

HOUSE BILL NO. 537

INTRODUCED BY BARDANOUE
BY REQUEST OF THE DEPARTMENTS OF ADMINISTRATION,
CORRECTIONS AND HUMAN SERVICES, AND COMMERCE

IN THE HOUSE

FEBRUARY 9, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
FEBRUARY 10, 1993	ON MOTION, REREFERRED TO COMMITTEE ON APPROPRIATIONS.
MARCH 16, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 18, 1993	PRINTING REPORT.
MARCH 23, 1993	SECOND READING, DO PASS.
MARCH 24, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 97; NOES, 3.
MARCH 25, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 26, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
MARCH 30, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 31, 1993	SECOND READING, CONCURRED IN AS AMENDED.
APRIL 1, 1993	THIRD READING, CONCURRED IN. AYES, 47; NOES, 1.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 6, 1993

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 12, 1993

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 537
2 INTRODUCED BY Baron
3 BY REQUEST OF THE DEPARTMENTS OF ADMINISTRATION,
4 CORRECTIONS AND HUMAN SERVICES, AND COMMERCE
5
6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING MONTANA
7 DEVELOPMENTAL CENTER LOAN PROVISIONS; AND AMENDING SECTION
8 90-7-220, MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 90-7-220, MCA, is amended to read:

12 "90-7-220. Montana developmental center loan. (1) The
13 department of corrections and human services may enter into
14 a loan agreement with the Montana health facility authority
15 for the purpose of financing the costs of acquiring,
16 constructing, and equipping facilities for the
17 developmentally disabled at the Montana developmental center
18 in Boulder, including the establishment of reserves and the
19 payment of costs of the financing. The maximum principal
20 amount of the loan may not exceed \$8,665,000 \$10.5 million
21 for construction and related costs, plus the necessary
22 amounts for capitalized interest, debt service reserves, and
23 financing costs, and the loan must be payable over a term of
24 not to exceed 30 years and must bear interest and contain
25 other terms and provisions with respect to prepayment or

1 otherwise as are not inconsistent with this section and as
2 the department approves. Investment earnings on the
3 authority's bonds or on funds held for the bonds must be
4 used to pay the principal and interest on the loan as
5 provided in the loan agreement.

6 (2) The loan may be secured by a mortgage on the
7 Montana developmental center facility, including the land on
8 which it is located. The loan constitutes a special limited
9 obligation of the department, and the principal and interest
10 payments required by that agreement are payable solely from
11 the facility revenues obtained by the department from the
12 ownership and operation of and the provision of services at
13 the Montana developmental center, including payments or
14 reimbursements from private users, insurers, and the federal
15 government. All facility revenues obtained from services
16 provided by the Montana developmental center must be
17 deposited in a special revenue fund and must be applied to
18 the payment of the principal and interest payments as due
19 under the loan agreement. Principal and interest payments
20 constitute a statutory appropriation within the meaning of
21 17-7-502. Whenever the foregoing facility revenues exceed
22 the amount and terms specified and required to repay the
23 loan and maintain required reserves, the excess must be
24 deposited to the general fund. As long as the loan remains
25 outstanding and the department provides services for the

1 developmentally disabled, the department shall use the
2 Montana developmental center for those purposes or for other
3 purposes as permitted by the loan agreement and state law,
4 except when foreclosure occurs under the agreement or the
5 mortgage. Notwithstanding 77-2-302(1) and upon foreclosure
6 of a mortgage given to secure the loan agreement, there must
7 be paid to the board of land commissioners as a first and
8 prior claim against the mortgaged land an amount equal to
9 the full market value of the land as determined by the board
10 prior to the execution of the mortgage and after appraisal
11 by a qualified land appraiser. The loan agreement may
12 contain other provisions or agreements that the department
13 determines are necessary and that are not inconsistent with
14 the provisions of Title 90, chapter 7.

