

HOUSE BILL NO. 372
INTRODUCED BY S. RICE

IN THE HOUSE

JANUARY 27, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
	FIRST READING.
FEBRUARY 12, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 13, 1993	PRINTING REPORT.
	SECOND READING, DO PASS.
FEBRUARY 15, 1993	ENGROSSING REPORT.
FEBRUARY 16, 1993	THIRD READING, PASSED. AYES, 81; NOES, 17.
FEBRUARY 17, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 20, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
	FIRST READING.
MARCH 3, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 4, 1993	ON MOTION, CONSIDERATION PASSED UNTIL 53RD LEGISLATIVE DAY.
MARCH 9, 1993	SECOND READING, CONCURRED IN.
MARCH 10, 1993	THIRD READING, CONCURRED IN. AYES, 44; NOES, 2.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 16, 1993	RECEIVED FROM SENATE.
	SENT TO ENROLLING.

MARCH 17, 1993

REPORTED CORRECTLY ENROLLED.

MARCH 21, 1993

SIGNED BY SPEAKER.

IN THE SENATE

MARCH 24, 1993

SIGNED BY PRESIDENT.

IN THE HOUSE

MARCH 29, 1993

DELIVERED TO GOVERNOR.

MARCH 31, 1993

RETURNED FROM GOVERNOR WITH
RECOMMENDED AMENDMENTS.

APRIL 12, 1993

SECOND READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

APRIL 13, 1993

THIRD READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 16, 1993

SECOND READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

APRIL 17, 1993

THIRD READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

IN THE HOUSE

APRIL 19, 1993

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 372
2 INTRODUCED BY SR
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES TO
5 ISSUE SMALL DENOMINATION GENERAL OBLIGATION BONDS TO BE
6 KNOWN AS "CITIZEN BONDS"; AND AMENDING SECTIONS 7-7-103,
7 7-7-2209, 7-7-2238, 7-7-2251, 7-7-2261, AND 7-7-2265, MCA."
8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 NEW SECTION. **Section 1.** Citizen bonds authorized. (1)
11 A county authorized to sell general obligation bonds under
12 this chapter may issue and sell a portion of the bonds in
13 denominations of less than \$5,000, either by competitive
14 public sale or directly to members of the public, at
15 preestablished interest rates.
16 (2) Bonds issued under [sections 1 through 4] may be
17 known as "citizen bonds".
18 (3) Citizen bonds may be issued for any purpose for
19 which a county may issue general obligation bonds.
20 (4) An officer, employee, contracted financial
21 consultant, or contracted adviser employed or retained by a
22 county selling citizen bonds may not purchase those bonds.
23 NEW SECTION. **Section 2.** Citizen bonds -- procedural
24 requirements prior to issuance. (1) Prior to the final
25 passage of the resolution provided for in 7-7-2238, a county

1 shall notify the attorney general of its intention to issue
2 citizen bonds.
3 (2) Prior to issuing citizen bonds, a county shall make
4 available to interested investors:
5 (a) a preliminary official statement, a draft-form
6 legal opinion from a recognized bond counsel, and a
7 comparison to taxable yields at various income levels;
8 (b) application forms for the purchase of citizen bonds
9 that must specify at a minimum:
10 (i) the time, date, and place that applications will be
11 received, the manner in which applications will be
12 processed, and the conditions under which the sale may be
13 canceled if the issue is not fully subscribed during the
14 application period;
15 (ii) the issue date, maturity dates, and the dates on
16 which interest will be earned and paid;
17 (iii) the denominations of the bonds and the maximum
18 amount of the bonds that one buyer may purchase;
19 (iv) the approximate yield on the bonds if held to
20 maturity and the manner in which interest rates have been
21 calculated; and
22 (v) the provision made for the transfer of ownership of
23 outstanding bonds; and
24 (c) other information that the attorney general may
25 require.

NEW SECTION. Section 3. Citizen bonds -- procedure when issue not fully subscribed. If an entire issue of bonds is not fully subscribed during the period of time that the county has set for the sale of the bonds, the citizen bonds may be sold in the manner permitted for other county general obligation bonds.

NEW SECTION. Section 4. zero-coupon bonds and capital appreciation bonds. The terms "zero-coupon bonds" and "capital appreciation bonds", as used in this part, mean those forms of bonds that do not make periodic interest payments but, rather, are sold at a discount from their face value.

Section 5. Section 7-7-103, MCA, is amended to read:

"7-7-103. Review by attorney general -- report -- review of citizen bonds. (1) The attorney general shall examine certified copies of all proceedings preliminary to the issuance of general obligation bonds by any county, city, or town which that are submitted to---him for examination, and if the proceedings are found to be regular and valid, he the attorney general shall deliver to the recording officer of the local government a report of his the examination and determination.

(2) A certified copy of the report ~~shall~~ must be filed with the officer required by law to register the bonds, and a notation of the filing ~~shall~~ must be entered in the bond

register.

(3) Within 10 days of receipt of the notice provided for in [section 2] and 7-7-4212, the attorney general may impose any requirements ~~he-considers~~ considered necessary to adequately protect both the issuing city or town and the purchasers of the bonds."

Section 6. Section 7-7-2209, MCA, is amended to read:

"7-7-2209. Types of bonds. All (1) Except as provided in subsection (2), bonds hereafter issued by any county ~~shall~~ must be either amortization bonds or serial bonds. All things being equal, amortization bonds ~~shall~~ must be issued in preference to serial bonds; otherwise, serial bonds may be issued.

(2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds, or zero-coupon bonds, with no preference for amortization bonds."

Section 7. Section 7-7-2238, MCA, is amended to read:

"7-7-2238. Resolution to issue bonds. (1) If a sufficient percentage of the qualified electors entitled to vote at such an election voted on such the question and a sufficient percentage of such votes were cast in favor of the issuing of such bonds as provided in 7-7-2237, the board of county commissioners shall, at a regular or special meeting held within 30 days thereafter after the election,

1 pass and adopt a resolution providing for the issuance of
2 such the bonds.

3 (2) Such The resolution shall must recite:

4 (a) the purpose for which such the bonds are to be
5 issued;

6 (b) the amount thereof of bonds to be issued;

7 (c) the maximum rate of interest the bonds may bear;

8 (d) the date they shall bear;

9 (e) the period of time through which they shall-be are
10 payable; and

11 (f) the optional provisions, if any.

