

HOUSE BILL NO. 12

INTRODUCED BY BARDANOUE
BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

IN THE HOUSE

DECEMBER 23, 1992	INTRODUCED AND REFERRED TO COMMITTEE ON APPROPRIATIONS.
JANUARY 4, 1993	FIRST READING.
MARCH 18, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 19, 1993	PRINTING REPORT.
MARCH 23, 1993	SECOND READING, DO PASS.
MARCH 24, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 84; NOES, 16.
MARCH 25, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 26, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
APRIL 5, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 6, 1993	SECOND READING, CONCURRED IN.
APRIL 7, 1993	THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.
	RETURNED TO HOUSE.

IN THE HOUSE

APRIL 8, 1993	SENT TO ENROLLING.
	REPORTED CORRECTLY ENROLLED.

HOUSE BILL NO. 12

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER
THE WATER DEVELOPMENT PROGRAM; APPROVING THE ISSUANCE OF COAL
SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL
SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER
DEVELOPMENT PROJECTS; REAUTHORIZING COAL SEVERANCE TAX BONDS FOR
CERTAIN PROJECTS APPROVED BY THE 52ND LEGISLATURE; APPROPRIATING
COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; AUTHORIZING THE
CREATION OF A STATE DEBT; AUTHORIZING THE ISSUANCE OF REVENUE BONDS
TO REFUND EXISTING BONDS; PLACING CERTAIN CONDITIONS UPON LOANS;
AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Coal severance tax bonds authorized.**

(1) The legislature finds that Title 17, chapter 5, part 7,
provides for the issuance of coal severance tax bonds for financing
specific approved water resource development projects and
activities as part of the state water development program.
Available funds from previous sales of coal severance tax bonds may

1 also be used for the projects approved in [sections 1 through 8].
2 The legislature finds that the water development projects in
3 [sections 1 through 8] meet the provisions of 17-5-702. The board
4 of examiners may issue coal severance tax bonds in an amount not to
5 exceed \$7,673,111 for the purpose of making loans and financing
6 state projects, establishing a reserve for the bonds, and paying
7 the costs of issuance. Funds are appropriated for the costs of
8 issuance, to a maximum of 4% of the amount of each bond sale.

9 (2) The board of examiners may issue coal severance tax bonds
10 for loans to political subdivisions and local government entities,
11 not to exceed the loan amount listed for the following projects:

12 (a) GROUP A: The interest rate for the project in this group
13 may be 1% below the long-term bond rate at which the state bond is
14 sold for the first 5 years of an anticipated 20-year term and must
15 be at the rate at which the state bond is sold for the remaining 15
16 years.

17 Loan Amount

18 ENNIS, TOWN OF

19 Water Storage and Distribution

20 System Improvements \$1,100,000

21 (b) GROUP B: The interest rate for the projects in this
22 group is 3% for 20 years.

23 Loan Amount

24 HUNTLEY PROJECT IRRIGATION DISTRICT

25 Diversion and Main Canal

26 Rehabilitation and Reconstruction \$4,875,440

1 MONTANA DEPARTMENT OF NATURAL RESOURCES
2 AND CONSERVATION

3 North Fork of the Smith River -- Dam 1,393,467

4 TIN CUP WATER COMPANY

5 Tin Cup Lake Dam Restoration 304,204

6 NEW SECTION. **Section 2. Appropriation -- creation of debt for**

7 **coal severance tax bonds.** (1) The legislature, through the
8 enactment of this section by a vote of three-fourths of the members
9 of each house of the legislature as required by Article IX, section
10 5, of the Montana constitution, pledges, dedicates, and
11 appropriates from the coal severance tax bond fund all money
12 necessary for the payment of principal and interest not otherwise
13 provided for on the coal severance tax bonds authorized by
14 [sections 1 through 8] to be issued pursuant to Title 17, chapter
15 5, part 7, and pursuant to the provisions of [sections 1 through 8]
16 and the general resolution for this bond program that has been
17 adopted by the board of examiners under the authority provided in
18 Title 17, chapter 5, part 7.

19 (2) The legislature, through the enactment of this section,
20 in accordance with Article VIII, section 8, of the Montana
21 constitution, authorizes the creation of a state debt in an amount
22 not to exceed \$7,673,111 for loans to political subdivisions and
23 local government entities for water development projects approved
24 in [sections 1 through 8], all for the issuance of up to \$8,440,500
25 in coal severance tax bonds authorized by [sections 1 through 8].

1 (3) In connection with the issuance of coal severance tax
2 bonds, the board of examiners may pay the principal and interest on
3 the bonds when due from the debt service account and in all other
4 respects manage and use the funds within each special bond account
5 for the benefit of the bonds. The board of examiners shall
6 exercise its discretion to enhance the marketability of the bonds
7 and to secure the most advantageous financial arrangements for the
8 state.

9 (4) Earnings on bonds proceeds prior to the completion of any
10 loan must be allocated to the debt service account to pay the debt
11 service on the bonds during this period. Earnings in excess of
12 debt service, if any, must be allocated to the water development
13 state special revenue account and may be used for the purposes
14 allowed under 85-1-604(3)(b).

15 (5) Loan repayments from loans financed with coal severance
16 tax bonds, loan principal, interest, and bond issuance fees
17 borrowed from bond proceeds are pledged, dedicated, and
18 appropriated to the debt service account in the state treasury for
19 the benefit of bonds approved for loans under this section.

20 NEW SECTION. **Section 3. Projects not completing requirements**

21 -- **loans reauthorized.** The legislature finds that the following
22 water development projects for which coal severance tax bonds were
23 authorized to be issued by the 52nd legislature in Chapter 775,
24 Laws of 1991, may not complete the requirements necessary for the
25 loan transaction prior to June 30, 1993. Coal severance tax bonds

for the projects described in this section are reauthorized in the amounts listed, at the interest rates authorized by the 52nd legislature in Chapter 775, Laws of 1991, and described in this section to enable financing during the 1995 biennium, if necessary.

(1) GROUP A: The interest rate for projects in this group may be 2% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

Loan Amount

FORSYTH, CITY OF

Water Treatment Plant Improvements	\$1,948,916
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GLENDIVE, CITY OF

Water Treatment Plant	2,240,762
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PONDERA CONSERVATION DISTRICT

Irrigation System Rehabilitation	400,000
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SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT

Water Treatment Plant	922,150
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WHITEFISH, CITY OF

Water Treatment and Distribution	6,035,800
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(2) GROUP B: The interest rate for the project in this group may be 1% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the bond is sold for the remaining 15 years.

Loan Amount

1 COLUMBIA FALLS, CITY OF

2 Water Improvements \$1,163,720

3 (3) GROUP C: The interest rate for the projects in this
4 group is 6% or the rate at which the state bond is sold, whichever
5 is lower, for up to 30 years.

6 Loan Amount

7 MILL CREEK WATER AND SEWER DISTRICT

8 Mill Creek Gravity Sprinkler Irrigation Project \$ 151,000

9 LAKESIDE WATER AND SEWER DISTRICT

10 Lakeside Wastewater Facility 251,700

11 NEW SECTION. **Section 4. Conditions of loans.** (1) Disbursement

12 of funds under [sections 1 through 8] for loans is subject to the
13 following conditions that must be met by project sponsors:

14 (a) approval of a scope of work and budget for the project by
15 the department of natural resources and conservation. Reductions
16 in a scope of work or budget may not affect priority activities or
17 improvements.