15 (3) The obligations of the department under the
16 agreement are special limited obligations payable solely
17 from the facility revenues and do not constitute a debt of
18 the state or obligate the state to appropriate or apply any
19 funds or revenues of the state, except the facility revenues
20 as provided in this section."

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0537, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act revising Montana Developmental Center loan provisions.

ASSUMPTIONS:

1. Construction would not be complete during the FY94-95 biennium.

FISCAL IMPACT:


No identifiable fiscal impact in Department of Corrections and Human Services or Long Range Building Program during the FY94-95 biennium.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The state general fund will realize annual savings from increased medicaid reimbursement and operational savings exceeding the annual net loan payments. The present value of general fund savings, discounted at 6.25% over 40 years, is \$2,878,004. This also has the effect of reducing the overall present value savings to the general fund from \$3,229,551 to \$2,878,004; or \$351,547.

TECHNICAL NOTES:

This bill increases the loan from \$8,665,000 to \$10,500,000; although, the appropriation has not been adjusted accordingly. The bill should be amended to include increasing the spending authority (appropriation) currently authorized in Chapter 819, Montana Session Laws 1991, from \$8,665,000 to \$10,500,000.

 2-16-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2/17/93
FRANCIS BARDANOUE, PRIMARY SPONSOR DATE

Fiscal Note for HB0537, as introduced

HB 537

HOUSE BILL NO. 537

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENTS OF ADMINISTRATION,
CORRECTIONS AND HUMAN SERVICES, AND COMMERCEA BILL FOR AN ACT ENTITLED: "AN ACT REVISING MONTANA
DEVELOPMENTAL CENTER LOAN PROVISIONS; AND AMENDING SECTION
SECTIONS 90-7-220 AND 90-7-317, MCA."

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

Section 1. Section 90-7-220, MCA, is amended to read:

"90-7-220. Montana developmental center loan. (1) The department of corrections and human services may enter into a loan agreement with the Montana health facility authority for the purpose of financing the costs of acquiring, constructing, and equipping facilities for the developmentally disabled at the Montana developmental center in Boulder, including the establishment of reserves and the payment of costs of the financing. The maximum principal amount of the loan may not exceed \$8,665,000 \$10.5 million for construction and related costs, plus the necessary amounts for capitalized interest, debt service reserves, and financing costs, and the loan must be payable over a term of not to exceed 30 years and must bear interest and contain other terms and provisions with respect to prepayment or

otherwise as are not inconsistent with this section and as the department approves. Investment earnings on the authority's bonds or on funds held for the bonds must be used to pay the principal and interest on the loan as provided in the loan agreement.

(2) The loan may be secured by a mortgage on the Montana developmental center facility, including the land on which it is located. The loan constitutes a special limited obligation of the department, and the principal and interest payments required by that agreement are payable solely from the facility revenues obtained by the department from the ownership and operation of and the provision of services at the Montana developmental center, including payments or reimbursements from private users, insurers, and the federal government. All facility revenues obtained from services provided by the Montana developmental center must be deposited in a special revenue fund and must be applied to the payment of the principal and interest payments as due under the loan agreement. Principal and interest payments constitute a statutory appropriation within the meaning of 17-7-502. Whenever the foregoing facility revenues exceed the amount and terms specified and required to repay the loan and maintain required reserves, the excess must be deposited to the general fund. As long as the loan remains outstanding and the department provides services for the

developmentally disabled, the department shall use the Montana developmental center for those purposes or for other purposes as permitted by the loan agreement and state law, except when foreclosure occurs under the agreement or the mortgage. Notwithstanding 77-2-302(1) and upon foreclosure of a mortgage given to secure the loan agreement, there must be paid to the board of land commissioners as a first and prior claim against the mortgaged land an amount equal to the full market value of the land as determined by the board prior to the execution of the mortgage and after appraisal by a qualified land appraiser. The loan agreement may contain other provisions or agreements that the department determines are necessary and that are not inconsistent with the provisions of Title 90, chapter 7.