12 (3) Such The resolution shall must provide for the
13 manner of the execution of the bonds. It--shall The
14 resolution must provide that, except in a bond issue of
15 citizen bonds, preference shall must be given to
16 amortization bonds, but it shall must fix the denomination
17 of serial bonds in case it shall-be is found advantageous to
18 issue bonds in that form. The board may in its discretion
19 provide that such the bonds may be issued and sold in two or
20 more series or installments.

21 (4) The resolution shall must adopt a form of notice of
22 the sale of the bonds."

23 **Section 8.** Section 7-7-2251, MCA, is amended to read:

24 "7-7-2251. Form of notice of sale of bonds. (1) The
25 notice of sale shall must state the purpose or purposes for

1 which the bonds are to be issued and the amount proposed to
2 be issued for each purpose and shall must be substantially
3 in the following form:

4 NOTICE OF SALE OF COUNTY BONDS

5 Notice is hereby given by the board of county
6 commissioners of County, state of Montana, that the
7 board will on the day of, 19..., at the hour of
8m., at the office of the board in the courthouse in
9 the (town or city) of in the said county, sell to the
10 highest and best bidder for cash, either amortization or
11 serial bonds of the said county in the principal amount of
12 dollars (\$....) for the purpose of

13 Amortization bonds will be the first choice and serial
14 bonds will be the second choice of the said board.

15 If amortization bonds are sold and issued, the entire
16 issue may be put into one single bond or divided into
17 several bonds, as the board may determine at the time of
18 sale, both principal and interest to be payable in
19 semiannual installments during a period of years from
20 the date of issue.

21 If serial bonds are issued and sold, they will be in the
22 amount of dollars (\$....) each and will become payable
23 according to the maturity schedule set forth below (set
24 forth maturity schedule adopted by the board of county
25 commissioners).

The bonds, whether amortization or serial bonds, will bear date of, 19..., and will bear interest at a rate not exceeding% per annum commencing on the day of (month), 19..., and payable semiannually on the day of (month) and (month) in each year thereafter and will be redeemable in full (here insert the optional provisions, if any, to be recited in the bonds).

The bonds will be sold for not less than their par value with accrued interest to date of delivery, and all bidders must state the lowest rate of interest at which they will purchase the bonds at par. The board reserves the right to reject any and all bids and to sell the bonds at private sale.

All bids other than by or on behalf of the board of investments of the state of Montana must be accompanied by a certified check in the sum of dollars, (\$....), payable to the order of the clerk, which will be forfeited by the successful bidder in the event that ~~he shall fail or refuse~~ the bidder fails or refuses to complete the purchase of the bonds in accordance with the terms of his the bid.

All bids ~~should~~ must be addressed to the board of county commissioners ~~of--said--county~~ and delivered to the county clerk ~~of--said--county~~.

ATTEST:

.....

(Chairman, Board of County Commissioners)
of County
State of Montana

.....
(Clerk of the Board of County Commissioners)
of County, Montana
Address, Montana

(2) The form of notice required under this section may be modified to accommodate changes necessary to issue citizen bonds pursuant to [sections 1 through 4]."

Section 9. Section 7-7-2261, MCA, is amended to read:

"7-7-2261. Maintenance of accounts for bond issues. (1) The county treasurer of each county shall keep in his the county's books a special and separate sinking fund account for each series or issue of outstanding bonds, including citizen bonds as provided in [sections 1 through 4], issued by his the county. Each such fund must at all times show the exact condition thereof of the bonds.

(2) All taxes collected for interest and principal on county bonds ~~shall~~ must be placed to the credit of the sinking fund for which the taxes were levied.

(3) Interest from investment of money in a sinking fund account may, in the discretion of the board of county commissioners, be used as it accrues to fulfill or complete the specific project for which the bonds were issued.

(4) The sinking fund shall ~~must~~ be administered as provided in 7-7-123, 7-7-124, and 7-7-2270."

Section 10. Section 7-7-2265, MCA, is amended to read:

"7-7-2265. Tax levy for payment of bonds. (1) The board of county commissioners, at the time of making the levy of taxes for county purposes, must levy a separate and special tax upon all taxable property in the county for the payment of interest on and principal of each series or issue of bonds outstanding. The tax levy for any one series or issue of bonds must be entirely separate and distinct from such the levy for any other series or issue of bonds.

(2) ~~The Except as provided in subsection (3), the~~ levy made for the purpose of paying interest on and principal of each series or issue of bonds must be high enough to raise an amount sufficient to pay all interest on and so much of the principal, if any, of such ~~the~~ bonds as will become due and payable during the then-current fiscal year or within 90 days thereafter ~~after the fiscal year~~, as such-amount-is shown by the treasurer's statement provided by 7-7-2264. If no part of the principal of such ~~the~~ bonds will become due and payable within such ~~that~~ time, then such ~~the~~ tax levy must be high enough to:

(a) raise an amount sufficient to pay all interest which ~~that~~ will become due and payable during the current fiscal year or within 90 days thereafter ~~after the fiscal~~

~~year; and~~

(b) ~~to-also~~ place in the sinking fund for such ~~the~~ issue or series of bonds, for the payment of the principal thereof when ~~the-same~~ ~~it~~ becomes due, an amount not less than a sum produced by dividing the whole amount for which such ~~the~~ series or issue of bonds were ~~was~~ originally issued by the number of years for which the ~~same--were~~ ~~series~~ or ~~issue was~~ originally issued to run.

(3) ~~The annual levies made for the purpose of paying off bonds that do not provide for periodic interest payments but, rather, are sold at a discount from their face value, as provided in [sections 1 through 4], must be actuarially sufficient so that at the time for redemption, there is an amount in the sinking fund sufficient to redeem the bonds."~~

NEW SECTION. Section 11. Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 7, chapter 7, part 22, and the provisions of Title 7, chapter 7, part 22, apply to [sections 1 through 4].

-End-

APPROVED BY COMM.
ON LOCAL GOVERNMENT

1 House BILL NO. 372
2 INTRODUCED BY SRice
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12 this chapter may issue and sell a portion of the bonds in
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15 preestablished interest rates.

16 (2) Bonds issued under [sections 1 through 4] may be
17 known as "citizen bonds".