18 (b) documented commitment of other funds required for project
19 completion;

20 (c) satisfactory completion of conditions described in the
21 recommendations section of the project narrative in the renewable
22 resource and water development program project evaluations and
23 recommendations report for the 1995 biennium;

24 (d) execution of a loan agreement with the department; and

25 (e) accomplishment of other specific requirements considered

1 necessary by the department to accomplish the purpose of the loan
2 as evidenced from the application to the department or from the
3 proposal to the legislature.

4 (2) Each sponsor authorized for a loan from coal severance
5 tax bond proceeds may be required to pay to the department a pro
6 rata share of the bond issuance costs and the administrative costs
7 incurred by the department to complete the loan transaction.

8 NEW SECTION. **Section 5. Interest rates on loans.** Loans made
9 from proceeds of coal severance tax bonds must be at interest rates
10 specified in the authorizing section, except that when loan
11 requests are reduced, interest rates must be recalculated based on
12 the methodology described in the renewable resource and water
13 development program project evaluations and recommendations report
14 submitted to the 53rd legislature for the 1995 biennium. If the
15 bonds or notes bear interest at an adjustable rate, the department
16 of natural resources and conservation shall establish, at the time
17 of the sale of each bond, an assured rate of interest thereon as if
18 the bond bore interest at a fixed rate. The assured rate of
19 interest established must be the rate of interest on the bonds for
20 the purpose of calculating the interest rates on the loans pursuant
21 to the authorizing section.

22 NEW SECTION. **Section 6. Private and discount purchase of**
23 **loans.** Loans to political subdivisions and local government
24 entities and bonds, warrants, and notes issued in evidence of the
25 loans may be made and purchased by and sold to the department of

1 natural resources and conservation at a discount and at a private
2 negotiated sale.

3 NEW SECTION. **Section 7. Other appropriations.** For any entity
4 of state government that receives a loan under [sections 1 through
5 8], there is appropriated the amount of the loan upon award of the
6 loan by the department of natural resources and conservation.

7 NEW SECTION. **Section 8. Authorization to issue revenue bonds.**

8 (1) In addition to the authority contained in 17-5-716, the board
9 of examiners may issue revenue bonds of the state to refund, in
10 whole or in part, bonds issued to finance water development
11 projects approved by the legislature pursuant to Title 17, chapter
12 5, part 7, and Title 85, chapter 1, part 6. The principal and
13 interest on refunding bonds issued pursuant to this section are
14 payable solely from the project or projects for which the refunded
15 bonds were issued.

16 (2) The revenue bonds may be issued in an amount sufficient
17 to refund all or a portion of the outstanding bonds, to pay costs
18 incident to the issuance and sale of the refunding bonds, and to
19 fund the establishment of necessary reserves. The refunding bonds
20 must be designated as "State of Montana Water Development Revenue
21 Bonds". All the power and authority granted to the board of
22 examiners and provisions with respect to the issuance of bonds
23 under Title 17, chapter 5, part 7, except for the provision
24 pledging the coal severance tax to the payment of the bonds, apply
25 to the issuance of the revenue bonds. In authorizing the issuance

1 of the revenue bonds, the board of examiners shall determine that
2 the refunding of the outstanding bonds and the issuance of the
3 revenue bonds are in the best interests of the state.

4 (3) Revenue bonds may not be issued under this section to
5 refund bonds issued to fund a loan to a political subdivision or
6 local government body unless the political subdivision or local
7 government body whose loan repayments would be pledged to the
8 payment of the refunding bonds has consented to the refunding.

9 (4) Revenue bonds issued pursuant to this section without the
10 pledge of the coal severance tax to the payment of the bonds are
11 not coal severance tax bonds or a state debt.

12 NEW SECTION. **Section 9. Codification instruction.** [Section
13 8] is intended to be codified as an integral part of Title 17,
14 chapter 5, part 7, and the provisions of Title 17, chapter 5, part
15 7, apply to [section 8].

16 NEW SECTION. **Section 10. Severability.** If a part of [this
17 act] is invalid, all valid parts that are severable from the
18 invalid part remain in effect. If a part of [this act] is invalid
19 in one or more of its applications, the part remains in effect in
20 all valid applications that are severable from the invalid
21 applications.

22 NEW SECTION. **Section 11. Requirements for approval of state**
23 **debt.** Because [section 2] authorizes the creation of a state debt
24 and appropriates money that would otherwise be deposited in the

1 coal severance tax permanent fund, a vote of three-fourths of the
2 members of each house is required for enactment of [section 2].

3 NEW SECTION. **Section 12. Effective date.** [This act] is
4 effective on passage and approval.

5 -END-

APPROVED BY COMMITTEE
ON APPROPRIATIONS

HOUSE BILL NO. 12

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES

AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE WATER DEVELOPMENT PROGRAM; APPROVING THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS AND TO PROVIDE FUNDS TO PAY A PORTION OF THE STATE'S SHARE OF THE COSTS OF THE TONGUE RIVER DAM REHABILITATION PROJECT; REAUTHORIZING COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 52ND LEGISLATURE; APPROPRIATING COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; AUTHORIZING THE CREATION OF A STATE DEBT; AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO REFUND EXISTING BONDS; PLACING CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Coal severance tax bonds authorized.**

(1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved water resource development projects and activities as part of the state water development program.

1 Available funds from previous sales of coal severance tax bonds may
 2 also be used for the projects approved in ~~{sections 1 through 8}~~
 3 THIS SECTION. The legislature finds that the water development
 4 projects in ~~{sections 1 through 8}~~ THIS SECTION meet the provisions
 5 of 17-5-702. The board of examiners may issue coal severance tax
 6 bonds in an amount not to exceed ~~\$7,673,111~~ \$9,320,423 for the
 7 purpose of making loans and financing state projects, IN THE AMOUNT
 8 OF \$8,473,111, INCLUDING THE COSTS OF ISSUANCE, AND establishing a
 9 reserve for the bonds, ~~and paying the costs of issuance~~ IN THE
 10 AMOUNT OF \$847,312. Funds are appropriated for the costs of
 11 issuance, to a maximum of 4% of the amount of each bond sale.

12 (2) The board of examiners may issue coal severance tax bonds
 13 for loans to political subdivisions and local government entities,
 14 not to exceed the loan amount listed for the following projects:

15 (a) GROUP A: The interest rate for the project in this group
 16 may be 1% below the long-term bond rate at which the state bond is
 17 sold for the first 5 years of an anticipated 20-year term and must
 18 be at the rate at which the state bond is sold for the remaining 15
 19 years.

20 Loan Amount

21 ENNIS, TOWN OF

22 Water Storage and Distribution

23 System Improvements \$1,100,000

24 (B) GROUP B: THE INTEREST RATE FOR THE PROJECT IN THIS GROUP
 25 MAY BE 2% BELOW THE LONG-TERM BOND RATE AT WHICH THE STATE BOND IS
 26 SOLD FOR THE FIRST 5 YEARS OF AN ANTICIPATED 20-YEAR TERM AND MUST

1 BE AT THE RATE AT WHICH THE STATE BOND IS SOLD FOR THE REMAINING 15
2 YEARS.

	<u>LOAN AMOUNT</u>
3 <u>WEST SHORE SEWER DISTRICT OR FLATHEAD COUNTY RSID</u>	
4 <u>SEWER SYSTEM</u>	<u>\$800,000</u>

5 THIS LOAN IS CONTINGENT ON THE CREATION OF A SEWER DISTRICT OR A
6 RURAL IMPROVEMENT DISTRICT.

7 ~~(b)~~ (C) ~~GROUP B:~~ GROUP C: The interest rate for the projects
8 in this group is ~~3%~~ 3.5% for 20 years.

