

House BILL NO. 279

INTRODUCED BY

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE CREATION OF STATE DEBT BY THE ISSUANCE OF GENERAL OBLIGATION BONDS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Authorization of bonds.** The board of examiners is authorized to issue and sell general obligation renewable resource bonds in an amount not exceeding \$5 million for the renewable resource grant and loan program created under Title 85, chapter 1, part 6, over and above the \$10 million in renewable resource bonds currently authorized to be issued in accordance with the terms and conditions and in the manner provided in 85-1-617.

NEW SECTION. **Section 2. Two-thirds vote required.** Because [section 1] authorizes the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of each house of the legislature for passage.

NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 85, chapter 1, part 6, and the provisions of Title 85, chapter 1, part 6, apply to [section 1].

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

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0279, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing the creation of state debt by the issuance of General Obligation bonds effective on passage and approval.

ASSUMPTIONS:

1. About one million dollars of GO renewable resource bonds will be sold per year over the next five years as a continuation of the current program.
2. The proceeds of the GO bonds will be loaned out to citizens in Montana for irrigation projects and other private water projects.
3. Project borrowers will continue to pay back the loans.
4. This program, as authorized in Title 85, Chapter 1, part 6, has financed over 60 projects benefitting the private land owners and water resources statewide.

FISCAL IMPACT:

There will be no fiscal impact to the state.

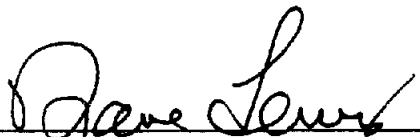
EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The renewable resource projects improve and conserve water and natural resources.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Long-term benefits include continued savings of water resources, efficient development of water, and an affordable financial program for family farms.

(continued on page 2)

 1-24-95

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning



KARL OHS, PRIMARY SPONSOR DATE

Fiscal Note for HB0279, as introduced

HB 0279

DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay?
(Please explain)

No. Borrowers make loan repayments, those are used to repay the bonds.

- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

When bonds are issued proceeds must be segregated for federal tax reporting regulations.

- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program/activity that is intended? Yes No (if no, explain)

We only issue bonds when borrowers are ready to borrow and can demonstrate repayment.

- d) Does the need for this state special revenue provision still exist? Yes No (Explain)

The program is still continuing.

- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please explain)

Yes. Only these funds are used in the loan program.

- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please explain)

Yes. General Obligation Bonds are used to improve the financing of irrigation systems that improve or conserve the use of water.

- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

Because the Internal Revenue Service requires reporting on bonds issued the accounting entities for those bond proceeds must be segregated.

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5 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE CREATION OF STATE DEBT BY THE
6 ISSUANCE OF GENERAL OBLIGATION RENEWABLE RESOURCE BONDS; REPEALING SECTION 85-1-623,
7 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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11 NEW SECTION. Section 1. Authorization of bonds. The board of examiners is authorized to issue
12 and sell general obligation renewable resource bonds ~~in an amount not exceeding \$5 million~~ for the
13 renewable resource grant and loan program created under Title 85, chapter 1, part 6, ~~over and above the~~
14 ~~\$10 million in renewable resource bonds currently authorized to be issued~~ in accordance with the terms and
15 conditions and in the manner provided in 85-1-617 FROM TIME TO TIME AND IN AMOUNTS THAT,
16 TAKING INTO CONSIDERATION THE PRINCIPAL AMOUNT OF ANY RENEWABLE RESOURCE BONDS THEN
17 OUTSTANDING, WILL NOT CAUSE THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF RENEWABLE
18 RESOURCE BONDS OUTSTANDING AT ANY TIME TO EXCEED \$10 MILLION.

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20 NEW SECTION. Section 2. Two-thirds vote required. Because [section 1] authorizes the creation
21 of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the
22 members of each house of the legislature for passage.

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24 NEW SECTION. SECTION 3. REPEALER. SECTION 85-1-623, MCA, IS REPEALED.

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26 NEW SECTION. Section 4. Codification instruction. [Section 1] is intended to be codified as an
27 integral part of Title 85, chapter 1, part 6, and the provisions of Title 85, chapter 1, part 6, apply to
28 [section 1].

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

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