18 (3) Citizen bonds may be issued for any purpose for
19 which a county may issue general obligation bonds.

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21 consultant, or contracted adviser employed or retained by a
22 county selling citizen bonds may not purchase those bonds.

23 NEW SECTION. **Section 2.** Citizen bonds -- procedural
24 requirements prior to issuance. (1) Prior to the final
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1 shall notify the attorney general of its intention to issue
2 citizen bonds.

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4 available to interested investors:

5 (a) a preliminary official statement, a draft-form
6 legal opinion from a recognized bond counsel, and a
7 comparison to taxable yields at various income levels;

8 (b) application forms for the purchase of citizen bonds
9 that must specify at a minimum:

10 (i) the time, date, and place that applications will be
11 received, the manner in which applications will be
12 processed, and the conditions under which the sale may be
13 canceled if the issue is not fully subscribed during the
14 application period;

15 (ii) the issue date, maturity dates, and the dates on
16 which interest will be earned and paid;

17 (iii) the denominations of the bonds and the maximum
18 amount of the bonds that one buyer may purchase;

19 (iv) the approximate yield on the bonds if held to
20 maturity and the manner in which interest rates have been
21 calculated; and

22 (v) the provision made for the transfer of ownership of
23 outstanding bonds; and

24 (c) other information that the attorney general may
25 require.

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(2) A certified copy of the report ~~shall~~ must be filed with the officer required by law to register the bonds, and a notation of the filing ~~shall~~ must be entered in the bond

register.

(3) Within 10 days of receipt of the notice provided for in [section 2] and 7-7-4212, the attorney general may impose any requirements ~~he considers~~ considered necessary to adequately protect both the issuing city or town and the purchasers of the bonds."

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"7-7-2209. Types of bonds. All (1) Except as provided in subsection (2), bonds hereafter issued by any county ~~shall~~ must be either amortization bonds or serial bonds. All things being equal, amortization bonds ~~shall~~ must be issued in preference to serial bonds; otherwise, serial bonds may be issued.

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1 pass and adopt a resolution providing for the issuance of
2 such the bonds.

3 (2) ~~Such~~ The resolution ~~shall~~ must recite:

4 (a) the purpose for which such the bonds are to be
5 issued;

6 (b) the amount thereof of bonds to be issued;

7 (c) the maximum rate of interest the bonds may bear;

8 (d) the date they ~~shall~~ bear;

9 (e) the period of time through which they ~~shall-be~~ are
10 payable; and

11 (f) the optional provisions, if any.

12 (3) ~~Such~~ The resolution ~~shall~~ must provide for the
13 manner of the execution of the bonds. ~~It--shall~~ The
14 resolution must provide that, except in a bond issue of
15 citizen bonds, preference ~~shall~~ must be given to
16 amortization bonds, but it shall must fix the denomination
17 of serial bonds in case it ~~shall-be~~ is found advantageous to
18 issue bonds in that form. The board may in its discretion
19 provide that such the bonds may be issued and sold in two or
20 more series or installments.

21 (4) The resolution ~~shall~~ must adopt a form of notice of
22 the sale of the bonds."

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25 notice of sale ~~shall~~ must state the purpose or purposes for

1 which the bonds are to be issued and the amount proposed to
2 be issued for each purpose and ~~shall~~ must be substantially
3 in the following form:

4 NOTICE OF SALE OF COUNTY BONDS

5 Notice is hereby given by the board of county
6 commissioners of County, state of Montana, that the
7 board will on the day of, 19..., at the hour of
8m., at the office of the board in the courthouse in
9 the (town or city) of in the said county, sell to the
10 highest and best bidder for cash, either amortization or
11 serial bonds of the said county in the principal amount of
12 dollars (\$....) for the purpose of

13 Amortization bonds will be the first choice and serial
14 bonds will be the second choice of the said board.

15 If amortization bonds are sold and issued, the entire
16 issue may be put into one single bond or divided into
17 several bonds, as the board may determine at the time of
18 sale, both principal and interest to be payable in
19 semiannual installments during a period of years from
20 the date of issue.

21 If serial bonds are issued and sold, they will be in the
22 amount of dollars (\$....) each and will become payable
23 according to the maturity schedule set forth below (set
24 forth maturity schedule adopted by the board of county
25 commissioners).

The bonds, whether amortization or serial bonds, will bear date of, 19..., and will bear interest at a rate not exceeding% per annum commencing on the day of (month), 19..., and payable semiannually on the day of (month) and (month) in each year thereafter and will be redeemable in full (here insert the optional provisions, if any, to be recited in the bonds).

The bonds will be sold for not less than their par value with accrued interest to date of delivery, and all bidders must state the lowest rate of interest at which they will purchase the bonds at par. The board reserves the right to reject any and all bids and to sell the bonds at private sale.

All bids other than by or on behalf of the board of investments of the state of Montana must be accompanied by a certified check in the sum of dollars, (\$....), payable to the order of the clerk, which will be forfeited by the successful bidder in the event that ~~he shall fail or refuse~~ the bidder fails or refuses to complete the purchase of the bonds in accordance with the terms of his the bid.

All bids should must be addressed to the board of county commissioners of--said--county and delivered to the county clerk of--said--county.

ATTEST:

.....

(Chairman, Board of County Commissioners)
of County
State of Montana

.....
(Clerk of the Board of County Commissioners)
of County, Montana
Address, Montana

(2) The form of notice required under this section may be modified to accommodate changes necessary to issue citizen bonds pursuant to [sections 1 through 4]."

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(2) The Except as provided in subsection (3), the levy made for the purpose of paying interest on and principal of each series or issue of bonds must be high enough to raise an amount sufficient to pay all interest on and so much of the principal, if any, of such the bonds as will become due and payable during the then-current fiscal year or within 90 days thereafter after the fiscal year, as such-amount-is shown by the treasurer's statement provided by 7-7-2264. If no part of the principal of such the bonds will become due and payable within such that time, then such the tax levy must be high enough to:

(a) raise an amount sufficient to pay all interest which that will become due and payable during the current fiscal year or within 90 days thereafter after the fiscal

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(3) The annual levies made for the purpose of paying off bonds that do not provide for periodic interest payments but, rather, are sold at a discount from their face value, as provided in [sections 1 through 4], must be actuarially sufficient so that at the time for redemption, there is an amount in the sinking fund sufficient to redeem the bonds."

