

1 HOUSE BILL NO. 282

2 INTRODUCED BY Quinn

3 BY REQUEST OF THE DEPARTMENT OF COMMERCE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING AND CLARIFYING THE DUTIES AND
6 RESPONSIBILITIES OF THE DEPARTMENT OF COMMERCE WITH RESPECT TO AUDITING AND
7 SUPERVISING CERTAIN RECORDS AND FINANCIAL TRANSACTIONS OF LOCAL GOVERNMENTS;
8 AMENDING SECTIONS 2-6-402, 2-6-403, 2-9-702, 2-9-802, 7-4-2634, 7-6-2212, 7-6-4113, 7-7-123,
9 7-21-2114, 17-6-103, 85-7-1616, AND 85-7-1913, MCA; REPEALING SECTIONS 7-6-210 AND 85-9-611,
10 MCA; AND PROVIDING AN EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 **Section 1.** Section 2-6-402, MCA, is amended to read:

15 **"2-6-402. Local government records committee -- creation.** (1) There is a local government records
16 committee.

17 (2) The committee consists of the following seven members:

18 (a) the state archivist;

19 (b) the state records manager;

20 (c) ~~the bureau chief of the local government services bureau~~ a representative of the department
21 of commerce;

22 (d) two local records custodians, appointed by the director of the Montana historical society; and

23 (e) two additional local records custodians, appointed by the secretary of state.

24 (3) Committee members subject to appointment shall hold office for a period of 2 years beginning
25 on January 1 of the year following their appointment.

26 (4) Any vacancies must be filled in the same manner that they were filled originally.

27 (5) The committee shall elect a presiding officer and a vice presiding officer.

28 (6) The committee shall meet twice a year upon the call of the secretary of state or the presiding
29 officer.

30 (7) Members of the committee not serving as part of their compensated government employment

1 must be compensated in accordance with 2-18-501 through 2-18-503 for each day in committee
2 attendance. Members who serve as part of their compensated government employment may not receive
3 additional compensation, but the employing governmental entity shall furnish, in accordance with the
4 prevailing per diem rates, a reasonable allowance for travel and other expenses incurred in attending
5 committee meetings."

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7 **Section 2.** Section 2-6-403, MCA, is amended to read:

8 **"2-6-403. Duties and responsibilities.** (1) The local government records committee shall approve,
9 modify, or disapprove proposals for local government records retention and disposition schedules.

10 (2) The committee shall appoint a subcommittee, known as the local government records
11 destruction subcommittee, to handle requests for disposal of records. The subcommittee consists of the
12 state archivist and ~~the bureau chief of the local government services bureau~~ a representative of the
13 department of commerce. Unless specifically authorized by statute, a local government public record may
14 not be destroyed or otherwise disposed of without the unanimous approval of the subcommittee. When
15 approval is required, a request for the disposal or destruction of any local government records must be
16 submitted to the subcommittee by the entity concerned.

17 (3) The local government records committee may by unanimous approval establish categories of
18 records for which a disposal request is not required, providing that those records are retained for the
19 designated retention period.

20 (4) The committee shall respond to requests for technical advice on matters relating to local
21 government records.

22 (5) The committee shall provide leadership and coordination in matters affecting the records of
23 multiple local governments."

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25 **Section 3.** Section 2-9-702, MCA, is amended to read:

26 **"2-9-702. Amount.** ~~(1)~~ The amount for which a county officer or employee shall must be bonded
27 shall must be based on the amount of money or property handled and the opportunity for defalcation.

28 ~~(2) The amount for which a county officer or employer or group of officers or employees shall be~~
29 ~~bonded is subject to the supervision of the department of commerce. If the department of commerce~~
30 ~~determines that the amount of the bond is inadequate, it may require the board of county commissioners~~

1 ~~to purchase an adequate bond."~~

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3 **Section 4.** Section 2-9-802, MCA, is amended to read:

4 "2-9-802. **Bonds -- amount.** ~~(1)~~ All elected or appointed city or town officers and employees ~~shall~~
5 must be bonded in ~~such sums as the~~ the amount required by ordinance ~~may require~~. The amount for which
6 a city or town officer or employee ~~shall~~ must be bonded ~~shall~~ must be based on the amount of money or
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13 **Section 5.** Section 7-4-2634, MCA, is amended to read:

14 "7-4-2634. **Fees to be noted on recorded documents.** On each instrument delivered ~~to him~~ for
15 recording, the county clerk shall endorse on it all charges made for each service, and the endorsement ~~shall~~
16 must be recorded as a part of the instrument in ~~his~~ the county clerk's office ~~in order that the department~~
17 ~~of commerce may verify to document~~ the charges ~~and may see that they have been properly~~ entered on
18 the fee book or reception record in the county clerk's office."

