

SENATE BILL NO. 457

INTRODUCED BY AKLESTAD, IVERSON, LYNCH,  
JENKINS, MAZUREK, NATHE, BECK

IN THE SENATE

FEBRUARY 17, 1989

ON MOTION, RULES SUSPENDED TO ALLOW  
INTRODUCTION OF SENATE BILL 457.

FEBRUARY 18, 1989

INTRODUCED AND REFERRED TO COMMITTEE  
ON LOCAL GOVERNMENT.

FIRST READING.

COMMITTEE RECOMMEND BILL  
DO PASS. REPORT ADOPTED.

ON MOTION, BILL PRINTED AND PLACED  
ON SECOND READING ON THE 43RD  
LEGISLATIVE DAY.

FEBRUARY 20, 1989

PRINTING REPORT.

SECOND READING, DO PASS.

ENGROSSING REPORT.

FEBRUARY 21, 1989

THIRD READING, PASSED.  
AYES, 49; NOES, 1.

TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 21, 1989

INTRODUCED AND REFERRED TO COMMITTEE  
ON LOCAL GOVERNMENT.

FEBRUARY 28, 1989

FIRST READING.

MARCH 3, 1989

COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

MARCH 4, 1989

SECOND READING, CONCURRED IN.

MARCH 6, 1989

THIRD READING, CONCURRED IN.  
AYES, 94; NOES, 0.

RETURNED TO SENATE.

IN THE SENATE

MARCH 6, 1989

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *457*  
2 INTRODUCED BY *AKKESTAD* *Sen* *Synge*  
3 *Thayum* *NATHAN*  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A COUNTY,  
5 CITY, OR TOWN TO ISSUE REFUNDING BONDS AT AN INTEREST RATE  
6 IN EXCESS OF THE RATE ON THE REFUNDED BONDS IF THE REFUNDING  
7 RESULTS IN A REDUCTION OF TOTAL DEBT SERVICE COST; AMENDING  
8 SECTIONS 7-7-2304, 7-7-4304, 7-7-4502, AND 7-7-4610, MCA;  
9 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

12 **Section 1.** Section 7-7-2304, MCA, is amended to read:

13 "7-7-2304. Interest rate on refunding general  
14 obligation bonds. (1) No Except as provided in subsection  
15 (2), refunding bonds shall may not be issued unless such the  
16 refunding bonds shall bear interest at a rate of at least  
17 1/2 of 1% less than the outstanding bonds which are to be  
18 refunded.

19 (2) Refunding bonds may bear interest in excess of the  
20 rate on the refunded bonds if the issuance of the refunding  
21 bonds, including the total costs of refunding the bonds,  
22 results in a reduction of total debt service cost to the  
23 county."

24 **Section 2.** Section 7-7-4304, MCA, is amended to read:

25 "7-7-4304. Interest rate on refunding general

1 obligation bonds. (1) No Except as provided in subsection  
2 (2), refunding bonds shall may not be issued unless such the  
3 refunding bonds shall bear interest at a rate of at least  
4 1/2 of 1% less than the interest rate of the outstanding  
5 bonds to be refunded.

6 (2) Refunding bonds may bear interest in excess of the  
7 rate on the refunded bonds if the issuance of the refunding  
8 bonds, including the total costs of refunding the bonds,  
9 results in a reduction of total debt service cost to the  
10 city or town."

11 **Section 3.** Section 7-7-4502, MCA, is amended to read:

12 "7-7-4502. Interest rates on refunding revenue bonds.

13 (1) Except as provided in subsection (2), refunding bonds  
14 shall may not be issued unless their average annual interest  
15 rate, computed to their stated maturity dates and excluding  
16 any premium from such computation, is at least 3/8 of 1%  
17 less than the average annual interest rate on the bonds  
18 refunded thereby, computed to their respective stated  
19 maturity dates.