NEW SECTION. **Section 11.** Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 7, chapter 7, part 22, and the provisions of Title 7, chapter 7, part 22, apply to [sections 1 through 4].

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(2) A certified copy of the report shall must be filed with the officer required by law to register the bonds, and a notation of the filing shall must be entered in the bond

register.

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(2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds, or zero-coupon bonds, with no preference for amortization bonds."

Section 7. Section 7-7-2238, MCA, is amended to read:

"7-7-2238. Resolution to issue bonds. (1) If a sufficient percentage of the qualified electors entitled to vote at such an election voted on such the question and a sufficient percentage of such votes were cast in favor of the issuing of such bonds as provided in 7-7-2237, the board of county commissioners shall, at a regular or special meeting held within 30 days thereafter after the election,

1 pass and adopt a resolution providing for the issuance of
2 such the bonds.

3 (2) Such The resolution shall must recite:

4 (a) the purpose for which such the bonds are to be
5 issued;

6 (b) the amount thereof of bonds to be issued;

7 (c) the maximum rate of interest the bonds may bear;

8 (d) the date they shall bear;

9 (e) the period of time through which they shall-be are
10 payable; and

11 (f) the optional provisions, if any.

12 (3) Such The resolution shall must provide for the
13 manner of the execution of the bonds. ~~It--shall~~ The
14 resolution must provide that, except in a bond issue of
15 citizen bonds, preference shall must be given to
16 amortization bonds, but it shall must fix the denomination
17 of serial bonds in case it shall-be is found advantageous to
18 issue bonds in that form. The board may in its discretion
19 provide that such the bonds may be issued and sold in two or
20 more series or installments.

21 (4) The resolution shall must adopt a form of notice of
22 the sale of the bonds."

23 **Section 8.** Section 7-7-2251, MCA, is amended to read:

24 "7-7-2251. Form of notice of sale of bonds. (1) The
25 notice of sale shall must state the purpose or purposes for

1 which the bonds are to be issued and the amount proposed to
2 be issued for each purpose and shall must be substantially
3 in the following form:

4 NOTICE OF SALE OF COUNTY BONDS

5 Notice is hereby given by the board of county
6 commissioners of County, state of Montana, that the
7 board will on the day of, 19..., at the hour of
8m., at the office of the board in the courthouse in
9 the (town or city) of in the said county, sell to the
10 highest and best bidder for cash, either amortization or
11 serial bonds of the said county in the principal amount of
12 dollars (\$....) for the purpose of

13 Amortization bonds will be the first choice and serial
14 bonds will be the second choice of the said board.

15 If amortization bonds are sold and issued, the entire
16 issue may be put into one single bond or divided into
17 several bonds, as the board may determine at the time of
18 sale, both principal and interest to be payable in
19 semiannual installments during a period of years from
20 the date of issue.

21 If serial bonds are issued and sold, they will be in the
22 amount of dollars (\$....) each and will become payable
23 according to the maturity schedule set forth below (set
24 forth maturity schedule adopted by the board of county
25 commissioners).

The bonds, whether amortization or serial bonds, will bear date of, 19..., and will bear interest at a rate not exceeding% per annum commencing on the day of (month), 19..., and payable semiannually on the day of (month) and (month) in each year thereafter and will be redeemable in full (here insert the optional provisions, if any, to be recited in the bonds).

The bonds will be sold for not less than their par value with accrued interest to date of delivery, and all bidders must state the lowest rate of interest at which they will purchase the bonds at par. The board reserves the right to reject any and all bids and to sell the bonds at private sale.

All bids other than by or on behalf of the board of investments of the state of Montana must be accompanied by a certified check in the sum of dollars, (\$....), payable to the order of the clerk, which will be forfeited by the successful bidder in the event that he ~~shall fail or refuse~~ the bidder fails or refuses to complete the purchase of the bonds in accordance with the terms of his the bid.

All bids should must be addressed to the board of county commissioners of ~~said~~ county and delivered to the county clerk of ~~said~~ county.

ATTEST:

.....

(Chairman, Board of County Commissioners)
of County
State of Montana

.....
(Clerk of the Board of County Commissioners)
of County, Montana
Address, Montana

(2) The form of notice required under this section may be modified to accommodate changes necessary to issue citizen bonds pursuant to [sections 1 through 4]."

Section 9. Section 7-7-2261, MCA, is amended to read:

"7-7-2261. Maintenance of accounts for bond issues. (1) The county treasurer of each county shall keep in his the county's books a special and separate sinking fund account for each series or issue of outstanding bonds, including citizen bonds as provided in [sections 1 through 4], issued by his the county. Each such fund must at all times show the exact condition thereof of the bonds.

(2) All taxes collected for interest and principal on county bonds shall must be placed to the credit of the sinking fund for which the taxes were levied.

(3) Interest from investment of money in a sinking fund account may, in the discretion of the board of county commissioners, be used as it accrues to fulfill or complete the specific project for which the bonds were issued.

(4) The sinking fund shall ~~must~~ be administered as provided in 7-7-123, 7-7-124, and 7-7-2270."

Section 10. Section 7-7-2265, MCA, is amended to read:

"7-7-2265. Tax levy for payment of bonds. (1) The board of county commissioners, at the time of making the levy of taxes for county purposes, must levy a separate and special tax upon all taxable property in the county for the payment of interest on and principal of each series or issue of bonds outstanding. The tax levy for any one series or issue of bonds must be entirely separate and distinct from such the levy for any other series or issue of bonds.

(2) The Except as provided in subsection (3), the levy made for the purpose of paying interest on and principal of each series or issue of bonds must be high enough to raise an amount sufficient to pay all interest on and so much of the principal, if any, of such the bonds as will become due and payable during the then-current fiscal year or within 90 days thereafter after the fiscal year, as such-amount-is shown by the treasurer's statement provided by 7-7-2264. If no part of the principal of such the bonds will become due and payable within such that time, then such the tax levy must be high enough to:

(a) raise an amount sufficient to pay all interest which that will become due and payable during the current fiscal year or within 90 days thereafter after the fiscal

year; and

(b) ~~to-also~~ place in the sinking fund for such the issue or series of bonds, for the payment of the principal thereof when ~~the-same~~ it becomes due, an amount not less than a sum produced by dividing the whole amount for which such the series or issue of bonds were was originally issued by the number of years for which the ~~same--were~~ series or issue was originally issued to run.

