,
 9 7-12-4203, 20-9-408, AND 20-9-410, MCA; AND PROVIDING AN
 10 IMMEDIATE EFFECTIVE DATE."
 11

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

13 **Section 1.** Section 7-7-2206, MCA, is amended to read:

14 "7-7-2206. Term of general obligation bonds. (1) No
 15 bonds Bonds issued for any of the purposes designated in
 16 7-7-2201(1) through (4) ~~shall~~ may not be for a longer term
 17 than 20 years.

18 (2) ~~No-bonds~~ Bonds issued for any of the purposes
 19 designated in 7-7-2201(5) and (6) ~~shall~~ may not be for a
 20 longer term than 10 years.

21 (3) Bonds issued for any of the purposes designated in
 22 7-7-2202 ~~shall~~ may not be for a longer term than will be
 23 required to repay the bonds with interest through a tax levy
 24 of 10 mills on all the property within the county subject to
 25 taxation, and the term ~~shall~~ may not exceed 20 years.

1 (4) The length of the term required ~~shall~~ must be
 2 estimated and calculated by the board of county
 3 commissioners, based upon the percentage of valuation of the
 4 property upon which taxes are levied and paid within ~~such~~
 5 the county as ascertained from the last completed assessment
 6 for state and county taxes, taking into account probable
 7 changes in the taxable valuation and losses in tax
 8 collections. Irrespective of any miscalculation by the
 9 county commissioners in fixing the term of the bonds, the
 10 county ~~must~~ shall from year to year make a sufficient tax
 11 levy to pay the interest and installments on principal on
 12 the bonds as the same fall due.

13 (5) For purposes of this section, the term of a bond
 14 issue commences on July 1 of the fiscal year in which the
 15 county first levies taxes to pay principal and interest on
 16 the bonds."

17 **Section 2.** Section 7-7-2211, MCA, is amended to read:

18 "7-7-2211. Serial bonds. The term "serial bonds", as
 19 used in this part, ~~is hereby defined as being~~ means a bond
 20 issue payable in annual installments, ~~one installment~~
 21 ~~consisting of one or more bonds, becoming due and payable~~
 22 ~~each year; however, commencing not more than 2 years from~~
 23 ~~the date of issue, any one installment consisting of one or~~
 24 ~~more bonds, with the principal amount of bonds maturing in~~
 25 ~~each installment may not be more than exceeding~~ three times

1 the principal amount of the bonds maturing in the
2 immediately preceding installment."

3 **Section 3.** Section 7-7-4205, MCA, is amended to read:

4 "7-7-4205. Term of general obligation bonds. (1) No
5 bonds Bonds for any purpose ~~shall~~ may not be issued for a
6 longer term than 20 years.

7 (2) For purposes of this section, the term of a bond
8 issue commences on July 1 of the fiscal year in which the
9 city first levies taxes to pay principal and interest on the
10 bonds."

11 **Section 4.** Section 7-7-4210, MCA, is amended to read:

12 "7-7-4210. Serial bonds. The term "serial bonds", as
13 used in this part, ~~is hereby defined as being means~~ a bond
14 issue payable in annual installments,--one--installment
15 consisting of one or more bonds, becoming due and payable
16 each--year--however, commencing not more than 2 years from
17 the date of issue, any one installment consisting of one or
18 more bonds, with the principal amount of bonds maturing in
19 each installment may not be more than exceeding three times
20 the principal amount of the bonds maturing in the
21 immediately preceding installment."

22 **Section 5.** Section 7-12-2171, MCA, is amended to read:

23 "7-12-2171. Details relating to rural improvement
24 district bonds and warrants -- definitions of bond forms.

25 (1) The bonds and warrants shall be drawn against the

1 special improvement district fund created for the district
2 (that is, either the construction or maintenance fund, as
3 the case may be) and shall bear interest from the date of
4 registration until called for redemption or paid in full.
5 The interest shall be payable annually or semiannually, at
6 the discretion of the board of county commissioners, on such
7 dates as the board prescribes. ~~Such~~ The warrants or bonds
8 shall bear the signatures of the chairman of the board and
9 the county clerk and shall bear the corporate seal of the
10 county. They shall be registered in the office of the county
11 clerk and the county treasurer, and if interest coupons ~~be~~
12 are attached thereto to the warrants or bonds, they shall
13 also be ~~so~~ registered and shall bear the signatures of the
14 chairman of the board and the county clerk. ~~Said~~ The coupons
15 may bear the facsimile signatures of ~~said~~ the officers in
16 the discretion of the board.

17 (2) ~~Said~~ The bonds shall be in denominations of \$100
18 or fractions or multiples thereof, may be issued in
19 installments, and may extend over a period ~~of~~ not to exceed
20 30 years; except that if federal loans are available for
21 improvements, repayment may extend over a period not to
22 exceed 40 years. For the purposes of this subsection, the
23 term of a bond issue commences on July 1 of the fiscal year
24 in which the county first levies to pay principal and
25 interest on the bonds.

(3) All special improvement district bonds must be amortization bonds unless, in the judgment of the board, serial bonds will be more advantageous to the district and can be sold at a comparatively reasonable rate or rates of interest.

(4) As used in this part, unless the context clearly indicates otherwise, the following definitions apply:

(a) "Amortization bonds" means the form of bonds on which:

(i) a part of the principal must be paid each time interest becomes payable;

(ii) the part payment of principal increases at each installment in the same amount that the interest decreases;

(iii) the combined interest and principal due on each due date remains the same until the bonds are paid;

(iv) the final payment may vary from prior payments in the amount resulting from disregarding fractional costs in prior payments; and

(v) the initial payment may be larger than subsequent payments if such the increase represents interest accrued over an additional period not greater than 6 months.