20 (2) Refunding bonds may bear interest at a rate lower  
21 or higher than the bonds refunded thereby if:

22 (a) they are issued to refund matured principal or  
23 interest for the payment of which revenues on hand are not  
24 sufficient; or

25 (b) the refunding bonds are combined with an issue of

1 new bonds for reconstruction, improvement, betterment, or  
 2 extension and the lien of such new bonds upon the revenues  
 3 of the undertaking must be junior and subordinate to the  
 4 lien of the outstanding bonds refunded, under the terms of  
 5 the ordinances or resolutions authorizing the outstanding  
 6 bonds as applied to circumstances existing on the date of  
 7 refunding; or

8 (c) the issuance of the refunding bonds, including the  
 9 total costs of refunding the bonds, results in a reduction  
 10 of total debt service cost to the municipality."

11 **Section 4.** Section 7-7-4610, MCA, is amended to read:

12 "7-7-4610. Details relating to refunding revenue  
 13 bonds. The refunding bonds may, as provided by resolution of  
 14 the governing body of the municipality:

15 (1) be issued in one or more series, bear such date or  
 16 dates, and mature at such time or times, not exceeding the  
 17 period of usefulness of the enterprise, as determined by the  
 18 governing body in its discretion, and, in any event, not  
 19 exceeding 40 years from their respective dates;

20 (2) bear interest at such rate or rates not exceeding  
 21 the maximum rate of interest borne by the notes, bonds, or  
 22 other obligations refinanced thereby, except that refunding  
 23 bonds may bear interest in excess of the rate on the  
 24 refunded bonds if the issuance of the refunding bonds,  
 25 including the total costs of refunding the bonds, results in

1 a reduction of total debt service cost to the municipality;

2 (3) be in such denomination or denominations and be in  
 3 such form, either coupon or registered;

4 (4) carry such registration and conversion privileges;

5 (5) be executed in such manner;

6 (6) be payable in such medium of payment and at such  
 7 place or places;

8 (7) be subject to such terms of redemption, with or  
 9 without a premium;

10 (8) be declared or become due before the maturity date  
 11 thereof;

12 (9) provide for the replacement of mutilated,  
 13 destroyed, stolen, or lost bonds;

14 (10) be authenticated in such manner and upon  
 15 compliance with such conditions; and

16 (11) contain such other terms and covenants."

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

-End-

APPROVED BY COMM.  
ON LOCAL GOVERNMENT

ON MOTION, PRINTED AND  
PLACED ON SECOND READING

SENATE BILL NO. 457

INTRODUCED BY *HILLSTAD*

*NATHAN*

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A COUNTY, CITY, OR TOWN TO ISSUE REFUNDING BONDS AT AN INTEREST RATE IN EXCESS OF THE RATE ON THE REFUNDED BONDS IF THE REFUNDING RESULTS IN A REDUCTION OF TOTAL DEBT SERVICE COST; AMENDING SECTIONS 7-7-2304, 7-7-4304, 7-7-4502, AND 7-7-4610, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 7-7-2304, MCA, is amended to read:

"7-7-2304. Interest rate on refunding general obligation bonds. (1) No Except as provided in subsection (2), refunding bonds shall may not be issued unless such the refunding bonds ~~shall~~ bear interest at a rate of at least 1/2 of 1% less than the outstanding bonds which are to be refunded.

(2) Refunding bonds may bear interest in excess of the rate on the refunded bonds if the issuance of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt service cost to the county."

**Section 2.** Section 7-7-4304, MCA, is amended to read:

"7-7-4304. Interest rate on refunding general

obligation bonds. (1) No Except as provided in subsection (2), refunding bonds shall may not be issued unless such the refunding bonds ~~shall~~ bear interest at a rate of at least 1/2 of 1% less than the interest rate of the outstanding bonds to be refunded.

(2) Refunding bonds may bear interest in excess of the rate on the refunded bonds if the issuance of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt service cost to the city or town."

**Section 3.** Section 7-7-4502, MCA, is amended to read:

"7-7-4502. Interest rates on refunding revenue bonds.