(3) The annual levies made for the purpose of paying off bonds that do not provide for periodic interest payments but, rather, are sold at a discount from their face value, as provided in [sections 1 through 4], must be actuarially sufficient so that at the time for redemption, there is an amount in the sinking fund sufficient to redeem the bonds."

NEW SECTION. Section 11. Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 7, chapter 7, part 22, and the provisions of Title 7, chapter 7, part 22, apply to [sections 1 through 4].

-End-

HOUSE BILL NO. 372

INTRODUCED BY S. RICE

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES TO
ISSUE SMALL DENOMINATION GENERAL OBLIGATION BONDS TO BE
KNOWN AS "CITIZEN BONDS"; AND AMENDING SECTIONS 7-7-103,
7-7-2209, 7-7-2238, 7-7-2251, 7-7-2261, AND 7-7-2265, MCA."

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

NEW SECTION. Section 1. Citizen bonds authorized. (1)

A county authorized to sell general obligation bonds under
this chapter may issue and sell a portion of the bonds in
denominations of less than \$5,000, either by competitive
public sale or directly to members of the public, at
preestablished interest rates.

(2) Bonds issued under [sections 1 through 4] may be
known as "citizen bonds".

(3) Citizen bonds may be issued for any purpose for
which a county may issue general obligation bonds.

(4) An officer, employee, contracted financial
consultant, or contracted adviser employed or retained by a
county selling citizen bonds may not purchase those bonds.

**NEW SECTION. Section 2. Citizen bonds -- procedural
requirements prior to issuance. (1)** Prior to the final
passage of the resolution provided for in 7-7-2238, a county

shall notify the attorney general of its intention to issue
citizen bonds.

(2) Prior to issuing citizen bonds, a county shall make
available to interested investors:

(a) a preliminary official statement, a draft-form
legal opinion from a recognized bond counsel, and a
comparison to taxable yields at various income levels;

(b) application forms for the purchase of citizen bonds
that must specify at a minimum:

(i) the time, date, and place that applications will be
received, the manner in which applications will be
processed, and the conditions under which the sale may be
canceled if the issue is not fully subscribed during the
application period;

(ii) the issue date, maturity dates, and the dates on
which interest will be earned and paid;

(iii) the denominations of the bonds and the maximum
amount of the bonds that one buyer may purchase;

(iv) the approximate yield on the bonds if held to
maturity and the manner in which interest rates have been
calculated; and

(v) the provision made for the transfer of ownership of
outstanding bonds; and

(c) other information that the attorney general may
require.

1 NEW SECTION. Section 3. Citizen bonds -- procedure
 2 when issue not fully subscribed. If an entire issue of bonds
 3 is not fully subscribed during the period of time that the
 4 county has set for the sale of the bonds, the citizen bonds
 5 may be sold in the manner permitted for other county general
 6 obligation bonds.

7 NEW SECTION. Section 4. Zero-coupon bonds and capital
 8 appreciation bonds. The terms "zero-coupon bonds" and
 9 "capital appreciation bonds", as used in this part, mean
 10 those forms of bonds that do not make periodic interest
 11 payments but, rather, are sold at a discount from their face
 12 value.

13 **Section 5.** Section 7-7-103, MCA, is amended to read:

14 "7-7-103. Review by attorney general -- report --
 15 review of citizen bonds. (1) The attorney general shall
 16 examine certified copies of all proceedings preliminary to
 17 the issuance of general obligation bonds by any county,
 18 city, or town which that are submitted to---him for
 19 examination, and if the proceedings are found to be regular
 20 and valid, he the attorney general shall deliver to the
 21 recording officer of the local government a report of his
 22 the examination and determination.

23 (2) A certified copy of the report shall must be filed
 24 with the officer required by law to register the bonds, and
 25 a notation of the filing shall must be entered in the bond

1 register.

2 (3) Within 10 days of receipt of the notice provided
 3 for in [section 2] and 7-7-4212, the attorney general may
 4 impose any requirements he-considers considered necessary to
 5 adequately protect both the issuing city or town and the
 6 purchasers of the bonds."

7 **Section 6.** Section 7-7-2209, MCA, is amended to read:

8 "7-7-2209. Types of bonds. All (1) Except as provided
 9 in subsection (2), bonds hereafter issued by any county
 10 shall must be either amortization bonds or serial bonds. All
 11 things being equal, amortization bonds shall must be issued
 12 in preference to serial bonds; otherwise, serial bonds may
 13 be issued.

14 (2) Citizen bonds may be amortization bonds, serial
 15 bonds, term bonds, capital appreciation bonds, or
 16 zero-coupon bonds, with no preference for amortization
 17 bonds."

18 **Section 7.** Section 7-7-2238, MCA, is amended to read:

19 "7-7-2238. Resolution to issue bonds. (1) If a
 20 sufficient percentage of the qualified electors entitled to
 21 vote at such an election voted on such the question and a
 22 sufficient percentage of such votes were cast in favor of
 23 the issuing of such bonds as provided in 7-7-2237, the board
 24 of county commissioners shall, at a regular or special
 25 meeting held within 30 days thereafter after the election,

1 pass and adopt a resolution providing for the issuance of
2 such the bonds.

3 (2) Such The resolution ~~shall~~ must recite:

4 (a) the purpose for which ~~such the~~ bonds are to be
5 issued;

6 (b) the amount ~~thereof of~~ bonds to be issued;

7 (c) the maximum rate of interest the bonds may bear;

8 (d) the date they ~~shall~~ bear;

9 (e) the period of time through which they ~~shall-be~~ are
10 payable; and

11 (f) the optional provisions, if any.

12 (3) Such The resolution ~~shall~~ must provide for the
13 manner of the execution of the bonds. ~~it--shall The~~
14 resolution must provide that, except in a bond issue of
15 citizen bonds, preference ~~shall~~ must be given to
16 amortization bonds, but it shall must fix the denomination
17 of serial bonds in case it ~~shall-be~~ is found advantageous to
18 issue bonds in that form. The board may in its discretion
19 provide that such the bonds may be issued and sold in two or
20 more series or installments.

