

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."

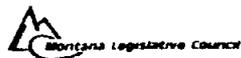
9  
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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.

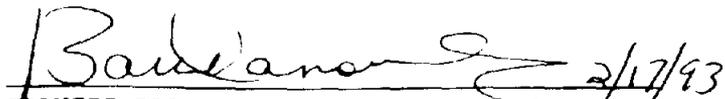
LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

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**

1 HOUSE BILL NO. 537

2 INTRODUCED BY BARDANOUE

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 SECTIONS 90-7-220 AND 90-7-317, 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."

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

22 \*90-7-317. Capital reserve account. (1) There is a  
 23 capital reserve account in the enterprise fund provided for  
 24 in 90-7-202(17).

25 (2) The authority shall deposit into the capital

1 reserve account:

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

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

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

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

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

-End-

## 1 HOUSE BILL NO. 537

2 INTRODUCED BY BARDANOUVE

3 BY REQUEST OF THE DEPARTMENTS OF ADMINISTRATION,  
4 CORRECTIONS AND HUMAN SERVICES, AND COMMERCE5  
6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING MONTANA  
7 DEVELOPMENTAL CENTER LOAN PROVISIONS; AND AMENDING SECTION  
8 SECTIONS 90-7-220 AND 90-7-317, 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 \$8,665,800 \$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 or1 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."

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

22 "90-7-317. Capital reserve account. (1) There is a  
 23 capital reserve account in the enterprise fund provided for  
 24 in 90-7-202(17).

25 (2) The authority shall deposit into the capital

1 reserve account:

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

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

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

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

15 (e) any other funds that may be available to the  
 16 authority for the purpose of the account from any other  
 17 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

ADN Amd. Coord.  
IN Sec. of Senate

Hockett  
Senator Carrying Bill

SENATE COMMITTEE OF THE WHOLE AMENDMENT

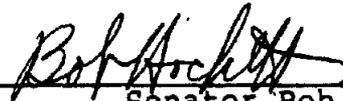
March 31, 1993 7:28 pm

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-

## 1 HOUSE BILL NO. 537

2 INTRODUCED BY BARDANOUE

3 BY REQUEST OF THE DEPARTMENTS OF ADMINISTRATION,  
4 CORRECTIONS AND HUMAN SERVICES, AND COMMERCE5  
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."  
11

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

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

14 "90-7-220. Montana developmental center loan. (1) The  
15 department of corrections and human services may enter into  
16 a loan agreement with the Montana health facility authority  
17 for the purpose of financing the costs of acquiring,  
18 constructing, and equipping facilities for the  
19 developmentally disabled at the Montana developmental center  
20 in Boulder, including the establishment of reserves and the  
21 payment of costs of the financing. The maximum principal  
22 amount of the loan may not exceed ~~\$8,665,000~~ \$10.5 million  
23 for construction and related costs, plus the necessary  
24 amounts for capitalized interest, debt service reserves, and  
25 financing costs, and the loan must be payable over a term of1 not to exceed 30 years and must bear interest and contain  
2 other terms and provisions with respect to prepayment or  
3 otherwise as are not inconsistent with this section and as  
4 the department approves. Investment earnings on the  
5 authority's bonds or on funds held for the bonds must be  
6 used to pay the principal and interest on the loan as  
7 provided in the loan agreement.8 (2) The loan may be secured by a mortgage on the  
9 Montana developmental center facility, including the land on  
10 which it is located. The loan constitutes a special limited  
11 obligation of the department, and the principal and interest  
12 payments required by that agreement are payable solely from  
13 the facility revenues obtained by the department from the  
14 ownership and operation of and the provision of services at  
15 the Montana developmental center, including payments or  
16 reimbursements from private users, insurers, and the federal  
17 government. All facility revenues obtained from services  
18 provided by the Montana developmental center must be  
19 deposited in a special revenue fund and must be applied to  
20 the payment of the principal and interest payments as due  
21 under the loan agreement. Principal and interest payments  
22 constitute a statutory appropriation within the meaning of  
23 17-7-502. Whenever the foregoing facility revenues exceed  
24 the amount and terms specified and required to repay the  
25 loan and maintain required reserves, the excess must be

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

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

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

24 \*90-7-317. Capital reserve account. (1) There is a  
 25 capital reserve account in the enterprise fund provided for

1 in 90-7-202(17).

2 (2) The authority shall deposit into the capital  
 3 reserve account:

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

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

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

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

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

20 **SECTION 3. SECTION 2, CHAPTER 819, LAWS OF 1991, IS**  
 21 **AMENDED TO READ:**

22 "Section 2. Appropriation of bond and loan proceeds.  
 23 The proceeds of the bonds authorized in [section 1] and the  
 24 loan authorized in 90-7-220 are appropriated to the  
 25 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-