	<u>Loan Amount</u>
9 HUNTLEY PROJECT IRRIGATION DISTRICT	
10 Diversion and Main Canal	
11 Rehabilitation and Reconstruction	<u>\$4,875,440</u>
12 <u>(D) GROUP D: THE INTEREST RATE FOR THE PROJECTS IN THIS GROUP</u>	
13 <u>IS 4.5% FOR 20 YEARS.</u>	

14 MONTANA DEPARTMENT OF NATURAL RESOURCES
15 AND CONSERVATION

16 North Fork of the Smith River -- Dam	<u>1,393,467</u>
17 TIN CUP WATER COMPANY	

18 Tin Cup Lake Dam Restoration	<u>304,204</u>
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19 NEW SECTION. SECTION 2. AUTHORIZATION OF COAL SEVERANCE TAX
20 BONDS FOR TONGUE RIVER DAM REHABILITATION PROJECT. THE BOARD OF
21 EXAMINERS IS AUTHORIZED TO ISSUE COAL SEVERANCE TAX BONDS IN A
22 PRINCIPAL AMOUNT NOT TO EXCEED \$11,500,000 TO PAY A PORTION OF THE
23 STATE OF MONTANA'S SHARE OF THE COSTS OF THE TONGUE RIVER DAM

1 REHABILITATION PROJECT, WHICH PROJECT IS APPROVED, THE BONDS MUST
2 BE ISSUED TO THE NORTHERN CHEYENNE TRIBE IN EVIDENCE OF A LOAN TO
3 BE MADE TO THE STATE PURSUANT TO PUBLIC LAW 102-374. THE PRINCIPAL
4 OF THE BONDS IS PAYABLE OVER A TERM NOT TO EXCEED 39 YEARS,
5 ESTIMATED TO COMMENCE IN 1998. THE BONDS BEAR NO INTEREST. THE
6 STATE OF MONTANA'S SHARE OF REVENUE FROM THE REHABILITATED TONGUE
7 RIVER DAM IS PLEDGED FIRST FOR THE STATE OF MONTANA'S SHARE OF THE
8 OPERATION AND MAINTENANCE COSTS OF THE REHABILITATED TONGUE RIVER
9 DAM. THE EXCESS REVENUE OVER THE OPERATION AND MAINTENANCE COSTS IS
10 PLEDGED, DEDICATED, AND APPROPRIATED TO THE DEBT SERVICE ACCOUNT IN
11 THE STATE TREASURY FOR THE BENEFIT OF THE BONDS AUTHORIZED BY
12 [SECTION 3] AND THIS SECTION. THE PROCEEDS OF THE BONDS ARE
13 APPROPRIATED TO THE DEPARTMENT OF NATURAL RESOURCES AND
14 CONSERVATION TO PAY A PORTION OF THE STATE'S SHARE OF THE COSTS OF
15 THE TONGUE RIVER DAM REHABILITATION PROJECT. THE ENACTMENT OF THIS
16 SECTION SUPERSEDES HOUSE BILL NO. 846, ENACTED BY THE 47TH
17 LEGISLATURE, AUTHORIZING THE ISSUANCE OF UP TO \$10 MILLION OF COAL
18 SEVERANCE TAX BONDS FOR THE TONGUE RIVER DAM REHABILITATION
19 PROJECT.

20 NEW SECTION. **Section 3. Appropriation -- creation of debt for**
21 **coal severance tax bonds.** (1) The legislature, through the
22 enactment of this section by a vote of three-fourths of the members
23 of each house of the legislature as required by Article IX, section
24 5, of the Montana constitution, pledges, dedicates, and
25 appropriates from the coal severance tax bond fund all money

1 necessary for the payment of principal and interest not otherwise
2 provided for on the coal severance tax bonds authorized by
3 [sections 1 through & 3] to be issued pursuant to Title 17, chapter
4 5, part 7, and pursuant to the provisions of [sections 1 through &
5 3] and the general resolution for this bond program that has been
6 adopted by the board of examiners under the authority provided in
7 Title 17, chapter 5, part 7.

8 (2) The legislature, through the enactment of this section,
9 in accordance with Article VIII, section 8, of the Montana
10 constitution, authorizes the creation of a state debt:

11 (A) in an amount not to exceed ~~\$7,673,111~~ \$9,320,423 for
12 loans to political subdivisions and local government entities for
13 water development projects approved in ~~[sections 1 through 8], all~~
14 ~~for the issuance of up to \$8,440,500 in coal severance tax bonds~~
15 ~~authorized by [sections 1 through 8] [SECTION 1] AND FOR FUNDING A~~
16 RESERVE FOR THE COAL SEVERANCE TAX BONDS AUTHORIZED TO FUND THOSE
17 PROJECTS; AND

18 (B) IN AN AMOUNT NOT TO EXCEED \$11,500,000 TO PAY A PORTION OF
19 THE STATE'S COSTS OF THE TONGUE RIVER DAM REHABILITATION PROJECT.

20 (3) In connection with the issuance of coal severance tax
21 bonds, the board of examiners may pay the principal and interest on
22 the bonds when due from the debt service account and in all other
23 respects manage and use the funds within each special bond account
24 for the benefit of the bonds. The board of examiners shall
25 exercise its discretion to enhance the marketability of the bonds
26 and to secure the most advantageous financial arrangements for the

1 state.

2 (4) Earnings on bonds proceeds prior to the completion of any
3 loan must be allocated to the debt service account to pay the debt
4 service on the bonds during this period. Earnings in excess of
5 debt service, if any, must be allocated to the water development
6 state special revenue account and may be used for the purposes
7 allowed under 85-1-604(3)(b).

8 (5) Loan repayments from loans financed with coal severance
9 tax bonds, loan principal, interest, and bond issuance fees
10 borrowed from bond proceeds are pledged, dedicated, and
11 appropriated to the debt service account in the state treasury for
12 the benefit of bonds approved for loans under this section.

13 NEW SECTION. **Section 4. Projects not completing requirements**

14 -- loans reauthorized. The legislature finds that the following
15 water development projects for which coal severance tax bonds were
16 authorized to be issued by the 52nd legislature in Chapter 775,
17 Laws of 1991, may not complete the requirements necessary for the
18 loan transaction prior to June 30, 1993. Coal severance tax bonds
19 for the projects described in this section are reauthorized in the
20 amounts listed, at the interest rates authorized by the 52nd
21 legislature in Chapter 775, Laws of 1991, and described in this
22 section to enable financing during the 1995 biennium, if necessary.

23 (1) GROUP A: The interest rate for projects in this group
24 may be 2% below the long-term bond rate at which the state bond is
25 sold for the first 5 years of an anticipated 20-year term and must

be at the rate at which the state bond is sold for the remaining 15 years.

Loan Amount

FORSYTH, CITY OF

Water Treatment Plant Improvements	\$1,948,916
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GLEN DIVE, CITY OF

Water Treatment Plant	2,240,762
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PONDERA CONSERVATION DISTRICT

Irrigation System Rehabilitation	400,000
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SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT

Water Treatment Plant	922,150
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WHITEFISH, CITY OF

Water Treatment and Distribution	6,035,800
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(2) GROUP B: The interest rate for the project in this group may be 1% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the bond is sold for the remaining 15 years.