(b) "Serial bonds" means ~~the form of bonds that are payable in annual installments and on which the amount maturing each year may not be more than a bond issue payable~~ in annual installments commencing not more than 2 years from

the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds maturing in any--previous--year the immediately preceding installment."

Section 6. Section 7-12-4203, MCA, is amended to read:

"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of bond forms.

(1) The bonds and warrants shall be drawn against the special improvement district fund created for the district and shall bear interest from the date of registration until called for redemption or paid in full. The interest shall be payable annually or semiannually, at the discretion of the governing body of the municipality, on such dates as the governing body prescribes. Such The warrants or bonds shall bear the signatures of the mayor and clerk and shall bear the corporate seal of the city. They shall be registered in the office of the clerk and treasurer, and if interest coupons be are attached thereto to the warrants or bonds, they shall also be so registered and shall bear the signatures of the mayor and clerk.

(2) Said The bonds shall be in denominations of \$100 or fractions or multiples thereof, may be issued in installments, and may extend over a period not to exceed 20 years. For the purposes of this subsection, the term of a

bond issue commences on July 1 of the fiscal year in which the city first levies assessments to pay principal and interest on the bonds.

(3) All special improvement district bonds must be amortization bonds unless, in the judgment of the city council, serial bonds will be more advantageous to the district and can be sold at a comparatively reasonable rate or rates of interest.

(4) As used in part 41 and this part, unless the context clearly indicates otherwise, the following definitions apply:

(a) "Amortization bonds" means the form of bonds on which:

(i) a part of the principal must be paid each time interest becomes payable;

(ii) the part payment of principal increases at each installment in the same amount that the interest decreases;

(iii) the combined interest and principal due on each due date remains the same until the bonds are paid;

(iv) the final payment may vary from prior payments in the amount resulting from disregarding fractional costs in prior payments; and

(v) the initial payment may be larger than subsequent payments if such the increase represents interest accrued over an additional period not greater than 6 months.

(b) "Serial bonds" means ~~the form of bonds that are payable in annual installments and on which the amount maturing each year may not be more than a bond issue payable in annual installments commencing not more than 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds maturing in any previous year the immediately preceding installment.~~

Section 7. Section 20-9-408, MCA, is amended to read:

"20-9-408. Definition of forms of bonds. As used in this title, unless the context clearly indicates otherwise:

(1) "amortization bonds" means the form of bonds on which a part of the principal must be paid each time interest becomes payable. The part payment of principal increases at each installment in the same amount that the interest decreases. The combined interest and principal due on each due date remains the same until the bonds are paid. The final payment may vary from prior payments in the amount resulting from disregarding fractional cents in prior payments.

(2) "serial bonds" means ~~the form of bonds which are payable in annual installments and on which the amount maturing each year may not be more than a bond issue payable in annual installments commencing not more than 2 years from~~

1 the date of issue, any one installment consisting of one or
 2 more bonds, with the principal amount of bonds maturing in
 3 each installment not exceeding three times the principal
 4 amount of the bonds maturing in the immediately preceding
 5 year installment."

6 **Section 8.** Section 20-9-410, MCA, is amended to read:

7 "20-9-410. Limitation of term and interest -- timing
 8 for redemption. (1) School district bonds ~~shall~~ may not be
 9 issued for a term longer than 20 years, except that bonds
 10 issued to refund or redeem outstanding bonds ~~shall~~ may not
 11 be issued for a term longer than 10 years unless the
 12 unexpired term of the bonds to be refunded or redeemed is in
 13 excess of 10 years, in which case the refunding or redeeming
 14 bonds may be issued for ~~such~~ the unexpired term. All bonds
 15 issued for a longer term than 5 years ~~shall~~ must be
 16 redeemable at the option of the school district on any
 17 interest payment date after one-half of the term for which
 18 they were issued has expired, and it ~~shall~~ must be so stated
 19 on the face of the bonds. The interest ~~shall~~ must be as
 20 provided under 17-5-102 and ~~shall~~ must be payable
 21 semiannually.

22 (2) For purposes of this section, the term of a bond
 23 issue commences on July 1 of the fiscal year in which the
 24 school district first levies taxes to pay the principal and
 25 interest on the bonds."

1 **NEW SECTION. Section 9. Saving clause.** [This act]
 2 does not affect rights and duties that matured, penalties
 3 that were incurred, or proceedings that were begun before
 4 [the effective date of this act].
 5 **NEW SECTION. Section 10. Effective date.** [This act]
 6 is effective on passage and approval.

-End-

APPROVED BY COMM.
ON LOCAL GOVERNMENT

1 *Senate* BILL NO. *332*
2 INTRODUCED BY *Richard C. Manning*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO COUNTY,
5 MUNICIPAL, IMPROVEMENT DISTRICT, AND SCHOOL DISTRICT BONDS;
6 CHANGING THE DEFINITION OF SERIAL BONDS AND ESTABLISHING
7 WHEN THE TERM OF A BOND COMMENCES; AMENDING SECTIONS
8 7-7-2206, 7-7-2211, 7-7-4205, 7-7-4210, 7-12-2171,
9 7-12-4203, 20-9-408, AND 20-9-410, MCA; AND PROVIDING AN
10 IMMEDIATE EFFECTIVE DATE."
11

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

13 **Section 1.** Section 7-7-2206, MCA, is amended to read:
14 "7-7-2206. Term of general obligation bonds. (1) No
15 bonds ~~Bonds~~ issued for any of the purposes designated in
16 7-7-2201(1) through (4) ~~shall~~ may not be for a longer term
17 than 20 years.