(1) Except as provided in subsection (2), refunding bonds ~~shall may~~ not be issued unless their average annual interest rate, computed to their stated maturity dates and excluding any premium from such computation, is at least 3/8 of 1% less than the average annual interest rate on the bonds refunded thereby, computed to their respective stated maturity dates.

(2) Refunding bonds may bear interest at a rate lower or higher than the bonds refunded thereby if:

(a) they are issued to refund matured principal or interest for the payment of which revenues on hand are not sufficient; or

(b) the refunding bonds are combined with an issue of

1 new bonds for reconstruction, improvement, betterment, or  
 2 extension and the lien of such new bonds upon the revenues  
 3 of the undertaking must be junior and subordinate to the  
 4 lien of the outstanding bonds refunded, under the terms of  
 5 the ordinances or resolutions authorizing the outstanding  
 6 bonds as applied to circumstances existing on the date of  
 7 refunding; or

8 (c) the issuance of the refunding bonds, including the  
 9 total costs of refunding the bonds, results in a reduction  
 10 of total debt service cost to the municipality."

11 **Section 4.** Section 7-7-4610, MCA, is amended to read:

12 "7-7-4610. Details relating to refunding revenue  
 13 bonds. The refunding bonds may, as provided by resolution of  
 14 the governing body of the municipality:

15 (1) be issued in one or more series, bear such date or  
 16 dates, and mature at such time or times, not exceeding the  
 17 period of usefulness of the enterprise, as determined by the  
 18 governing body in its discretion, and, in any event, not  
 19 exceeding 40 years from their respective dates;

20 (2) bear interest at such rate or rates not exceeding  
 21 the maximum rate of interest borne by the notes, bonds, or  
 22 other obligations refinanced thereby, except that refunding  
 23 bonds may bear interest in excess of the rate on the  
 24 refunded bonds if the issuance of the refunding bonds,  
 25 including the total costs of refunding the bonds, results in

1 a reduction of total debt service cost to the municipality;

2 (3) be in such denomination or denominations and be in  
 3 such form, either coupon or registered;

4 (4) carry such registration and conversion privileges;

5 (5) be executed in such manner;

6 (6) be payable in such medium of payment and at such  
 7 place or places;

8 (7) be subject to such terms of redemption, with or  
 9 without a premium;

10 (8) be declared or become due before the maturity date  
 11 thereof;

12 (9) provide for the replacement of mutilated,  
 13 destroyed, stolen, or lost bonds;

14 (10) be authenticated in such manner and upon  
 15 compliance with such conditions; and

16 (11) contain such other terms and covenants."

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

-End-

1 *Senate* BILL NO. *451*  
2 INTRODUCED BY *ALAN STADLER* *Snyder*  
3 *Thayer* NATHAN  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A COUNTY,  
5 CITY, OR TOWN TO ISSUE REFUNDING BONDS AT AN INTEREST RATE  
6 IN EXCESS OF THE RATE ON THE REFUNDED BONDS IF THE REFUNDING  
7 RESULTS IN A REDUCTION OF TOTAL DEBT SERVICE COST; AMENDING  
8 SECTIONS 7-7-2304, 7-7-4304, 7-7-4502, AND 7-7-4610, MCA;  
9 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

12 **Section 1.** Section 7-7-2304, MCA, is amended to read:

13 "7-7-2304. Interest rate on refunding general  
14 obligation bonds. (1) No Except as provided in subsection  
15 (2), refunding bonds shall may not be issued unless such the  
16 refunding bonds shall bear interest at a rate of at least  
17 1/2 of 1% less than the outstanding bonds which are to be  
18 refunded.

19 (2) Refunding bonds may bear interest in excess of the  
20 rate on the refunded bonds if the issuance of the refunding  
21 bonds, including the total costs of refunding the bonds,  
22 results in a reduction of total debt service cost to the  
23 county."