19

20 **Section 6.** Section 7-6-2212, MCA, is amended to read:

21 "7-6-2212. **Authorization to maintain petty cash fund.** (1) The board of county commissioners, ~~with~~
22 ~~the approval of the department of commerce,~~ may set aside a sum of not less than \$100 or more than
23 \$1,000 out of the general fund, which ~~shall~~ must be known as a petty cash fund, for the purpose of paying
24 incidental expenses, such as freight, express, postage, and other similar items, which must be paid in cash
25 at the time of delivery.

26 (2) (a) In counties having a county auditor, the county auditor is responsible for expenditures from
27 the petty cash fund.

28 (b) In counties not having a county auditor, the county clerk is responsible for expenditures from
29 the petty cash fund."

30

1 **Section 7.** Section 7-6-4113, MCA, is amended to read:

2 **"7-6-4113. Filing of annual financial statement.** ~~(1)~~ The city or town clerk ~~must~~ shall, within 120
3 days following the close of each fiscal year, transmit one copy of the statement to the department of
4 commerce and ~~must~~ shall present the other copy to the city or town council or commission.

5 ~~(2) If a city or town clerk fails to file a copy of the statement with the department within the time~~
6 ~~specified, the department, without delay, shall examine the books, records, and accounts of the city or~~
7 ~~town. The department shall make from its examination a statement of the financial condition of the city or~~
8 ~~town for the preceding fiscal year in the manner it should have been made by the city or town clerk. The~~
9 ~~examination shall be considered a special audit under the provisions of subsections (5) and (6) of 2-7-503,~~
10 ~~and all of the provisions of subsections (5) and (6) of 2-7-503 apply to it."~~

11

12 **Section 8.** Section 7-7-123, MCA, is amended to read:

13 **"7-7-123. Investment of sinking funds of local governments.** (1) (a) Except as provided in 7-7-124
14 and whenever outstanding bonds cannot be purchased pursuant to 7-7-2270 or 7-7-4270, the board of
15 county commissioners of a county and the council or commission of a city or town shall invest so much
16 of the bond sinking funds of the county, city, or town as ~~is~~ are not needed for the payment of bonds or
17 interest coupons in general obligation bonds or securities of the United States; state bonds or securities;
18 time or savings deposits; county, city, or school district bonds; county or city warrants; or other bonds or
19 securities ~~which~~ that are supported by general taxation, except irrigation district bonds and special
20 improvement district or maintenance district bonds or warrants. ~~All those investments must first be~~
21 ~~approved by the department of commerce.~~

22 (b) All those bonds, securities, or time or savings deposits must be due and payable at least 60
23 days before the obligations for the payment of which the sinking fund was established are due and payable.

24 (2) The bonds, securities, and any time or savings deposits in which any sinking funds are invested
25 ~~shall~~ must be kept in the custody of the county or city treasurer or town clerk and held ~~by him~~ for the
26 benefit of the county, city, or town. The treasurer shall properly protect the bonds, securities, and any time
27 or savings deposits by insurance, the use of safety deposit boxes, or other means, the expense of which
28 is a proper charge against the county, city, or town.

29 (3) All money derived from interest on sinking fund investments as authorized by this section ~~shall~~
30 must be credited by the treasurer of the county or city or the town clerk to the sinking fund for which the

1 investment was made."

2

3 **Section 9.** Section 7-21-2114, MCA, is amended to read:

4 **"7-21-2114. Investigation of possible licensing violations.** ~~It shall be the duty of the~~ The board of
5 county commissioners ~~or the department of commerce, when examining the treasurer's report, to shall~~
6 investigate ~~if whether~~ any persons are doing business in the county without a license or if the amount of
7 ~~the~~ a license is sufficient. In either event, the treasurer ~~shall~~ must be officially notified."