21 (4) The resolution ~~shall~~ must adopt a form of notice of
22 the sale of the bonds."

23 **Section 8.** Section 7-7-2251, MCA, is amended to read:

24 "7-7-2251. Form of notice of sale of bonds. (1) The
25 notice of sale ~~shall~~ must state the purpose or purposes for

1 which the bonds are to be issued and the amount proposed to
2 be issued for each purpose and ~~shall~~ must be substantially
3 in the following form:

4 NOTICE OF SALE OF COUNTY BONDS

5 Notice is hereby given by the board of county
6 commissioners of County, state of Montana, that the
7 board will on the day of, 19..., at the hour of
8m., at the office of the board in the courthouse in
9 the (town or city) of in the said county, sell to the
10 highest and best bidder for cash, either amortization or
11 serial bonds of the ~~said~~ county in the principal amount of
12 dollars (\$....) for the purpose of

13 Amortization bonds will be the first choice and serial
14 bonds will be the second choice of the ~~said~~ board.

15 If amortization bonds are sold and issued, the entire
16 issue may be put into one single bond or divided into
17 several bonds, as the board may determine at the time of
18 sale, both principal and interest to be payable in
19 semiannual installments during a period of years from
20 the date of issue.

21 If serial bonds are issued and sold, they will be in the
22 amount of dollars (\$....) each and will become payable
23 according to the maturity schedule set forth below (set
24 forth maturity schedule adopted by the board of county
25 commissioners).

1 The bonds, whether amortization or serial bonds, will
 2 bear date of, 19.., and will bear interest at a rate
 3 not exceeding% per annum commencing on the day of
 4 (month), 19.., and payable semiannually on the day
 5 of (month) and (month) in each year thereafter and
 6 will be redeemable in full (here insert the optional
 7 provisions, if any, to be recited in the bonds).

8 The bonds will be sold for not less than their par value
 9 with accrued interest to date of delivery, and all bidders
 10 must state the lowest rate of interest at which they will
 11 purchase the bonds at par. The board reserves the right to
 12 reject any and all bids and to sell the bonds at private
 13 sale.

14 All bids other than by or on behalf of the board of
 15 investments of the state of Montana must be accompanied by a
 16 certified check in the sum of dollars, (\$....), payable
 17 to the order of the clerk, which will be forfeited by the
 18 successful bidder in the event that ~~he-shall-fail-or-refuse~~
 19 the bidder fails or refuses to complete the purchase of the
 20 bonds in accordance with the terms of ~~his~~ the bid.

21 All bids ~~should~~ must be addressed to the board of county
 22 commissioners ~~of--said--county~~ and delivered to the county
 23 clerk ~~of-said-county~~.

24 ATTEST:

25

1 (Chairman, Board of County Commissioners)
 2 of County
 3 State of Montana

4
 5 (Clerk of the Board of County Commissioners)
 6 of County, Montana
 7 Address, Montana

8 (2) The form of notice required under this section may
 9 be modified to accommodate changes necessary to issue
 10 citizen bonds pursuant to [sections 1 through 4]."

11 **Section 9.** Section 7-7-2261, MCA, is amended to read:

12 "7-7-2261. Maintenance of accounts for bond issues. (1)
 13 The county treasurer of each county shall keep in his the
 14 county's books a special and separate sinking fund account
 15 for each series or issue of outstanding bonds, including
 16 citizen bonds as provided in [sections 1 through 4], issued
 17 by his the county. Each ~~such~~ fund must at all times show the
 18 exact condition ~~thereof~~ of the bonds.

19 (2) All taxes collected for interest and principal on
 20 county bonds ~~shall~~ must be placed to the credit of the
 21 sinking fund for which the taxes were levied.

22 (3) Interest from investment of money in a sinking fund
 23 account may, in the discretion of the board of county
 24 commissioners, be used as it accrues to fulfill or complete
 25 the specific project for which the bonds were issued.

(4) The sinking fund ~~shall~~ must be administered as provided in 7-7-123, 7-7-124, and 7-7-2270."

Section 10. Section 7-7-2265, MCA, is amended to read:

"7-7-2265. Tax levy for payment of bonds. (1) The board of county commissioners, at the time of making the levy of taxes for county purposes, must levy a separate and special tax upon all taxable property in the county for the payment of interest on and principal of each series or issue of bonds outstanding. The tax levy for any one series or issue of bonds must be entirely separate and distinct from ~~such~~ the levy for any other series or issue of bonds.

(2) ~~The~~ Except as provided in subsection (3), the levy made for the purpose of paying interest on and principal of each series or issue of bonds must be high enough to raise an amount sufficient to pay all interest on and so much of the principal, if any, of ~~such the~~ the bonds as will become due and payable during the then-current fiscal year or within 90 days ~~thereafter~~ after the fiscal year, as ~~such-amount-is~~ shown by the treasurer's statement provided by 7-7-2264. If no part of the principal of ~~such the~~ the bonds ~~will~~ become due and payable within ~~such that~~ that time, then ~~such the~~ the tax levy must be high enough to:

(a) raise an amount sufficient to pay all interest ~~which that~~ which will become due and payable during the current fiscal year or within 90 days ~~thereafter~~ after the fiscal

year; and

(b) ~~to-also~~ place in the sinking fund for ~~such the~~ the issue or series of bonds, for the payment of the principal thereof when ~~the-same it~~ it becomes due, an amount not less than a sum produced by dividing the whole amount for which ~~such the~~ the series or issue of bonds ~~were was~~ was originally issued by the number of years for which the ~~same--were~~ series or issue was originally issued to run.

(3) The annual levies made for the purpose of paying off bonds that do not provide for periodic interest payments but, rather, are sold at a discount from their face value, as provided in [sections 1 through 4], must be actuarially sufficient so that at the time for redemption, there is an amount in the sinking fund sufficient to redeem the bonds."

NEW SECTION. Section 11. Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 7, chapter 7, part 22, and the provisions of Title 7, chapter 7, part 22, apply to [sections 1 through 4].