18 (2) ~~No-bonds~~ ~~Bonds~~ issued for any of the purposes
19 designated in 7-7-2201(5) and (6) ~~shall~~ may not be for a
20 longer term than 10 years.

21 (3) Bonds issued for any of the purposes designated in
22 7-7-2202 ~~shall~~ may not be for a longer term than will be
23 required to repay the bonds with interest through a tax levy
24 of 10 mills on all the property within the county subject to
25 taxation, and the term ~~shall~~ may not exceed 20 years.

1 (4) The length of the term required ~~shall~~ must be
2 estimated and calculated by the board of county
3 commissioners, based upon the percentage of valuation of the
4 property upon which taxes are levied and paid within ~~such~~
5 the county as ascertained from the last completed assessment
6 for state and county taxes, taking into account probable
7 changes in the taxable valuation and losses in tax
8 collections. Irrespective of any miscalculation by the
9 county commissioners in fixing the term of the bonds, the
10 county ~~must~~ shall from year to year make a sufficient tax
11 levy to pay the interest and installments on principal on
12 the bonds as the same fall due.

13 (5) For purposes of this section, the term of a bond
14 issue commences on July 1 of the fiscal year in which the
15 county first levies taxes to pay principal and interest on
16 the bonds."

17 **Section 2.** Section 7-7-2211, MCA, is amended to read:
18 "7-7-2211. Serial bonds. The term "serial bonds", as
19 used in this part, ~~is hereby defined as being~~ means a bond
20 issue payable in annual installments, ~~one~~ one or more bonds,
21 ~~consisting of one or more bonds, becoming due and payable~~
22 ~~each year, however, commencing not more than 2 years from~~
23 ~~the date of issue, any one installment consisting of one or~~
24 ~~more bonds, with the principal amount of bonds maturing in~~
25 ~~each installment may not be more than exceeding three times~~

1 the principal amount of the bonds maturing in the
2 immediately preceding installment."

3 **Section 3.** Section 7-7-4205, MCA, is amended to read:

4 "7-7-4205. Term of general obligation bonds. (1) No
5 bonds Bonds for any purpose shall may not be issued for a
6 longer term than 20 years.

7 (2) For purposes of this section, the term of a bond
8 issue commences on July 1 of the fiscal year in which the
9 city first levies taxes to pay principal and interest on the
10 bonds."

11 **Section 4.** Section 7-7-4210, MCA, is amended to read:

12 "7-7-4210. Serial bonds. The term "serial bonds", as
13 used in this part, ~~is hereby defined as being~~ means a bond
14 issue payable in annual installments, ~~one installment~~
15 ~~consisting of one or more bonds becoming due and payable~~
16 ~~each year; however, commencing not more than 2 years from~~
17 ~~the date of issue, any one installment consisting of one or~~
18 ~~more bonds, with the principal amount of bonds maturing in~~
19 ~~each installment may not be more than exceeding~~ three times
20 the principal amount of the bonds maturing in the
21 immediately preceding installment."

22 **Section 5.** Section 7-12-2171, MCA, is amended to read:

23 "7-12-2171. Details relating to rural improvement
24 district bonds and warrants -- definitions of bond forms.

25 (1) The bonds and warrants shall be drawn against the

1 special improvement district fund created for the district
2 (that is, either the construction or maintenance fund, as
3 the case may be) and shall bear interest from the date of
4 registration until called for redemption or paid in full.
5 The interest shall be payable annually or semiannually, at
6 the discretion of the board of county commissioners, on such
7 dates as the board prescribes. ~~Such~~ The warrants or bonds
8 shall bear the signatures of the chairman of the board and
9 the county clerk and shall bear the corporate seal of the
10 county. They shall be registered in the office of the county
11 clerk and the county treasurer, and if interest coupons be
12 ~~are attached thereto to the warrants or bonds~~, they shall
13 also be so registered and shall bear the signatures of the
14 chairman of the board and the county clerk. ~~Said~~ The coupons
15 may bear the facsimile signatures of ~~said~~ the officers in
16 the discretion of the board.

17 (2) ~~Said~~ The bonds shall be in denominations of \$100
18 or fractions or multiples thereof, may be issued in
19 installments, and may extend over a period of not to exceed
20 30 years; except that if federal loans are available for
21 improvements, repayment may extend over a period not to
22 exceed 40 years. For the purposes of this subsection, the
23 term of a bond issue commences on July 1 of the fiscal year
24 in which the county first levies to pay principal and
25 interest on the bonds.

(3) All special improvement district bonds must be amortization bonds unless, in the judgment of the board, serial bonds will be more advantageous to the district and can be sold at a comparatively reasonable rate or rates of interest.

(4) As used in this part, unless the context clearly indicates otherwise, the following definitions apply:

(a) "Amortization bonds" means the form of bonds on which:

(i) a part of the principal must be paid each time interest becomes payable;

(ii) the part payment of principal increases at each installment in the same amount that the interest decreases;

(iii) the combined interest and principal due on each due date remains the same until the bonds are paid;

(iv) the final payment may vary from prior payments in the amount resulting from disregarding fractional costs in prior payments; and

(v) the initial payment may be larger than subsequent payments if such the increase represents interest accrued over an additional period not greater than 6 months.