24 **Section 2.** Section 7-7-4304, MCA, is amended to read:

25 "7-7-4304. Interest rate on refunding general

1 obligation bonds. (1) No Except as provided in subsection  
2 (2), refunding bonds shall may not be issued unless such the  
3 refunding bonds shall bear interest at a rate of at least  
4 1/2 of 1% less than the interest rate of the outstanding  
5 bonds to be refunded.

6 (2) Refunding bonds may bear interest in excess of the  
7 rate on the refunded bonds if the issuance of the refunding  
8 bonds, including the total costs of refunding the bonds,  
9 results in a reduction of total debt service cost to the  
10 city or town."

11 **Section 3.** Section 7-7-4502, MCA, is amended to read:

12 "7-7-4502. Interest rates on refunding revenue bonds.

13 (1) Except as provided in subsection (2), refunding bonds  
14 shall may not be issued unless their average annual interest  
15 rate, computed to their stated maturity dates and excluding  
16 any premium from such computation, is at least 3/8 of 1%  
17 less than the average annual interest rate on the bonds  
18 refunded thereby, computed to their respective stated  
19 maturity dates.

20 (2) Refunding bonds may bear interest at a rate lower  
21 or higher than the bonds refunded thereby if:

22 (a) they are issued to refund matured principal or  
23 interest for the payment of which revenues on hand are not  
24 sufficient; or

25 (b) the refunding bonds are combined with an issue of

1 new bonds for reconstruction, improvement, betterment, or  
 2 extension and the lien of such new bonds upon the revenues  
 3 of the undertaking must be junior and subordinate to the  
 4 lien of the outstanding bonds refunded, under the terms of  
 5 the ordinances or resolutions authorizing the outstanding  
 6 bonds as applied to circumstances existing on the date of  
 7 refunding; or

8 (c) the issuance of the refunding bonds, including the  
 9 total costs of refunding the bonds, results in a reduction  
 10 of total debt service cost to the municipality."

11 **Section 4.** Section 7-7-4610, MCA, is amended to read:

12 "7-7-4610. Details relating to refunding revenue  
 13 bonds. The refunding bonds may, as provided by resolution of  
 14 the governing body of the municipality:

15 (1) be issued in one or more series, bear such date or  
 16 dates, and mature at such time or times, not exceeding the  
 17 period of usefulness of the enterprise, as determined by the  
 18 governing body in its discretion, and, in any event, not  
 19 exceeding 40 years from their respective dates;

20 (2) bear interest at such rate or rates not exceeding  
 21 the maximum rate of interest borne by the notes, bonds, or  
 22 other obligations refinanced thereby, except that refunding  
 23 bonds may bear interest in excess of the rate on the  
 24 refunded bonds if the issuance of the refunding bonds,  
 25 including the total costs of refunding the bonds, results in

1 a reduction of total debt service cost to the municipality;

2 (3) be in such denomination or denominations and be in  
 3 such form, either coupon or registered;

4 (4) carry such registration and conversion privileges;

5 (5) be executed in such manner;

6 (6) be payable in such medium of payment and at such  
 7 place or places;

8 (7) be subject to such terms of redemption, with or  
 9 without a premium;

10 (8) be declared or become due before the maturity date  
 11 thereof;

12 (9) provide for the replacement of mutilated,  
 13 destroyed, stolen, or lost bonds;

14 (10) be authenticated in such manner and upon  
 15 compliance with such conditions; and

16 (11) contain such other terms and covenants."

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

-End-



## SENATE BILL NO. 457

INTRODUCED BY AKLESTAD, IVERSON, LYNCH,  
JENKINS, MAZUREK, NATHE, BECK

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A COUNTY,  
CITY, OR TOWN TO ISSUE REFUNDING BONDS AT AN INTEREST RATE  
IN EXCESS OF THE RATE ON THE REFUNDED BONDS IF THE REFUNDING  
RESULTS IN A REDUCTION OF TOTAL DEBT SERVICE COST; AMENDING  
SECTIONS 7-7-2304, 7-7-4304, 7-7-4502, AND 7-7-4610, MCA;  
AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 7-7-2304, MCA, is amended to read:

"7-7-2304. Interest rate on refunding general  
obligation bonds. (1) No Except as provided in subsection  
(2), refunding bonds shall may not be issued unless such the  
refunding bonds shall bear interest at a rate of at least  
1/2 of 1% less than the outstanding bonds which are to be  
refunded.