-End-

OFFICE OF THE GOVERNOR

STATE OF MONTANA



MARC RACICOT
GOVERNOR

STATE CAPITOL
HELENA, MONTANA 59620-0801

March 31, 1993

The Honorable Fred Van Valkenburg
President of the Senate
State Capitol
Helena MT 59620

The Honorable John Mercer
Speaker of the House
State Capitol
Helena MT 59620

Dear President Van Valkenburg and Speaker Mercer:

In accordance with the power vested in me as Governor by the Constitution and laws of the State of Montana, I hereby return House Bill 372, "AN ACT AUTHORIZING COUNTIES TO ISSUE SMALL DENOMINATION GENERAL OBLIGATION BONDS TO BE KNOWN AS "CITIZEN BONDS"; AND AMENDING SECTIONS 7-7-103, 7-7-2209, 7-7-2238, 7-7-2251, 7-7-2261, AND 7-7-2265, MCA," with the attached amendments.

The intent of House Bill 372 was to provide counties with the immediate authority to issue citizen bonds. However, an immediate effective date was inadvertently left out of the bill.

Representative Sheila Rice, the sponsor of House Bill 372, has requested that I return the bill with an amendment that would provide that the bill take effect upon passage and approval.

Sincerely,

A handwritten signature in cursive script that reads "Marc Racicot".

MARC RACICOT
Governor

GOVERNOR'S AMENDMENTS TO
HOUSE BILL 372
(REFERENCE COPY)
April 1, 1993

1. Page 10, 20.

Following: line 19

Insert: "NEW SECTION. Section 12. Effective date. [This
act] is effective on passage and approval.

Gov Amend
HB 372

HOUSE BILL NO. 372

INTRODUCED BY S. RICE

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES TO
ISSUE SMALL DENOMINATION GENERAL OBLIGATION BONDS TO BE
KNOWN AS "CITIZEN BONDS"; AND AMENDING SECTIONS 7-7-103,
7-7-2209, 7-7-2238, 7-7-2251, 7-7-2261, AND 7-7-2265, MCA;
AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Citizen bonds authorized. (1)

A county authorized to sell general obligation bonds under
this chapter may issue and sell a portion of the bonds in
denominations of less than \$5,000, either by competitive
public sale or directly to members of the public, at
preestablished interest rates.

(2) Bonds issued under [sections 1 through 4] may be
known as "citizen bonds".

(3) Citizen bonds may be issued for any purpose for
which a county may issue general obligation bonds.

(4) An officer, employee, contracted financial
consultant, or contracted adviser employed or retained by a
county selling citizen bonds may not purchase those bonds.

NEW SECTION. Section 2. Citizen bonds -- procedural
requirements prior to issuance. (1) Prior to the final

passage of the resolution provided for in 7-7-2238, a county
shall notify the attorney general of its intention to issue
citizen bonds.

(2) Prior to issuing citizen bonds, a county shall make
available to interested investors:

(a) a preliminary official statement, a draft-form
legal opinion from a recognized bond counsel, and a
comparison to taxable yields at various income levels;

(b) application forms for the purchase of citizen bonds
that must specify at a minimum:

(i) the time, date, and place that applications will be
received, the manner in which applications will be
processed, and the conditions under which the sale may be
canceled if the issue is not fully subscribed during the
application period;

(ii) the issue date, maturity dates, and the dates on
which interest will be earned and paid;

(iii) the denominations of the bonds and the maximum
amount of the bonds that one buyer may purchase;

(iv) the approximate yield on the bonds if held to
maturity and the manner in which interest rates have been
calculated; and

(v) the provision made for the transfer of ownership of
outstanding bonds; and

(c) other information that the attorney general may

1 require.

2 NEW SECTION. Section 3. Citizen bonds -- procedure
3 when issue not fully subscribed. If an entire issue of bonds
4 is not fully subscribed during the period of time that the
5 county has set for the sale of the bonds, the citizen bonds
6 may be sold in the manner permitted for other county general
7 obligation bonds.

8 NEW SECTION. Section 4. Zero-coupon bonds and capital
9 appreciation bonds. The terms "zero-coupon bonds" and
10 "capital appreciation bonds", as used in this part, mean
11 those forms of bonds that do not make periodic interest
12 payments but, rather, are sold at a discount from their face
13 value.

14 Section 5. Section 7-7-103, MCA, is amended to read:

15 "7-7-103. Review by attorney general -- report --
16 review of citizen bonds. (1) The attorney general shall
17 examine certified copies of all proceedings preliminary to
18 the issuance of general obligation bonds by any county,
19 city, or town which that are submitted to--him for
20 examination, and if the proceedings are found to be regular
21 and valid, he the attorney general shall deliver to the
22 recording officer of the local government a report of his
23 the examination and determination.

24 (2) A certified copy of the report shall must be filed
25 with the officer required by law to register the bonds, and

1 a notation of the filing shall must be entered in the bond
2 register.

3 (3) Within 10 days of receipt of the notice provided
4 for in [section 2] and 7-7-4212, the attorney general may
5 impose any requirements he-considers considered necessary to
6 adequately protect both the issuing city or town and the
7 purchasers of the bonds."

8 Section 6. Section 7-7-2209, MCA, is amended to read:

9 "7-7-2209. Types of bonds. All (1) Except as provided
10 in subsection (2), bonds hereafter issued by any county
11 shall must be either amortization bonds or serial bonds. All
12 things being equal, amortization bonds shall must be issued
13 in preference to serial bonds; otherwise, serial bonds may
14 be issued.

15 (2) Citizen bonds may be amortization bonds, serial
16 bonds, term bonds, capital appreciation bonds, or
17 zero-coupon bonds, with no preference for amortization
18 bonds."

19 Section 7. Section 7-7-2238, MCA, is amended to read:

20 "7-7-2238. Resolution to issue bonds. (1) If a
21 sufficient percentage of the qualified electors entitled to
22 vote at such an election voted on such the question and a
23 sufficient percentage of such votes were cast in favor of
24 the issuing of such bonds as provided in 7-7-2237, the board
25 of county commissioners shall, at a regular or special

meeting held within 30 days thereafter after the election,
pass and adopt a resolution providing for the issuance of
such the bonds.

(2) Such The resolution shall must recite:

(a) the purpose for which such the bonds are to be
issued;

(b) the amount thereof of bonds to be issued;

(c) the maximum rate of interest the bonds may bear;

(d) the date they shall bear;

(e) the period of time through which they shall-be are
payable; and

(f) the optional provisions, if any.