(b) "Serial bonds" means ~~the form of bonds that are payable in annual installments and on which the amount maturing each year may not be more than a bond issue payable in annual installments commencing not more than 2 years from~~

the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds maturing in any--previous--year the immediately preceding installment."

Section 6. Section 7-12-4203, MCA, is amended to read:

"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of bond forms.

(1) The bonds and warrants shall be drawn against the special improvement district fund created for the district and shall bear interest from the date of registration until called for redemption or paid in full. The interest shall be payable annually or semiannually, at the discretion of the governing body of the municipality, on such dates as the governing body prescribes. Such The warrants or bonds shall bear the signatures of the mayor and clerk and shall bear the corporate seal of the city. They shall be registered in the office of the clerk and treasurer, and if interest coupons ~~be are~~ attached thereto to the warrants or bonds, they shall also be ~~so~~ registered and shall bear the signatures of the mayor and clerk.

(2) Said The bonds shall be in denominations of \$100 or fractions or multiples thereof, may be issued in installments, and may extend over a period not to exceed 20 years. For the purposes of this subsection, the term of a

1 bond issue commences on July 1 of the fiscal year in which
 2 the city first levies assessments to pay principal and
 3 interest on the bonds.

4 (3) All special improvement district bonds must be
 5 amortization bonds unless, in the judgment of the city
 6 council, serial bonds will be more advantageous to the
 7 district and can be sold at a comparatively reasonable rate
 8 or rates of interest.

9 (4) As used in part 41 and this part, unless the
 10 context clearly indicates otherwise, the following
 11 definitions apply:

12 (a) "Amortization bonds" means the form of bonds on
 13 which:

14 (i) a part of the principal must be paid each time
 15 interest becomes payable;

16 (ii) the part payment of principal increases at each
 17 installment in the same amount that the interest decreases;

18 (iii) the combined interest and principal due on each
 19 due date remains the same until the bonds are paid;

20 (iv) the final payment may vary from prior payments in
 21 the amount resulting from disregarding fractional costs in
 22 prior payments; and

23 (v) the initial payment may be larger than subsequent
 24 payments if such the increase represents interest accrued
 25 over an additional period not greater than 6 months.

1 (b) "Serial bonds" means ~~the-form-of-bonds-that-are~~
 2 ~~payable-in-annual--installments--and--on--which--the--amount~~
 3 ~~maturing-each-year-may-not-be-more-than a bond issue payable~~
 4 in annual installments commencing not more than 2 years from
 5 the date of issue, any one installment consisting of one or
 6 more bonds, with the principal amount of bonds maturing in
 7 each installment not exceeding three times the principal
 8 amount of the bonds maturing in any--previous--year the
 9 immediately preceding installment."

10 **Section 7.** Section 20-9-408, MCA, is amended to read:

11 "20-9-408. Definition of forms of bonds. As used in
 12 this title, unless the context clearly indicates otherwise:

13 (1) "amortization bonds" means the form of bonds on
 14 which a part of the principal must be paid each time
 15 interest becomes payable. The part payment of principal
 16 increases at each installment in the same amount that the
 17 interest decreases. The combined interest and principal due
 18 on each due date remains the same until the bonds are paid.
 19 The final payment may vary from prior payments in the amount
 20 resulting from disregarding fractional cents in prior
 21 payments.

22 (2) "serial bonds" means ~~the-form-of-bonds-which-are~~
 23 ~~payable-in-annual--installments--and--on--which--the--amount~~
 24 ~~maturing-each-year-may-not-be-more-than a bond issue payable~~
 25 in annual installments commencing not more than 2 years from

1 the date of issue, any one installment consisting of one or
 2 more bonds, with the principal amount of bonds maturing in
 3 each installment not exceeding three times the principal
 4 amount of the bonds maturing in the immediately preceding
 5 year installment."

6 **Section 8.** Section 20-9-410, MCA, is amended to read:

7 "20-9-410. Limitation of term and interest -- timing
 8 for redemption. (1) School district bonds ~~shall~~ may not be
 9 issued for a term longer than 20 years, except that bonds
 10 issued to refund or redeem outstanding bonds ~~shall~~ may not
 11 be issued for a term longer than 10 years unless the
 12 unexpired term of the bonds to be refunded or redeemed is in
 13 excess of 10 years, in which case the refunding or redeeming
 14 bonds may be issued for ~~such the~~ the unexpired term. All bonds
 15 issued for a longer term than 5 years ~~shall~~ must be
 16 redeemable at the option of the school district on any
 17 interest payment date after one-half of the term for which
 18 they were issued has expired, and it ~~shall~~ must be so stated
 19 on the face of the bonds. The interest ~~shall~~ must be as
 20 provided under 17-5-102 and ~~shall~~ must be payable
 21 semiannually.

22 (2) For purposes of this section, the term of a bond
 23 issue commences on July 1 of the fiscal year in which the
 24 school district first levies taxes to pay the principal and
 25 interest on the bonds."

1 **NEW SECTION. Section 9. Saving clause.** [This act]
 2 does not affect rights and duties that matured, penalties
 3 that were incurred, or proceedings that were begun before
 4 [the effective date of this act].

5 **NEW SECTION. Section 10. Effective date.** [This act]
 6 is effective on passage and approval.