(3) The obligations of the department under the agreement are special limited obligations payable solely from the facility revenues and do not constitute a debt of the state or obligate the state to appropriate or apply any funds or revenues of the state, except the facility revenues as provided in this section."

SECTION 2. SECTION 90-7-317, MCA, IS AMENDED TO READ:

"90-7-317. Capital reserve account. (1) There is a capital reserve account in the enterprise fund provided for in 90-7-202(17).

(2) The authority shall deposit into the capital

reserve account:

(a) funds from state appropriations received for deposit into the account, as provided in 90-7-319, for bonds issued to finance capital projects for community health facilities that contract with the state to provide health care services or bonds issued to finance the facility described in 90-7-220;

(b) proceeds from the sale of bonds or notes to the extent provided in the resolutions or indentures of the authority authorizing their issuance;

(c) revenues from fees and charges imposed by the authority;

(d) income from the investment of funds belonging to the authority; and

(e) any other funds that may be available to the authority for the purpose of the account from any other source, including loans authorized under 90-7-320."

-End-

HOUSE BILL NO. 537

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENTS OF ADMINISTRATION,
CORRECTIONS AND HUMAN SERVICES, AND COMMERCE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING MONTANA
DEVELOPMENTAL CENTER LOAN PROVISIONS; AND AMENDING SECTION
SECTIONS 90-7-220 AND 90-7-317, MCA."

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

Section 1. Section 90-7-220, MCA, is amended to read:

"90-7-220. Montana developmental center loan. (1) The department of corrections and human services may enter into a loan agreement with the Montana health facility authority for the purpose of financing the costs of acquiring, constructing, and equipping facilities for the developmentally disabled at the Montana developmental center in Boulder, including the establishment of reserves and the payment of costs of the financing. The maximum principal amount of the loan may not exceed ~~\$8,665,000~~ \$10.5 million for construction and related costs, plus the necessary amounts for capitalized interest, debt service reserves, and financing costs, and the loan must be payable over a term of not to exceed 30 years and must bear interest and contain other terms and provisions with respect to prepayment or

otherwise as are not inconsistent with this section and as the department approves. Investment earnings on the authority's bonds or on funds held for the bonds must be used to pay the principal and interest on the loan as provided in the loan agreement.

(2) The loan may be secured by a mortgage on the Montana developmental center facility, including the land on which it is located. The loan constitutes a special limited obligation of the department, and the principal and interest payments required by that agreement are payable solely from the facility revenues obtained by the department from the ownership and operation of and the provision of services at the Montana developmental center, including payments or reimbursements from private users, insurers, and the federal government. All facility revenues obtained from services provided by the Montana developmental center must be deposited in a special revenue fund and must be applied to the payment of the principal and interest payments as due under the loan agreement. Principal and interest payments constitute a statutory appropriation within the meaning of 17-7-502. Whenever the foregoing facility revenues exceed the amount and terms specified and required to repay the loan and maintain required reserves, the excess must be deposited to the general fund. As long as the loan remains outstanding and the department provides services for the

developmentally disabled, the department shall use the Montana developmental center for those purposes or for other purposes as permitted by the loan agreement and state law, except when foreclosure occurs under the agreement or the mortgage. Notwithstanding 77-2-302(1) and upon foreclosure of a mortgage given to secure the loan agreement, there must be paid to the board of land commissioners as a first and prior claim against the mortgaged land an amount equal to the full market value of the land as determined by the board prior to the execution of the mortgage and after appraisal by a qualified land appraiser. The loan agreement may contain other provisions or agreements that the department determines are necessary and that are not inconsistent with the provisions of Title 90, chapter 7.

(3) The obligations of the department under the agreement are special limited obligations payable solely from the facility revenues and do not constitute a debt of the state or obligate the state to appropriate or apply any funds or revenues of the state, except the facility revenues as provided in this section."