(3) Such The resolution shall must provide for the
manner of the execution of the bonds. ~~It--shall~~ The
resolution must provide that, except in a bond issue of
citizen bonds, preference shall must be given to
amortization bonds, but it shall must fix the denomination
of serial bonds in case it shall-be is found advantageous to
issue bonds in that form. The board may in its discretion
provide that such the bonds may be issued and sold in two or
more series or installments.

(4) The resolution shall must adopt a form of notice of
the sale of the bonds."

Section 8. Section 7-7-2251, MCA, is amended to read:

"7-7-2251. Form of notice of sale of bonds. (1) The

notice of sale shall must state the purpose or purposes for
which the bonds are to be issued and the amount proposed to
be issued for each purpose and shall must be substantially
in the following form:

NOTICE OF SALE OF COUNTY BONDS

Notice is hereby given by the board of county
commissioners of County, state of Montana, that the
board will on the day of, 19..., at the hour of
....m., at the office of the board in the courthouse in
the (town or city) of in the said county, sell to the
highest and best bidder for cash, either amortization or
serial bonds of the said county in the principal amount of
.... dollars (\$....) for the purpose of

Amortization bonds will be the first choice and serial
bonds will be the second choice of the said board.

If amortization bonds are sold and issued, the entire
issue may be put into one single bond or divided into
several bonds, as the board may determine at the time of
sale, both principal and interest to be payable in
semiannual installments during a period of years from
the date of issue.

If serial bonds are issued and sold, they will be in the
amount of dollars (\$....) each and will become payable
according to the maturity schedule set forth below (set
forth maturity schedule adopted by the board of county

1 commissioners).

2 The bonds, whether amortization or serial bonds, will
3 bear date of, 19..., and will bear interest at a rate
4 not exceeding% per annum commencing on the day of
5 (month), 19..., and payable semiannually on the day
6 of (month) and (month) in each year thereafter and
7 will be redeemable in full (here insert the optional
8 provisions, if any, to be recited in the bonds).

9 The bonds will be sold for not less than their par value
10 with accrued interest to date of delivery, and all bidders
11 must state the lowest rate of interest at which they will
12 purchase the bonds at par. The board reserves the right to
13 reject any and all bids and to sell the bonds at private
14 sale.

15 All bids other than by or on behalf of the board of
16 investments of the state of Montana must be accompanied by a
17 certified check in the sum of dollars, (\$....), payable
18 to the order of the clerk, which will be forfeited by the
19 successful bidder in the event that ~~he shall fail or--refuse~~
20 the bidder fails or refuses to complete the purchase of the
21 bonds in accordance with the terms of his the bid.

22 All bids ~~should~~ must be addressed to the board of county
23 commissioners ~~of-said-county~~ and delivered to the county
24 clerk ~~of-said-county~~.

25 ATTEST:

1
2 (Chairman, Board of County Commissioners)
3 of County
4 State of Montana

5
6 (Clerk of the Board of County Commissioners)
7 of County, Montana
8 Address, Montana

9 (2) The form of notice required under this section may
10 be modified to accommodate changes necessary to issue
11 citizen bonds pursuant to [sections 1 through 4]."

12 **Section 9.** Section 7-7-2261, MCA, is amended to read:

13 "7-7-2261. Maintenance of accounts for bond issues. (1)
14 The county treasurer of each county shall keep in his the
15 county's books a special and separate sinking fund account
16 for each series or issue of outstanding bonds, including
17 citizen bonds as provided in [sections 1 through 4], issued
18 by his the county. Each such fund must at all times show the
19 exact condition thereof of the bonds.

20 (2) All taxes collected for interest and principal on
21 county bonds ~~shall~~ must be placed to the credit of the
22 sinking fund for which the taxes were levied.

23 (3) Interest from investment of money in a sinking fund
24 account may, in the discretion of the board of county
25 commissioners, be used as it accrues to fulfill or complete

1 the specific project for which the bonds were issued.

2 (4) The sinking fund ~~shall~~ must be administered as
3 provided in 7-7-123, 7-7-124, and 7-7-2270."

4 **Section 10.** Section 7-7-2265, MCA, is amended to read:

5 "7-7-2265. Tax levy for payment of bonds. (1) The board
6 of county commissioners, at the time of making the levy of
7 taxes for county purposes, must levy a separate and special
8 tax upon all taxable property in the county for the payment
9 of interest on and principal of each series or issue of
10 bonds outstanding. The tax levy for any one series or issue
11 of bonds must be entirely separate and distinct from such
12 the levy for any other series or issue of bonds.

13 (2) The Except as provided in subsection (3), the levy
14 made for the purpose of paying interest on and principal of
15 each series or issue of bonds must be high enough to raise
16 an amount sufficient to pay all interest on and so much of
17 the principal, if any, of such the bonds as will become due
18 and payable during the then-current fiscal year or within 90
19 days thereafter after the fiscal year, as such--amount--is
20 shown by the treasurer's statement provided by 7-7-2264. If
21 no part of the principal of such the bonds will become due
22 and payable within such that time, then such the tax levy
23 must be high enough to:

24 (a) raise an amount sufficient to pay all interest
25 which that will become due and payable during the current

1 fiscal year or within 90 days thereafter after the fiscal
2 year; and

3 (b) ~~to--also~~ place in the sinking fund for such the
4 issue or series of bonds, for the payment of the principal
5 thereof when the--same it becomes due, an amount not less
6 than a sum produced by dividing the whole amount for which
7 such the series or issue of bonds were was originally issued
8 by the number of years for which the same--were series or
9 issue was originally issued to run.

10 (3) The annual levies made for the purpose of paying
11 off bonds that do not provide for periodic interest payments
12 but, rather, are sold at a discount from their face value,
13 as provided in [sections 1 through 4], must be actuarially
14 sufficient so that at the time for redemption, there is an
15 amount in the sinking fund sufficient to redeem the bonds."

16 NEW SECTION. Section 11. Codification instruction.
17 [Sections 1 through 4] are intended to be codified as an
18 integral part of Title 7, chapter 7, part 22, and the
19 provisions of Title 7, chapter 7, part 22, apply to
20 [sections 1 through 4].

21 NEW SECTION. SECTION 12. EFFECTIVE DATE. [THIS ACT] IS
22 EFFECTIVE ON PASSAGE AND APPROVAL.

-End-