Loan Amount

COLUMBIA FALLS, CITY OF

Water Improvements	\$1,163,720
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(3) GROUP C: The interest rate for the projects in this group is 6% or the rate at which the state bond is sold, whichever is lower, for up to 30 years.

Loan Amount

MILL CREEK WATER AND SEWER DISTRICT

1 Mill Creek Gravity Sprinkler Irrigation Project \$ 151,000

2 LAKESIDE WATER AND SEWER DISTRICT

3 Lakeside Wastewater Facility 251,700

4 NEW SECTION. **Section 5. Conditions of loans.** (1) Disbursement

5 of funds ~~under [sections 1 through 8]~~ for loans is subject to the
6 following conditions that must be met by project sponsors:

7 (a) approval of a scope of work and budget for the project by
8 the department of natural resources and conservation. Reductions
9 in a scope of work or budget may not affect priority activities or
10 improvements.

11 (b) documented commitment of other funds required for project
12 completion;

13 (c) satisfactory completion of conditions described in the
14 recommendations section of the project narrative in the renewable
15 resource and water development program project evaluations and
16 recommendations report for the 1995 biennium;

17 (d) execution of a loan agreement with the department; and

18 (e) accomplishment of other specific requirements considered
19 necessary by the department to accomplish the purpose of the loan
20 as evidenced from the application to the department or from the
21 proposal to the legislature.

22 (2) Each sponsor authorized for a loan from coal severance
23 tax bond proceeds may be required to pay to the department a pro
24 rata share of the bond issuance costs and the administrative costs
25 incurred by the department to complete the loan transaction.

1 NEW SECTION. **Section 6. Interest rates on loans.** Loans made

2 from proceeds of coal severance tax bonds must be at interest rates
3 specified in the authorizing section, except that when loan
4 requests are reduced, interest rates must be recalculated based on
5 the methodology described in the renewable resource and water
6 development program project evaluations and recommendations report
7 submitted to the 53rd legislature for the 1995 biennium. If the
8 bonds or notes bear interest at an adjustable rate, the department
9 of natural resources and conservation shall establish, at the time
10 of the sale of each bond, an assured rate of interest thereon as if
11 the bond bore interest at a fixed rate. The assured rate of
12 interest established must be the rate of interest on the bonds for
13 the purpose of calculating the interest rates on the loans pursuant
14 to the authorizing section.

15 NEW SECTION. **Section 7. Private and discount purchase of**

16 loans. Loans to political subdivisions and local government
17 entities and bonds, warrants, and notes issued in evidence of the
18 loans may be made and purchased by and sold to the department of
19 natural resources and conservation at a discount and at a private
20 negotiated sale.

21 NEW SECTION. **Section 8. Other appropriations.** For any entity

22 of state government that receives a loan under [sections 1 through
23 & AND 4], there is appropriated the amount of the loan upon award
24 of the loan by the department of natural resources and conservation.

1 **NEW SECTION. Section 9. Authorization to issue revenue bonds.**

2 (1) In addition to the authority contained in 17-5-716, the board
3 of examiners may issue revenue bonds of the state to refund, in
4 whole or in part, bonds issued to finance water development
5 projects approved by the legislature pursuant to Title 17, chapter
6 5, part 7, and Title 85, chapter 1, part 6. The principal and
7 interest on refunding bonds issued pursuant to this section are
8 payable solely from the project or projects for which the refunded
9 bonds were issued.

10 (2) The revenue bonds may be issued in an amount sufficient
11 to refund all or a portion of the outstanding bonds, to pay costs
12 incident to the issuance and sale of the refunding bonds, and to
13 fund the establishment of necessary reserves. The refunding bonds
14 must be designated as "State of Montana Water Development Revenue
15 Bonds". All the power and authority granted to the board of
16 examiners and provisions with respect to the issuance of bonds
17 under Title 17, chapter 5, part 7, except for the provision
18 pledging the coal severance tax to the payment of the bonds, apply
19 to the issuance of the revenue bonds. In authorizing the issuance
20 of the revenue bonds, the board of examiners shall determine that
21 the refunding of the outstanding bonds and the issuance of the
22 revenue bonds are in the best interests of the state.

23 (3) Revenue bonds may not be issued under this section to
24 refund bonds issued to fund a loan to a political subdivision or
25 local government body unless the political subdivision or local

1 government body whose loan repayments would be pledged to the
2 payment of the refunding bonds has consented to the refunding.

3 (4) Revenue bonds issued pursuant to this section without the
4 pledge of the coal severance tax to the payment of the bonds are
5 not coal severance tax bonds or a state debt.

6 NEW SECTION. **Section 10. Codification instruction.** [Section
7 & 9] is intended to be codified as an integral part of Title 17,
8 chapter 5, part 7, and the provisions of Title 17, chapter 5, part
9 7, apply to [section & 9].

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

16 NEW SECTION. **Section 12. Requirements for approval of state**
17 **debt.** Because [section 2 3] authorizes the creation of a state
18 debt AND APPROPRIATION OF COAL SEVERANCE TAX BOND FUND DEPOSITS and
19 appropriates money that would otherwise be deposited in the coal
20 severance tax permanent fund, a vote of three-fourths of the
21 members of each house is required for enactment of [section 2 3].

22 NEW SECTION. **Section 13. Effective date.** [This act] is
23 effective on passage and approval.

24 -END-

1 HOUSE BILL NO. 12

2 INTRODUCED BY BARDANOUE

3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES

4 AND CONSERVATION

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE
7 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER
8 THE WATER DEVELOPMENT PROGRAM; APPROVING THE ISSUANCE OF COAL
9 SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL
10 SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER
11 DEVELOPMENT PROJECTS AND TO PROVIDE FUNDS TO PAY A PORTION OF THE
12 STATE'S SHARE OF THE COSTS OF THE TONGUE RIVER DAM REHABILITATION
13 PROJECT; REAUTHORIZING COAL SEVERANCE TAX BONDS FOR CERTAIN
14 PROJECTS APPROVED BY THE 52ND LEGISLATURE; APPROPRIATING COAL
15 SEVERANCE TAX INCOME FOR DEBT SERVICE; AUTHORIZING THE CREATION OF
16 A STATE DEBT; AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO REFUND
17 EXISTING BONDS; PLACING CERTAIN CONDITIONS UPON LOANS; AND
18 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

21 NEW SECTION. Section 1. Coal severance tax bonds authorized.

22 (1) The legislature finds that Title 17, chapter 5, part 7,
23 provides for the issuance of coal severance tax bonds for financing
24 specific approved water resource development projects and
25 activities as part of the state water development program.

1 Available funds from previous sales of coal severance tax bonds may
2 also be used for the projects approved in ~~{sections 1 through 8}~~
3 THIS SECTION. The legislature finds that the water development
4 projects in ~~{sections 1 through 8}~~ THIS SECTION meet the provisions
5 of 17-5-702. The board of examiners may issue coal severance tax
6 bonds in an amount not to exceed ~~\$7,673,111~~ \$9,320,423 for the
7 purpose of making loans and financing state projects, IN THE AMOUNT
8 OF \$8,473,111, INCLUDING THE COSTS OF ISSUANCE, AND establishing a
9 reserve for the bonds, ~~and paying the costs of issuance~~ IN THE
10 AMOUNT OF \$847,312. Funds are appropriated for the costs of
11 issuance, to a maximum of 4% of the amount of each bond sale.