-End-

1 *Senate* BILL NO. *332*
 2 INTRODUCED BY *Richard E. Manning* *Thurgood* *Darf*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO COUNTY,
 5 MUNICIPAL, IMPROVEMENT DISTRICT, AND SCHOOL DISTRICT BONDS;
 6 CHANGING THE DEFINITION OF SERIAL BONDS AND ESTABLISHING
 7 WHEN THE TERM OF A BOND COMMENCES; AMENDING SECTIONS
 8 7-7-2206, 7-7-2211, 7-7-4205, 7-7-4210, 7-12-2171,
 9 7-12-4203, 20-9-408, AND 20-9-410, MCA; AND PROVIDING AN
 10 IMMEDIATE EFFECTIVE DATE."

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

13 **Section 1.** Section 7-7-2206, MCA, is amended to read:

14 "7-7-2206. Term of general obligation bonds. (1) No
 15 bonds ~~Bonds~~ issued for any of the purposes designated in
 16 7-7-2201(1) through (4) ~~shall~~ may not be for a longer term
 17 than 20 years.

18 (2) ~~No-bonds Bonds~~ issued for any of the purposes
 19 designated in 7-7-2201(5) and (6) ~~shall~~ may not be for a
 20 longer term than 10 years.

21 (3) Bonds issued for any of the purposes designated in
 22 7-7-2202 ~~shall~~ may not be for a longer term than will be
 23 required to repay the bonds with interest through a tax levy
 24 of 10 mills on all the property within the county subject to
 25 taxation, and the term ~~shall~~ may not exceed 20 years.

1 (4) The length of the term required ~~shall~~ must be
 2 estimated and calculated by the board of county
 3 commissioners, based upon the percentage of valuation of the
 4 property upon which taxes are levied and paid within ~~such~~
 5 the county as ascertained from the last completed assessment
 6 for state and county taxes, taking into account probable
 7 changes in the taxable valuation and losses in tax
 8 collections. Irrespective of any miscalculation by the
 9 county commissioners in fixing the term of the bonds, the
 10 county ~~must~~ shall from year to year make a sufficient tax
 11 levy to pay the interest and installments on principal on
 12 the bonds as the same fall due.

13 (5) For purposes of this section, the term of a bond
 14 issue commences on July 1 of the fiscal year in which the
 15 county first levies taxes to pay principal and interest on
 16 the bonds."

17 **Section 2.** Section 7-7-2211, MCA, is amended to read:

18 "7-7-2211. Serial bonds. The term "serial bonds", as
 19 used in this part, ~~is hereby defined as being~~ means a bond
 20 issue payable in annual installments, ~~one~~ one installment
 21 ~~consisting of one or more bonds, becoming due and payable~~
 22 ~~each year; however, commencing not more than 2 years from~~
 23 ~~the date of issue, any one installment consisting of one or~~
 24 ~~more bonds, with the principal amount of bonds maturing in~~
 25 ~~each installment may not be more than exceeding three times~~

1 the principal amount of the bonds maturing in the
2 immediately preceding installment."

3 **Section 3.** Section 7-7-4205, MCA, is amended to read:

4 "7-7-4205. Term of general obligation bonds. (1) No
5 bonds Bonds for any purpose shall may not be issued for a
6 longer term than 20 years.

7 (2) For purposes of this section, the term of a bond
8 issue commences on July 1 of the fiscal year in which the
9 city first levies taxes to pay principal and interest on the
10 bonds."

11 **Section 4.** Section 7-7-4210, MCA, is amended to read:

12 "7-7-4210. Serial bonds. The term "serial bonds", as
13 used in this part, ~~is hereby defined as being~~ means a bond
14 issue payable in annual installments, ~~one installment~~
15 ~~consisting of one or more bonds, becoming due and payable~~
16 ~~each year; however, commencing not more than 2 years from~~
17 ~~the date of issue, any one installment consisting of one or~~
18 ~~more bonds, with the principal amount of bonds maturing in~~
19 ~~each installment may not be more than exceeding~~ three times
20 the principal amount of the bonds maturing in the
21 immediately preceding installment."

22 **Section 5.** Section 7-12-2171, MCA, is amended to read:

23 "7-12-2171. Details relating to rural improvement
24 district bonds and warrants -- definitions of bond forms.

25 (1) The bonds and warrants shall be drawn against the

1 special improvement district fund created for the district
2 (that is, either the construction or maintenance fund, as
3 the case may be) and shall bear interest from the date of
4 registration until called for redemption or paid in full.
5 The interest shall be payable annually or semiannually, at
6 the discretion of the board of county commissioners, on ~~such~~
7 ~~dates as~~ the board prescribes. ~~Such~~ The warrants or bonds
8 shall bear the signatures of the chairman of the board and
9 the county clerk and shall bear the corporate seal of the
10 county. They shall be registered in the office of the county
11 clerk and the county treasurer, and if interest coupons ~~be~~
12 ~~are attached thereto to the warrants or bonds~~, they shall
13 also be ~~so~~ registered and shall bear the signatures of the
14 chairman of the board and the county clerk. ~~Said~~ The coupons
15 may bear the facsimile signatures of ~~said~~ the officers in
16 the discretion of the board.

17 (2) ~~Said~~ The bonds shall be in denominations of \$100
18 or fractions or multiples thereof, may be issued in
19 installments, and may extend over a period ~~of~~ not to exceed
20 30 years; except that if federal loans are available for
21 improvements, repayment may extend over a period not to
22 exceed 40 years. For the purposes of this subsection, the
23 term of a bond issue commences on July 1 of the fiscal year
24 in which the county first levies to pay principal and
25 interest on the bonds.