(2) Refunding bonds may bear interest in excess of the  
rate on the refunded bonds if the issuance of the refunding  
bonds, including the total costs of refunding the bonds,  
results in a reduction of total debt service cost to the  
county."

**Section 2.** Section 7-7-4304, MCA, is amended to read:

"7-7-4304. Interest rate on refunding general  
obligation bonds. (1) No Except as provided in subsection  
(2), refunding bonds shall may not be issued unless such the  
refunding bonds shall bear interest at a rate of at least  
1/2 of 1% less than the interest rate of the outstanding  
bonds to be refunded.

(2) Refunding bonds may bear interest in excess of the  
rate on the refunded bonds if the issuance of the refunding  
bonds, including the total costs of refunding the bonds,  
results in a reduction of total debt service cost to the  
city or town."

**Section 3.** Section 7-7-4502, MCA, is amended to read:

"7-7-4502. Interest rates on refunding revenue bonds.

(1) Except as provided in subsection (2), refunding bonds  
shall may not be issued unless their average annual interest  
rate, computed to their stated maturity dates and excluding  
any premium from such computation, is at least 3/8 of 1%  
less than the average annual interest rate on the bonds  
refunded thereby, computed to their respective stated  
maturity dates.

(2) Refunding bonds may bear interest at a rate lower  
or higher than the bonds refunded thereby if:

(a) they are issued to refund matured principal or  
interest for the payment of which revenues on hand are not  
sufficient; or

1 (b) the refunding bonds are combined with an issue of  
 2 new bonds for reconstruction, improvement, betterment, or  
 3 extension and the lien of such new bonds upon the revenues  
 4 of the undertaking must be junior and subordinate to the  
 5 lien of the outstanding bonds refunded, under the terms of  
 6 the ordinances or resolutions authorizing the outstanding  
 7 bonds as applied to circumstances existing on the date of  
 8 refunding; or

9 (c) the issuance of the refunding bonds, including the  
 10 total costs of refunding the bonds, results in a reduction  
 11 of total debt service cost to the municipality."

12 **Section 4.** Section 7-7-4610, MCA, is amended to read:

13 **"7-7-4610.** Details relating to refunding revenue  
 14 bonds. The refunding bonds may, as provided by resolution of  
 15 the governing body of the municipality:

16 (1) be issued in one or more series, bear such date or  
 17 dates, and mature at such time or times, not exceeding the  
 18 period of usefulness of the enterprise, as determined by the  
 19 governing body in its discretion, and, in any event, not  
 20 exceeding 40 years from their respective dates;

21 (2) bear interest at such rate or rates not exceeding  
 22 the maximum rate of interest borne by the notes, bonds, or  
 23 other obligations refinanced thereby, except that refunding  
 24 bonds may bear interest in excess of the rate on the  
 25 refunded bonds if the issuance of the refunding bonds,

1 including the total costs of refunding the bonds, results in  
 2 a reduction of total debt service cost to the municipality;

3 (3) be in such denomination or denominations and be in  
 4 such form, either coupon or registered;

5 (4) carry such registration and conversion privileges;

6 (5) be executed in such manner;

7 (6) be payable in such medium of payment and at such  
 8 place or places;

9 (7) be subject to such terms of redemption, with or  
 10 without a premium;

11 (8) be declared or become due before the maturity date  
 12 thereof;

13 (9) provide for the replacement of mutilated,  
 14 destroyed, stolen, or lost bonds;

15 (10) be authenticated in such manner and upon  
 16 compliance with such conditions; and

17 (11) contain such other terms and covenants."

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

-End-