12 (2) The board of examiners may issue coal severance tax bonds
13 for loans to political subdivisions and local government entities,
14 not to exceed the loan amount listed for the following projects:

15 (a) GROUP A: The interest rate for the project in this group
16 may be 1% below the long-term bond rate at which the state bond is
17 sold for the first 5 years of an anticipated 20-year term and must
18 be at the rate at which the state bond is sold for the remaining 15
19 years.

20 Loan Amount

21 ENNIS, TOWN OF

22 Water Storage and Distribution

23 System Improvements

\$1,100,000

24 (B) GROUP B: THE INTEREST RATE FOR THE PROJECT IN THIS GROUP
25 MAY BE 2% BELOW THE LONG-TERM BOND RATE AT WHICH THE STATE BOND IS
26 SOLD FOR THE FIRST 5 YEARS OF AN ANTICIPATED 20-YEAR TERM AND MUST

1 BE AT THE RATE AT WHICH THE STATE BOND IS SOLD FOR THE REMAINING 15
2 YEARS.

3 LOAN AMOUNT
4 WEST SHORE SEWER DISTRICT OR FLATHEAD COUNTY RSID
5 SEWER SYSTEM \$800,000

6 THIS LOAN IS CONTINGENT ON THE CREATION OF A SEWER DISTRICT OR A
7 RURAL IMPROVEMENT DISTRICT.

8 ~~(b)~~ (C) ~~GROUP B:~~ GROUP C: The interest rate for the projects
9 in this group is ~~3%~~ 3.5% for 20 years.

10 Loan Amount
11 HUNTLEY PROJECT IRRIGATION DISTRICT
12 Diversion and Main Canal
13 Rehabilitation and Reconstruction \$4,875,440
14 (D) GROUP D: THE INTEREST RATE FOR THE PROJECTS IN THIS GROUP
15 IS 4.5% FOR 20 YEARS.

16 MONTANA DEPARTMENT OF NATURAL RESOURCES
17 AND CONSERVATION

18 North Fork of the Smith River -- Dam 1,393,467
19 TIN CUP WATER COMPANY

20 Tin Cup Lake Dam Restoration 304,204

21 NEW SECTION. SECTION 2. AUTHORIZATION OF COAL SEVERANCE TAX
22 BONDS FOR TONGUE RIVER DAM REHABILITATION PROJECT. THE BOARD OF
23 EXAMINERS IS AUTHORIZED TO ISSUE COAL SEVERANCE TAX BONDS IN A
24 PRINCIPAL AMOUNT NOT TO EXCEED \$11,500,000 TO PAY A PORTION OF THE
25 STATE OF MONTANA'S SHARE OF THE COSTS OF THE TONGUE RIVER DAM

1 REHABILITATION PROJECT. WHICH PROJECT IS APPROVED. THE BONDS MUST
2 BE ISSUED TO THE NORTHERN CHEYENNE TRIBE IN EVIDENCE OF A LOAN TO
3 BE MADE TO THE STATE PURSUANT TO PUBLIC LAW 102-374. THE PRINCIPAL
4 OF THE BONDS IS PAYABLE OVER A TERM NOT TO EXCEED 39 YEARS.
5 ESTIMATED TO COMMENCE IN 1998. THE BONDS BEAR NO INTEREST. THE
6 STATE OF MONTANA'S SHARE OF REVENUE FROM THE REHABILITATED TONGUE
7 RIVER DAM IS PLEDGED FIRST FOR THE STATE OF MONTANA'S SHARE OF THE
8 OPERATION AND MAINTENANCE COSTS OF THE REHABILITATED TONGUE RIVER
9 DAM. THE EXCESS REVENUE OVER THE OPERATION AND MAINTENANCE COSTS IS
10 PLEDGED, DEDICATED, AND APPROPRIATED TO THE DEBT SERVICE ACCOUNT IN
11 THE STATE TREASURY FOR THE BENEFIT OF THE BONDS AUTHORIZED BY
12 [SECTION 3] AND THIS SECTION. THE PROCEEDS OF THE BONDS ARE
13 APPROPRIATED TO THE DEPARTMENT OF NATURAL RESOURCES AND
14 CONSERVATION TO PAY A PORTION OF THE STATE'S SHARE OF THE COSTS OF
15 THE TONGUE RIVER DAM REHABILITATION PROJECT. THE ENACTMENT OF THIS
16 SECTION SUPERSEDES HOUSE BILL NO. 846, ENACTED BY THE 47TH
17 LEGISLATURE, AUTHORIZING THE ISSUANCE OF UP TO \$10 MILLION OF COAL
18 SEVERANCE TAX BONDS FOR THE TONGUE RIVER DAM REHABILITATION
19 PROJECT.

20 NEW SECTION. Section 3. Appropriation -- creation of debt for
21 coal severance tax bonds. (1) The legislature, through the
22 enactment of this section by a vote of three-fourths of the members
23 of each house of the legislature as required by Article IX, section
24 5, of the Montana constitution, pledges, dedicates, and
25 appropriates from the coal severance tax bond fund all money

1 necessary for the payment of principal and interest not otherwise
2 provided for on the coal severance tax bonds authorized by
3 [sections 1 through & 3] to be issued pursuant to Title 17, chapter
4 5, part 7, and pursuant to the provisions of [sections 1 through &
5 3] and the general resolution for this bond program that has been
6 adopted by the board of examiners under the authority provided in
7 Title 17, chapter 5, part 7.

8 (2) The legislature, through the enactment of this section,
9 in accordance with Article VIII, section 8, of the Montana
10 constitution, authorizes the creation of a state debt:

11 (A) in an amount not to exceed ~~\$7,673,111~~ \$9,320,423 for
12 loans to political subdivisions and local government entities for
13 water development projects approved in ~~[sections 1 through 8], all~~
14 ~~for the issuance of up to \$8,440,500 in coal severance tax bonds~~
15 ~~authorized by [sections 1 through 8] [SECTION 1] AND FOR FUNDING A~~
16 RESERVE FOR THE COAL SEVERANCE TAX BONDS AUTHORIZED TO FUND THOSE
17 PROJECTS; AND

18 (B) IN AN AMOUNT NOT TO EXCEED \$11,500,000 TO PAY A PORTION OF
19 THE STATE'S COSTS OF THE TONGUE RIVER DAM REHABILITATION PROJECT.

20 (3) In connection with the issuance of coal severance tax
21 bonds, the board of examiners may pay the principal and interest on
22 the bonds when due from the debt service account and in all other
23 respects manage and use the funds within each special bond account
24 for the benefit of the bonds. The board of examiners shall
25 exercise its discretion to enhance the marketability of the bonds
26 and to secure the most advantageous financial arrangements for the

1 state.

2 (4) Earnings on bonds proceeds prior to the completion of any
3 loan must be allocated to the debt service account to pay the debt
4 service on the bonds during this period. Earnings in excess of
5 debt service, if any, must be allocated to the water development
6 state special revenue account and may be used for the purposes
7 allowed under 85-1-604(3)(b).

8 (5) Loan repayments from loans financed with coal severance
9 tax bonds, loan principal, interest, and bond issuance fees
10 borrowed from bond proceeds are pledged, dedicated, and
11 appropriated to the debt service account in the state treasury for
12 the benefit of bonds approved for loans under this section.

13 NEW SECTION. Section 4. Projects not completing requirements
14 -- loans reauthorized. The legislature finds that the following
15 water development projects for which coal severance tax bonds were
16 authorized to be issued by the 52nd legislature in Chapter 775,
17 Laws of 1991, may not complete the requirements necessary for the
18 loan transaction prior to June 30, 1993. Coal severance tax bonds
19 for the projects described in this section are reauthorized in the
20 amounts listed, at the interest rates authorized by the 52nd
21 legislature in Chapter 775, Laws of 1991, and described in this
22 section to enable financing during the 1995 biennium, if necessary.