(3) All special improvement district bonds must be amortization bonds unless, in the judgment of the board, serial bonds will be more advantageous to the district and can be sold at a comparatively reasonable rate or rates of interest.

(4) As used in this part, unless the context clearly indicates otherwise, the following definitions apply:

(a) "Amortization bonds" means the form of bonds on which:

(i) a part of the principal must be paid each time interest becomes payable;

(ii) the part payment of principal increases at each installment in the same amount that the interest decreases;

(iii) the combined interest and principal due on each due date remains the same until the bonds are paid;

(iv) the final payment may vary from prior payments in the amount resulting from disregarding fractional costs in prior payments; and

(v) the initial payment may be larger than subsequent payments if such the increase represents interest accrued over an additional period not greater than 6 months.

(b) "Serial bonds" means ~~the form of bonds that are payable in annual installments and on which the amount maturing each year may not be more than a bond issue payable in annual installments commencing not more than 2 years from~~

the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds maturing in any--previous--year the immediately preceding installment."

Section 6. Section 7-12-4203, MCA, is amended to read:

"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of bond forms.

(1) The bonds and warrants shall be drawn against the special improvement district fund created for the district and shall bear interest from the date of registration until called for redemption or paid in full. The interest shall be payable annually or semiannually, at the discretion of the governing body of the municipality, on such dates as the governing body prescribes. ~~Such~~ The warrants or bonds shall bear the signatures of the mayor and clerk and shall bear the corporate seal of the city. They shall be registered in the office of the clerk and treasurer, and if interest coupons ~~be are~~ are attached thereto to the warrants or bonds, they shall also be so registered and shall bear the signatures of the mayor and clerk.

(2) ~~Said~~ The bonds shall be in denominations of \$100 or fractions or multiples thereof, may be issued in installments, and may extend over a period not to exceed 20 years. For the purposes of this subsection, the term of a

bond issue commences on July 1 of the fiscal year in which the city first levies assessments to pay principal and interest on the bonds.

(3) All special improvement district bonds must be amortization bonds unless, in the judgment of the city council, serial bonds will be more advantageous to the district and can be sold at a comparatively reasonable rate or rates of interest.

(4) As used in part 41 and this part, unless the context clearly indicates otherwise, the following definitions apply:

(a) "Amortization bonds" means the form of bonds on which:

(i) a part of the principal must be paid each time interest becomes payable;

(ii) the part payment of principal increases at each installment in the same amount that the interest decreases;

(iii) the combined interest and principal due on each due date remains the same until the bonds are paid;

(iv) the final payment may vary from prior payments in the amount resulting from disregarding fractional costs in prior payments; and

(v) the initial payment may be larger than subsequent payments if such the increase represents interest accrued over an additional period not greater than 6 months.

(b) "Serial bonds" means ~~the form of bonds that are payable in annual installments and on which the amount maturing each year may not be more than a bond issue payable in annual installments commencing not more than 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds maturing in any previous year the immediately preceding installment.~~

Section 7. Section 20-9-408, MCA, is amended to read:

"20-9-408. Definition of forms of bonds. As used in this title, unless the context clearly indicates otherwise:

(1) "amortization bonds" means the form of bonds on which a part of the principal must be paid each time interest becomes payable. The part payment of principal increases at each installment in the same amount that the interest decreases. The combined interest and principal due on each due date remains the same until the bonds are paid. The final payment may vary from prior payments in the amount resulting from disregarding fractional cents in prior payments.

(2) "serial bonds" means ~~the form of bonds which are payable in annual installments and on which the amount maturing each year may not be more than a bond issue payable in annual installments commencing not more than 2 years from~~

1 the date of issue, any one installment consisting of one or
 2 more bonds, with the principal amount of bonds maturing in
 3 each installment not exceeding three times the principal
 4 amount of the bonds maturing in the immediately preceding
 5 year installment."

6 **Section 8.** Section 20-9-410, MCA, is amended to read:

7 "20-9-410. Limitation of term and interest -- timing
 8 for redemption. (1) School district bonds ~~shall~~ may not be
 9 issued for a term longer than 20 years, except that bonds
 10 issued to refund or redeem outstanding bonds ~~shall~~ may not
 11 be issued for a term longer than 10 years unless the
 12 unexpired term of the bonds to be refunded or redeemed is in
 13 excess of 10 years, in which case the refunding or redeeming
 14 bonds may be issued for ~~such the~~ unexpired term. All bonds
 15 issued for a longer term than 5 years ~~shall~~ must be
 16 redeemable at the option of the school district on any
 17 interest payment date after one-half of the term for which
 18 they were issued has expired, and it ~~shall~~ must be so stated
 19 on the face of the bonds. The interest ~~shall~~ must be as
 20 provided under 17-5-102 and ~~shall~~ must be payable
 21 semiannually.

22 (2) For purposes of this section, the term of a bond
 23 issue commences on July 1 of the fiscal year in which the
 24 school district first levies taxes to pay the principal and
 25 interest on the bonds."

1 **NEW SECTION. Section 9.** Saving clause. [This act]
 2 does not affect rights and duties that matured, penalties
 3 that were incurred, or proceedings that were begun before
 4 [the effective date of this act].
 5 **NEW SECTION. Section 10.** Effective date. [This act]
 6 is effective on passage and approval.