SECTION 2. SECTION 90-7-317, MCA, IS AMENDED TO READ:

"90-7-317. Capital reserve account. (1) There is a capital reserve account in the enterprise fund provided for in 90-7-202(17).

(2) The authority shall deposit into the capital

reserve account:

(a) funds from state appropriations received for deposit into the account, as provided in 90-7-319, for bonds issued to finance capital projects for community health facilities that contract with the state to provide health care services or bonds issued to finance the facility described in 90-7-220;

(b) proceeds from the sale of bonds or notes to the extent provided in the resolutions or indentures of the authority authorizing their issuance;

(c) revenues from fees and charges imposed by the authority;

(d) income from the investment of funds belonging to the authority; and

(e) any other funds that may be available to the authority for the purpose of the account from any other source, including loans authorized under 90-7-320."

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 29, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 537 (third reading copy -- blue), respectfully report that House Bill No. 537 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

That such amendments read:

1. Title, line 7.

Following: " ; "

Insert: "APPROPRIATING STATE SPECIAL REVENUE FUNDS TO THE
DEPARTMENT OF ADMINISTRATION ;"

2. Page 4, line 18.

Following: Line 17

Insert: "NEW SECTION. Section 3. Appropriation. There is appropriated \$5,000 from state special revenue funds to the department of administration from donations for the project described in [section 1]."

-END-

SENATE

HB 537

701238SC.San

AM Amd. Coord.
IN Sec. of Senate

Hockett
Senator Carrying Bill

SENATE COMMITTEE OF THE WHOLE AMENDMENT

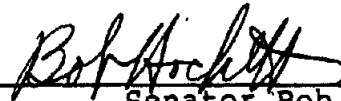
March 31, 1993 7:28 pm

Mr. Chairman: I move to amend House Bill No. 537 (third reading copy -- blue).

ADOPT

REJECT

Signed: _____



Senator Bob Hockett

That such amendments read:

1. Title, line 7.

Following: "AMENDING"

Insert: "SECTION 2, CHAPTER 819, LAWS OF 1991, AND"

2. Page 4, line 18.

Insert: "Section 4. Section 2, Chapter 819, Laws of 1991, is amended to read:

"Section 2. Appropriation of bond and loan proceeds. The proceeds of the bonds authorized in [section 1] and the loan authorized in 90-7-220 are appropriated to the department of administration to be used for the construction of new facilities at the Montana developmental center.""

-END-

SENATE

HB 537

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2 INTRODUCED BY BARDANOUVE

3 BY REQUEST OF THE DEPARTMENTS OF ADMINISTRATION,

4 CORRECTIONS AND HUMAN SERVICES, AND COMMERCE

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6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING MONTANA
7 DEVELOPMENTAL CENTER LOAN PROVISIONS; APPROPRIATING STATE
8 SPECIAL REVENUE FUNDS TO THE DEPARTMENT OF ADMINISTRATION;
9 AND AMENDING SECTION 2, CHAPTER 819, LAWS OF 1991, AND
10 SECTION SECTIONS 90-7-220 AND 90-7-317, MCA."
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13 Section 1. Section 90-7-220, MCA, is amended to read:

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23 17-7-502. Whenever the foregoing facility revenues exceed
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SECTION 3. SECTION 2, CHAPTER 819, LAWS OF 1991, IS AMENDED TO READ:

"Section 2. Appropriation of bond and loan proceeds. The proceeds of the bonds authorized in [section 1] and the loan authorized in 90-7-220 are appropriated to the department of administration to be used for the construction

1 of new facilities at the Montana developmental center."

2 NEW SECTION. SECTION 4. APPROPRIATION. THERE IS
3 APPROPRIATED \$5,000 FROM STATE SPECIAL REVENUE FUNDS TO THE
4 DEPARTMENT OF ADMINISTRATION FROM DONATIONS FOR THE PROJECT
5 DESCRIBED IN [SECTION 1].

-End-