23 (1) GROUP A: The interest rate for projects in this group
24 may be 2% below the long-term bond rate at which the state bond is
25 sold for the first 5 years of an anticipated 20-year term and must

be at the rate at which the state bond is sold for the remaining 15 years.

Loan Amount

FORSYTH, CITY OF

Water Treatment Plant Improvements	\$1,948,916
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GLENDDIVE, CITY OF

Water Treatment Plant	2,240,762
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PONDERA CONSERVATION DISTRICT

Irrigation System Rehabilitation	400,000
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SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT

Water Treatment Plant	922,150
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WHITEFISH, CITY OF

Water Treatment and Distribution	6,035,800
----------------------------------	-----------

(2) GROUP B: The interest rate for the project in this group may be 1% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the bond is sold for the remaining 15 years.

Loan Amount

COLUMBIA FALLS, CITY OF

Water Improvements	\$1,163,720
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(3) GROUP C: The interest rate for the projects in this group is 6% or the rate at which the state bond is sold, whichever is lower, for up to 30 years.

Loan Amount

MILL CREEK WATER AND SEWER DISTRICT

1 Mill Creek Gravity Sprinkler Irrigation Project \$ 151,000

2 LAKESIDE WATER AND SEWER DISTRICT

3 Lakeside Wastewater Facility 251,700

4 NEW SECTION. Section 5. Conditions of loans. (1) Disbursement

5 of funds under ~~{sections 1 through 8}~~ for loans is subject to the
6 following conditions that must be met by project sponsors:

7 (a) approval of a scope of work and budget for the project by
8 the department of natural resources and conservation. Reductions
9 in a scope of work or budget may not affect priority activities or
10 improvements.

11 (b) documented commitment of other funds required for project
12 completion;

13 (c) satisfactory completion of conditions described in the
14 recommendations section of the project narrative in the renewable
15 resource and water development program project evaluations and
16 recommendations report for the 1995 biennium;

17 (d) execution of a loan agreement with the department; and

18 (e) accomplishment of other specific requirements considered
19 necessary by the department to accomplish the purpose of the loan
20 as evidenced from the application to the department or from the
21 proposal to the legislature.

22 (2) Each sponsor authorized for a loan from coal severance
23 tax bond proceeds may be required to pay to the department a pro
24 rata share of the bond issuance costs and the administrative costs
25 incurred by the department to complete the loan transaction.

1 NEW SECTION. **Section 6. Interest rates on loans.** Loans made
2 from proceeds of coal severance tax bonds must be at interest rates
3 specified in the authorizing section, except that when loan
4 requests are reduced, interest rates must be recalculated based on
5 the methodology described in the renewable resource and water
6 development program project evaluations and recommendations report
7 submitted to the 53rd legislature for the 1995 biennium. If the
8 bonds or notes bear interest at an adjustable rate, the department
9 of natural resources and conservation shall establish, at the time
10 of the sale of each bond, an assured rate of interest thereon as if
11 the bond bore interest at a fixed rate. The assured rate of
12 interest established must be the rate of interest on the bonds for
13 the purpose of calculating the interest rates on the loans pursuant
14 to the authorizing section.

15 NEW SECTION. **Section 7. Private and discount purchase of**
16 **loans.** Loans to political subdivisions and local government
17 entities and bonds, warrants, and notes issued in evidence of the
18 loans may be made and purchased by and sold to the department of
19 natural resources and conservation at a discount and at a private
20 negotiated sale.

21 NEW SECTION. **Section 8. Other appropriations.** For any entity
22 of state government that receives a loan under [sections 1 through
23 & AND 4], there is appropriated the amount of the loan upon award
24 of the loan by the department of natural resources and conservation.

1 **NEW SECTION. Section 9. Authorization to issue revenue bonds.**

2 (1) In addition to the authority contained in 17-5-716, the board
3 of examiners may issue revenue bonds of the state to refund, in
4 whole or in part, bonds issued to finance water development
5 projects approved by the legislature pursuant to Title 17, chapter
6 5, part 7, and Title 85, chapter 1, part 6. The principal and
7 interest on refunding bonds issued pursuant to this section are
8 payable solely from the project or projects for which the refunded
9 bonds were issued.

10 (2) The revenue bonds may be issued in an amount sufficient
11 to refund all or a portion of the outstanding bonds, to pay costs
12 incident to the issuance and sale of the refunding bonds, and to
13 fund the establishment of necessary reserves. The refunding bonds
14 must be designated as "State of Montana Water Development Revenue
15 Bonds". All the power and authority granted to the board of
16 examiners and provisions with respect to the issuance of bonds
17 under Title 17, chapter 5, part 7, except for the provision
18 pledging the coal severance tax to the payment of the bonds, apply
19 to the issuance of the revenue bonds. In authorizing the issuance
20 of the revenue bonds, the board of examiners shall determine that
21 the refunding of the outstanding bonds and the issuance of the
22 revenue bonds are in the best interests of the state.

23 (3) Revenue bonds may not be issued under this section to
24 refund bonds issued to fund a loan to a political subdivision or
25 local government body unless the political subdivision or local

1 government body whose loan repayments would be pledged to the
2 payment of the refunding bonds has consented to the refunding.

3 (4) Revenue bonds issued pursuant to this section without the
4 pledge of the coal severance tax to the payment of the bonds are
5 not coal severance tax bonds or a state debt.

6 NEW SECTION. **Section 10. Codification instruction.** [Section
7 & 2] is intended to be codified as an integral part of Title 17,
8 chapter 5, part 7, and the provisions of Title 17, chapter 5, part
9 7, apply to [section & 2].

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

16 NEW SECTION. **Section 12. Requirements for approval of state**
17 **debt.** Because [section & 3] authorizes the creation of a state
18 debt AND APPROPRIATION OF COAL SEVERANCE TAX BOND FUND DEPOSITS and
19 appropriates money that would otherwise be deposited in the coal
20 severance tax permanent fund, a vote of three-fourths of the
21 members of each house is required for enactment of [section & 3].

22 NEW SECTION. **Section 13. Effective date.** [This act] is
23 effective on passage and approval.

24 -END-

HOUSE BILL NO. 12

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER
THE WATER DEVELOPMENT PROGRAM; APPROVING THE ISSUANCE OF COAL
SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL
SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER
DEVELOPMENT PROJECTS AND TO PROVIDE FUNDS TO PAY A PORTION OF THE
STATE'S SHARE OF THE COSTS OF THE TONGUE RIVER DAM REHABILITATION
PROJECT; REAUTHORIZING COAL SEVERANCE TAX BONDS FOR CERTAIN
PROJECTS APPROVED BY THE 52ND LEGISLATURE; APPROPRIATING COAL
SEVERANCE TAX INCOME FOR DEBT SERVICE; AUTHORIZING THE CREATION OF
A STATE DEBT; AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO REFUND
EXISTING BONDS; PLACING CERTAIN CONDITIONS UPON LOANS; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Coal severance tax bonds authorized.

(1) The legislature finds that Title 17, chapter 5, part 7,
provides for the issuance of coal severance tax bonds for financing
specific approved water resource development projects and
activities as part of the state water development program.