-End-

SENATE BILL NO. 332

INTRODUCED BY MANNING, HARRINGTON, DAILY

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO COUNTY, MUNICIPAL, IMPROVEMENT DISTRICT, AND SCHOOL DISTRICT BONDS; CHANGING THE DEFINITION OF SERIAL BONDS AND ESTABLISHING WHEN THE TERM OF A BOND COMMENCES; AMENDING SECTIONS 7-7-2206, 7-7-2211, 7-7-4205, 7-7-4210, 7-12-2171, 7-12-4203, 20-9-408, AND 20-9-410, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-7-2206, MCA, is amended to read:

"7-7-2206. Term of general obligation bonds. (1) No ~~bonds~~ Bonds issued for any of the purposes designated in 7-7-2201(1) through (4) ~~shall~~ may not be for a longer term than 20 years.

(2) ~~No-bonds~~ Bonds issued for any of the purposes designated in 7-7-2201(5) and (6) ~~shall~~ may not be for a longer term than 10 years.

(3) Bonds issued for any of the purposes designated in 7-7-2202 ~~shall~~ may not be for a longer term than will be required to repay the bonds with interest through a tax levy of 10 mills on all the property within the county subject to taxation, and the term ~~shall~~ may not exceed 20 years.

(4) The length of the term required ~~shall~~ must be estimated and calculated by the board of county commissioners, based upon the percentage of valuation of the property upon which taxes are levied and paid within ~~such~~ the county as ascertained from the last completed assessment for state and county taxes, taking into account probable changes in the taxable valuation and losses in tax collections. Irrespective of any miscalculation by the county commissioners in fixing the term of the bonds, the county ~~must~~ shall from year to year make a sufficient tax levy to pay the interest and installments on principal on the bonds as the same fall due.

(5) For purposes of this section, the term of a bond issue commences on July 1 of the fiscal year in which the county first levies taxes to pay principal and interest on the bonds.

Section 2. Section 7-7-2211, MCA, is amended to read:

"7-7-2211. Serial bonds. The term "serial bonds", as used in this part, ~~is hereby defined as being~~ means a bond issue payable in annual installments, ~~one installment consisting of one or more bonds, becoming due and payable each year; however,~~ commencing not more than 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing in each installment may not be more than exceeding three times

1 the principal amount of the bonds maturing in the
2 immediately preceding installment."

3 **Section 3.** Section 7-7-4205, MCA, is amended to read:

4 "7-7-4205. Term of general obligation bonds. (1) No
5 bonds Bonds for any purpose ~~shall~~ may not be issued for a
6 longer term than 20 years.

7 (2) For purposes of this section, the term of a bond
8 issue commences on July 1 of the fiscal year in which the
9 city first levies taxes to pay principal and interest on the
10 bonds."

11 **Section 4.** Section 7-7-4210, MCA, is amended to read:

12 "7-7-4210. Serial bonds. The term "serial bonds", as
13 used in this part, ~~is hereby defined as being~~ means a bond
14 issue payable in annual installments, ~~one installment~~
15 ~~consisting of one or more bonds, becoming due and payable~~
16 ~~each year, however, commencing not more than 2 years from~~
17 ~~the date of issue, any one installment consisting of one or~~
18 ~~more bonds, with the principal amount of bonds maturing in~~
19 ~~each installment may not be more than exceeding~~ three times
20 the principal amount of the bonds maturing in the
21 immediately preceding installment."

22 **Section 5.** Section 7-12-2171, MCA, is amended to read:

23 "7-12-2171. Details relating to rural improvement
24 district bonds and warrants -- definitions of bond forms.

25 (1) The bonds and warrants shall be drawn against the

1 special improvement district fund created for the district
2 (that is, either the construction or maintenance fund, as
3 the case may be) and shall bear interest from the date of
4 registration until called for redemption or paid in full.
5 The interest shall be payable annually or semiannually, at
6 the discretion of the board of county commissioners, on such
7 dates as the board prescribes. ~~Such~~ The warrants or bonds
8 shall bear the signatures of the chairman of the board and
9 the county clerk and shall bear the corporate seal of the
10 county. They shall be registered in the office of the county
11 clerk and the county treasurer, and if interest coupons ~~be~~
12 are attached thereto to the warrants or bonds, they shall
13 also be so registered and shall bear the signatures of the
14 chairman of the board and the county clerk. ~~Said~~ The coupons
15 may bear the facsimile signatures of ~~said~~ the officers in
16 the discretion of the board.

17 (2) ~~Said~~ The bonds shall be in denominations of \$100
18 or fractions or multiples thereof, may be issued in
19 installments, and may extend over a period of not to exceed
20 30 years; except that if federal loans are available for
21 improvements, repayment may extend over a period not to
22 exceed 40 years. For the purposes of this subsection, the
23 term of a bond issue commences on July 1 of the fiscal year
24 in which the county first levies to pay principal and
25 interest on the bonds.

(3) All special improvement district bonds must be amortization bonds unless, in the judgment of the board, serial bonds will be more advantageous to the district and can be sold at a comparatively reasonable rate or rates of interest.

(4) As used in this part, unless the context clearly indicates otherwise, the following definitions apply:

(a) "Amortization bonds" means the form of bonds on which:

(i) a part of the principal must be paid each time interest becomes payable;

(ii) the part payment of principal increases at each installment in the same amount that the interest decreases;

(iii) the combined interest and principal due on each due date remains the same until the bonds are paid;

(iv) the final payment may vary from prior payments in the amount resulting from disregarding fractional costs in prior payments; and

(v) the initial payment may be larger than subsequent payments if such the increase represents interest accrued over an additional period not greater than 6 months.

(b) "Serial bonds" means ~~the form of bonds that are payable in annual installments and on which the amount maturing each year may not be more than a bond issue payable in annual installments commencing not more than 2 years from~~

the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds maturing in any--previous--year the immediately preceding installment."

Section 6. Section 7-12-4203, MCA, is amended to read:

"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of bond forms. (1) The bonds and warrants shall be drawn against the special improvement district fund created for the district and shall bear interest from the date of registration until called for redemption or paid in full. The interest shall be payable annually or semiannually, at the discretion of the governing body of the municipality, on such dates as the governing body prescribes. Such The warrants or bonds shall bear the signatures of the mayor and clerk and shall bear the corporate seal of the city. They shall be registered in the office of the clerk and treasurer, and if interest coupons be are attached thereto to the warrants or bonds, they shall also be so registered and shall bear the signatures of the mayor and clerk.

(2) Said The bonds shall be in denominations of \$100 or fractions or multiples thereof, may be issued in installments, and may extend over a period not to exceed 20 years. For the purposes of this subsection, the term of a

1 bond issue commences on July 1 of the fiscal year in which
 2 the city first levies assessments to pay principal and
 3 interest on the bonds.

4 (3) All special improvement district bonds must be
 5 amortization bonds unless, in the judgment of the city
 6 council, serial bonds will be more advantageous to the
 7 district and can be sold at a comparatively reasonable rate
 8 or rates of interest.

9 (4) As used in part 41 and this part, unless the
 10 context clearly indicates otherwise, the following
 11 definitions apply:

12 (a) "Amortization bonds" means the form of bonds on
 13 which:

14 (i) a part of the principal must be paid each time
 15 interest becomes payable;

16 (ii) the part payment of principal increases at each
 17 installment in the same amount that the interest decreases;

18 (iii) the combined interest and principal due on each
 19 due date remains the same until the bonds are paid;

20 (iv) the final payment may vary from prior payments in
 21 the amount resulting from disregarding fractional costs in
 22 prior payments; and

23 (v) the initial payment may be larger than subsequent
 24 payments if such the increase represents interest accrued
 25 over an additional period not greater than 6 months.

1 (b) "Serial bonds" means ~~the-form-of-bonds-that-are~~
 2 ~~payable-in-annual--installments--and--on--which--the--amount~~
 3 ~~maturing-each-year-may-not-be-more-than~~ a bond issue payable
 4 in annual installments commencing not more than 2 years from
 5 the date of issue, any one installment consisting of one or
 6 more bonds, with the principal amount of bonds maturing in
 7 each installment not exceeding three times the principal
 8 amount of the bonds maturing in ~~any--previous--year~~ the
 9 immediately preceding installment."

10 **Section 7.** Section 20-9-408, MCA, is amended to read:

11 "20-9-408. Definition of forms of bonds. As used in
 12 this title, unless the context clearly indicates otherwise:

13 (1) "amortization bonds" means the form of bonds on
 14 which a part of the principal must be paid each time
 15 interest becomes payable. The part payment of principal
 16 increases at each installment in the same amount that the
 17 interest decreases. The combined interest and principal due
 18 on each due date remains the same until the bonds are paid.
 19 The final payment may vary from prior payments in the amount
 20 resulting from disregarding fractional cents in prior
 21 payments.

22 (2) "serial bonds" means ~~the-form-of-bonds-which-are~~
 23 ~~payable-in-annual--installments--and--on--which--the--amount~~
 24 ~~maturing-each-year-may-not-be-more-than~~ a bond issue payable
 25 in annual installments commencing not more than 2 years from

1 the date of issue, any one installment consisting of one or
 2 more bonds, with the principal amount of bonds maturing in
 3 each installment not exceeding three times the principal
 4 amount of the bonds maturing in the immediately preceding
 5 year installment."

6 **Section 8.** Section 20-9-410, MCA, is amended to read:

7 "20-9-410. Limitation of term and interest -- timing
 8 for redemption. (1) School district bonds ~~shall~~ may not be
 9 issued for a term longer than 20 years, except that bonds
 10 issued to refund or redeem outstanding bonds ~~shall~~ may not
 11 be issued for a term longer than 10 years unless the
 12 unexpired term of the bonds to be refunded or redeemed is in
 13 excess of 10 years, in which case the refunding or redeeming
 14 bonds may be issued for ~~such the~~ the unexpired term. All bonds
 15 issued for a longer term than 5 years ~~shall~~ must be
 16 redeemable at the option of the school district on any
 17 interest payment date after one-half of the term for which
 18 they were issued has expired, and it ~~shall~~ must be so stated
 19 on the face of the bonds. The interest ~~shall~~ must be as
 20 provided under 17-5-102 and ~~shall~~ must be payable
 21 semiannually.

22 (2) For purposes of this section, the term of a bond
 23 issue commences on July 1 of the fiscal year in which the
 24 school district first levies taxes to pay the principal and
 25 interest on the bonds."

1 NEW SECTION. Section 9. Saving clause. [This act]
 2 does not affect rights and duties that matured, penalties
 3 that were incurred, or proceedings that were begun before
 4 [the effective date of this act].

5 NEW SECTION. Section 10. Effective date. [This act]
 6 is effective on passage and approval.

-End-