1 Available funds from previous sales of coal severance tax bonds may
2 also be used for the projects approved in ~~{sections 1 through 8}~~
3 THIS SECTION. The legislature finds that the water development
4 projects in ~~{sections 1 through 8}~~ THIS SECTION meet the provisions
5 of 17-5-702. The board of examiners may issue coal severance tax
6 bonds in an amount not to exceed ~~\$7,673,111~~ \$9,320,423 for the
7 purpose of making loans and financing state projects, IN THE AMOUNT
8 OF \$8,473,111, INCLUDING THE COSTS OF ISSUANCE, AND establishing a
9 reserve for the bonds, ~~and paying the costs of issuance~~ IN THE
10 AMOUNT OF \$847,312. Funds are appropriated for the costs of
11 issuance, to a maximum of 4% of the amount of each bond sale.

12 (2) The board of examiners may issue coal severance tax bonds
13 for loans to political subdivisions and local government entities,
14 not to exceed the loan amount listed for the following projects:

15 (a) GROUP A: The interest rate for the project in this group
16 may be 1% below the long-term bond rate at which the state bond is
17 sold for the first 5 years of an anticipated 20-year term and must
18 be at the rate at which the state bond is sold for the remaining 15
19 years.

20 Loan Amount

21 ENNIS, TOWN OF

22 Water Storage and Distribution

23 System Improvements \$1,100,000

24 (B) GROUP B: THE INTEREST RATE FOR THE PROJECT IN THIS GROUP
25 MAY BE 2% BELOW THE LONG-TERM BOND RATE AT WHICH THE STATE BOND IS
26 SOLD FOR THE FIRST 5 YEARS OF AN ANTICIPATED 20-YEAR TERM AND MUST

1 BE AT THE RATE AT WHICH THE STATE BOND IS SOLD FOR THE REMAINING 15
 2 YEARS.

3		<u>LOAN AMOUNT</u>
4	<u>WEST SHORE SEWER DISTRICT OR FLATHEAD COUNTY RSID</u>	
5	<u>SEWER SYSTEM</u>	<u>\$800,000</u>

6 THIS LOAN IS CONTINGENT ON THE CREATION OF A SEWER DISTRICT OR A
 7 RURAL IMPROVEMENT DISTRICT.

8 ~~(b)(C)~~ GROUP B: GROUP C: The interest rate for the projects
 9 in this group is ~~3%~~ 3.5% for 20 years.

10		<u>Loan Amount</u>
11	<u>HUNTLEY PROJECT IRRIGATION DISTRICT</u>	
12	<u>Diversion and Main Canal</u>	
13	<u>Rehabilitation and Reconstruction</u>	<u>\$4,875,440</u>
14	<u>(D) GROUP D: THE INTEREST RATE FOR THE PROJECTS IN THIS GROUP</u>	
15	<u>IS 4.5% FOR 20 YEARS.</u>	

16 MONTANA DEPARTMENT OF NATURAL RESOURCES
 17 AND CONSERVATION

18	<u>North Fork of the Smith River -- Dam</u>	<u>1,393,467</u>
19	<u>TIN CUP WATER COMPANY</u>	
20	<u>Tin Cup Lake Dam Restoration</u>	<u>304,204</u>

21 NEW SECTION. SECTION 2. AUTHORIZATION OF COAL SEVERANCE TAX
 22 BONDS FOR TONGUE RIVER DAM REHABILITATION PROJECT. THE BOARD OF
 23 EXAMINERS IS AUTHORIZED TO ISSUE COAL SEVERANCE TAX BONDS IN A
 24 PRINCIPAL AMOUNT NOT TO EXCEED \$11,500,000 TO PAY A PORTION OF THE
 25 STATE OF MONTANA'S SHARE OF THE COSTS OF THE TONGUE RIVER DAM

1 REHABILITATION PROJECT. WHICH PROJECT IS APPROVED. THE BONDS MUST
2 BE ISSUED TO THE NORTHERN CHEYENNE TRIBE IN EVIDENCE OF A LOAN TO
3 BE MADE TO THE STATE PURSUANT TO PUBLIC LAW 102-374. THE PRINCIPAL
4 OF THE BONDS IS PAYABLE OVER A TERM NOT TO EXCEED 39 YEARS.
5 ESTIMATED TO COMMENCE IN 1998. THE BONDS BEAR NO INTEREST. THE
6 STATE OF MONTANA'S SHARE OF REVENUE FROM THE REHABILITATED TONGUE
7 RIVER DAM IS PLEDGED FIRST FOR THE STATE OF MONTANA'S SHARE OF THE
8 OPERATION AND MAINTENANCE COSTS OF THE REHABILITATED TONGUE RIVER
9 DAM. THE EXCESS REVENUE OVER THE OPERATION AND MAINTENANCE COSTS IS
10 PLEDGED, DEDICATED, AND APPROPRIATED TO THE DEBT SERVICE ACCOUNT IN
11 THE STATE TREASURY FOR THE BENEFIT OF THE BONDS AUTHORIZED BY
12 [SECTION 3] AND THIS SECTION. THE PROCEEDS OF THE BONDS ARE
13 APPROPRIATED TO THE DEPARTMENT OF NATURAL RESOURCES AND
14 CONSERVATION TO PAY A PORTION OF THE STATE'S SHARE OF THE COSTS OF
15 THE TONGUE RIVER DAM REHABILITATION PROJECT. THE ENACTMENT OF THIS
16 SECTION SUPERSEDES HOUSE BILL NO. 846, ENACTED BY THE 47TH
17 LEGISLATURE, AUTHORIZING THE ISSUANCE OF UP TO \$10 MILLION OF COAL
18 SEVERANCE TAX BONDS FOR THE TONGUE RIVER DAM REHABILITATION
19 PROJECT.

20 NEW SECTION. Section 3. Appropriation -- creation of debt for
21 coal severance tax bonds. (1) The legislature, through the
22 enactment of this section by a vote of three-fourths of the members
23 of each house of the legislature as required by Article IX, section
24 5, of the Montana constitution, pledges, dedicates, and
25 appropriates from the coal severance tax bond fund all money

1 necessary for the payment of principal and interest not otherwise
2 provided for on the coal severance tax bonds authorized by
3 [sections 1 through 8 3] to be issued pursuant to Title 17, chapter
4 5, part 7, and pursuant to the provisions of [sections 1 through 8
5 3] and the general resolution for this bond program that has been
6 adopted by the board of examiners under the authority provided in
7 Title 17, chapter 5, part 7.

8 (2) The legislature, through the enactment of this section,
9 in accordance with Article VIII, section 8, of the Montana
10 constitution, authorizes the creation of a state debt:

11 (A) in an amount not to exceed ~~\$7,673,111~~ \$9,320,423 for
12 loans to political subdivisions and local government entities for
13 water development projects approved in ~~{sections 1 through 8}~~, all
14 ~~for the issuance of up to \$8,440,500 in coal severance tax bonds~~
15 ~~authorized by {sections 1 through 8}~~ [SECTION 1] AND FOR FUNDING A
16 RESERVE FOR THE COAL SEVERANCE TAX BONDS AUTHORIZED TO FUND THOSE
17 PROJECTS; AND

18 (B) IN AN AMOUNT NOT TO EXCEED \$11,500,000 TO PAY A PORTION OF
19 THE STATE'S COSTS OF THE TONGUE RIVER DAM REHABILITATION PROJECT.

20 (3) In connection with the issuance of coal severance tax
21 bonds, the board of examiners may pay the principal and interest on
22 the bonds when due from the debt service account and in all other
23 respects manage and use the funds within each special bond account
24 for the benefit of the bonds. The board of examiners shall
25 exercise its discretion to enhance the marketability of the bonds
26 and to secure the most advantageous financial arrangements for the

1 state.

2 (4) Earnings on bonds proceeds prior to the completion of any
3 loan must be allocated to the debt service account to pay the debt
4 service on the bonds during this period. Earnings in excess of
5 debt service, if any, must be allocated to the water development
6 state special revenue account and may be used for the purposes
7 allowed under 85-1-604(3)(b).

8 (5) Loan repayments from loans financed with coal severance
9 tax bonds, loan principal, interest, and bond issuance fees
10 borrowed from bond proceeds are pledged, dedicated, and
11 appropriated to the debt service account in the state treasury for
12 the benefit of bonds approved for loans under this section.

13 NEW SECTION. Section 4. Projects not completing requirements
14 -- loans reauthorized. The legislature finds that the following
15 water development projects for which coal severance tax bonds were
16 authorized to be issued by the 52nd legislature in Chapter 775,
17 Laws of 1991, may not complete the requirements necessary for the
18 loan transaction prior to June 30, 1993. Coal severance tax bonds
19 for the projects described in this section are reauthorized in the
20 amounts listed, at the interest rates authorized by the 52nd
21 legislature in Chapter 775, Laws of 1991, and described in this
22 section to enable financing during the 1995 biennium, if necessary.

23 (1) GROUP A: The interest rate for projects in this group
24 may be 2% below the long-term bond rate at which the state bond is
25 sold for the first 5 years of an anticipated 20-year term and must

be at the rate at which the state bond is sold for the remaining 15 years.

Loan Amount

FORSYTH, CITY OF

Water Treatment Plant Improvements	\$1,948,916
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GLEDIVE, CITY OF

Water Treatment Plant	2,240,762
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PONDERA CONSERVATION DISTRICT

Irrigation System Rehabilitation	400,000
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SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT

Water Treatment Plant	922,150
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WHITEFISH, CITY OF

Water Treatment and Distribution	6,035,800
----------------------------------	-----------

(2) GROUP B: The interest rate for the project in this group may be 1% below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the bond is sold for the remaining 15 years.

Loan Amount

COLUMBIA FALLS, CITY OF

Water Improvements	\$1,163,720
--------------------	-------------

(3) GROUP C: The interest rate for the projects in this group is 6% or the rate at which the state bond is sold, whichever is lower, for up to 30 years.

Loan Amount

MILL CREEK WATER AND SEWER DISTRICT

1 Mill Creek Gravity Sprinkler Irrigation Project \$ 151,000

2 LAKESIDE WATER AND SEWER DISTRICT

3 Lakeside Wastewater Facility 251,700

4 NEW SECTION. Section 5. Conditions of loans. (1) Disbursement

5 of funds under ~~{sections 1 through 8}~~ for loans is subject to the
6 following conditions that must be met by project sponsors:

7 (a) approval of a scope of work and budget for the project by
8 the department of natural resources and conservation. Reductions
9 in a scope of work or budget may not affect priority activities or
10 improvements.

11 (b) documented commitment of other funds required for project
12 completion;

13 (c) satisfactory completion of conditions described in the
14 recommendations section of the project narrative in the renewable
15 resource and water development program project evaluations and
16 recommendations report for the 1995 biennium;

17 (d) execution of a loan agreement with the department; and

18 (e) accomplishment of other specific requirements considered
19 necessary by the department to accomplish the purpose of the loan
20 as evidenced from the application to the department or from the
21 proposal to the legislature.

22 (2) Each sponsor authorized for a loan from coal severance
23 tax bond proceeds may be required to pay to the department a pro
24 rata share of the bond issuance costs and the administrative costs
25 incurred by the department to complete the loan transaction.

1 NEW SECTION. **Section 6. Interest rates on loans.** Loans made
2 from proceeds of coal severance tax bonds must be at interest rates
3 specified in the authorizing section, except that when loan
4 requests are reduced, interest rates must be recalculated based on
5 the methodology described in the renewable resource and water
6 development program project evaluations and recommendations report
7 submitted to the 53rd legislature for the 1995 biennium. If the
8 bonds or notes bear interest at an adjustable rate, the department
9 of natural resources and conservation shall establish, at the time
10 of the sale of each bond, an assured rate of interest thereon as if
11 the bond bore interest at a fixed rate. The assured rate of
12 interest established must be the rate of interest on the bonds for
13 the purpose of calculating the interest rates on the loans pursuant
14 to the authorizing section.

15 NEW SECTION. **Section 7. Private and discount purchase of**
16 loans. Loans to political subdivisions and local government
17 entities and bonds, warrants, and notes issued in evidence of the
18 loans may be made and purchased by and sold to the department of
19 natural resources and conservation at a discount and at a private
20 negotiated sale.

21 NEW SECTION. **Section 8. Other appropriations.** For any entity
22 of state government that receives a loan under [sections 1 through
23 & AND 4], there is appropriated the amount of the loan upon award
24 of the loan by the department of natural resources and conservation.

1 **NEW SECTION. Section 9. Authorization to issue revenue bonds.**

2 (1) In addition to the authority contained in 17-5-716, the board
3 of examiners may issue revenue bonds of the state to refund, in
4 whole or in part, bonds issued to finance water development
5 projects approved by the legislature pursuant to Title 17, chapter
6 5, part 7, and Title 85, chapter 1, part 6. The principal and
7 interest on refunding bonds issued pursuant to this section are
8 payable solely from the project or projects for which the refunded
9 bonds were issued.

10 (2) The revenue bonds may be issued in an amount sufficient
11 to refund all or a portion of the outstanding bonds, to pay costs
12 incident to the issuance and sale of the refunding bonds, and to
13 fund the establishment of necessary reserves. The refunding bonds
14 must be designated as "State of Montana Water Development Revenue
15 Bonds". All the power and authority granted to the board of
16 examiners and provisions with respect to the issuance of bonds
17 under Title 17, chapter 5, part 7, except for the provision
18 pledging the coal severance tax to the payment of the bonds, apply
19 to the issuance of the revenue bonds. In authorizing the issuance
20 of the revenue bonds, the board of examiners shall determine that
21 the refunding of the outstanding bonds and the issuance of the
22 revenue bonds are in the best interests of the state.

23 (3) Revenue bonds may not be issued under this section to
24 refund bonds issued to fund a loan to a political subdivision or
25 local government body unless the political subdivision or local

1 government body whose loan repayments would be pledged to the
2 payment of the refunding bonds has consented to the refunding.

3 (4) Revenue bonds issued pursuant to this section without the
4 pledge of the coal severance tax to the payment of the bonds are
5 not coal severance tax bonds or a state debt.

6 NEW SECTION. **Section 10. Codification instruction.** [Section
7 & 2] is intended to be codified as an integral part of Title 17,
8 chapter 5, part 7, and the provisions of Title 17, chapter 5, part
9 7, apply to [section & 2].

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

16 NEW SECTION. **Section 12. Requirements for approval of state**
17 **debt.** Because [section & 3] authorizes the creation of a state
18 debt AND APPROPRIATION OF COAL SEVERANCE TAX BOND FUND DEPOSITS and
19 appropriates money that would otherwise be deposited in the coal
20 severance tax permanent fund, a vote of three-fourths of the
21 members of each house is required for enactment of [section & 3].

22 NEW SECTION. **Section 13. effective date.** [This act] is
23 effective on passage and approval.

24 -END-