8

9 **Section 10.** Section 17-6-103, MCA, is amended to read:

10 **"17-6-103. Security for deposits of public funds.** The following kinds of securities may be pledged
11 or guarantees may be issued to secure deposits of public funds:

- 12 (1) direct obligations of the United States;
- 13 (2) securities as to which the payment of principal and interest is guaranteed by the United States;
- 14 (3) securities issued or fully guaranteed by the following agencies of the United States or their
15 successors, whether or not guaranteed by the United States:
- 16 (a) commodity credit corporation;
- 17 (b) federal intermediate credit banks;
- 18 (c) federal land bank;
- 19 (d) bank for cooperatives;
- 20 (e) federal home loan banks;
- 21 (f) federal national mortgage association;
- 22 (g) government national mortgage association;
- 23 (h) small business administration;
- 24 (i) federal housing administration; and
- 25 (j) federal home loan mortgage corporation;

26 (4) securities of or other interests in an open-end or closed-end management type investment
27 company or investment trust registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1
28 through 80a-64), as amended, if:

- 29 (a) the portfolio of the investment company or investment trust is limited to United States
30 government obligations and repurchase agreements fully collateralized by United States government

1 obligations; and

2 (b) the investment company or investment trust takes delivery of the collateral for any repurchase
3 agreement, either directly or through an authorized custodian;

4 (5) general obligation bonds of the state or of any county, city, school district, or other political
5 subdivision of the state;

6 (6) revenue bonds of any county, city, or other political subdivision of the state, when backed by
7 the full faith and credit of the subdivision or when the ~~revenues~~ revenue pledged to the payment of the
8 bonds ~~are~~ is derived from a water or sewer system and the issuer has covenanted to establish and maintain
9 rates and charges for the system in an amount sufficient to produce ~~revenues~~ revenue equal to at least
10 125% of the average annual principal and interest due on all bonds payable from the ~~revenues~~ revenue
11 during the outstanding term of the bonds;

12 (7) interest-bearing warrants of the state or of any county, city, school district, or other political
13 subdivision of the state issued in evidence of claims in an amount ~~which~~ that, with all other claims on the
14 same fund, ~~do~~ does not exceed the amount validly appropriated in the current budget for expenditure from
15 the fund in the year in which they are issued;

16 (8) obligations of housing authorities of the state secured by a pledge of annual contributions or
17 by a loan agreement made by the United States or any agency ~~thereof~~ of the United States providing for
18 contributions or a loan sufficient with other funds pledged to pay the principal of and interest on the
19 obligations when due. ~~Subject to rules prescribed by the department of commerce, the~~ The bonds and other
20 obligations made eligible for investment in ~~32-1-424(3)(a) and 7-15-4505 and 32-1-424(3)(a)~~ 32-1-424(3)(a) may be used
21 as security for all deposits of public funds or obligations for which depository bonds or any kind of bonds
22 or other securities are required or may by law be deposited as security.

23 (9) general obligation bonds of other states and of municipalities, counties, and school districts of
24 other states;

25 (10) undertaking or guarantees issued by a surety company authorized to do business in the state;

26 (11) first mortgages and trust indentures on real property. The depository shall, on a quarterly basis,
27 certify to the state treasurer that sufficient first mortgages and trust indentures on real property are
28 available and segregated to secure deposits of public funds. The board of investments shall determine the
29 amount of security required.

30 (12) bonds issued pursuant to Title 7, chapter 12, parts 21, 41, and 42;

1 (13) bonds issued pursuant to Title 90, chapter 6, part 1;

2 (14) revenue bonds issued by any unit of the university system of the state of Montana; and

3 (15) advance refunded bonds secured by direct obligations of the United States treasury held in
4 irrevocable escrow."

5
6 **Section 11.** Section 85-7-1616, MCA, is amended to read:

7 "**85-7-1616. Required records and audits.** (1) ~~It shall be the duty of the~~ The board of control ~~to~~
8 shall keep or cause to be kept, in the form prescribed by the department of commerce, a full and complete
9 book and record of the accounts, records, contracts, securities, minutes of meetings, and other matters
10 of every kind pertaining to or belonging to the joint operation of the irrigation districts.

11 (2) ~~It is hereby made the duty of the~~ The department of commerce ~~to~~ shall prescribe ~~such~~ forms
12 for the use of the board of control ~~and to examine the same as provided by law for the examination of the~~
13 ~~affairs of county offices.~~

14 (3) The accounting records of all boards of control must be audited in accordance with 2-7-503."

15
16 **Section 12.** Section 85-7-1913, MCA, is amended to read:

17 "**85-7-1913. Board to maintain records.** (1) The board of commissioners shall keep a complete book
18 and record of the accounts, records, contracts, securities, minutes of meetings, and other matters of every
19 kind pertaining to or belonging to the irrigation district in the form prescribed by the department of
20 commerce. The department of commerce shall prescribe forms for the use of irrigation districts ~~and examine~~
21 ~~them as provided by law for the examination of the affairs of county officers.~~ The books and records shall
22 must be open to the inspection of any landowner of the district the same as other public records.

23 (2) ~~The department of commerce shall notify the secretaries of the districts of the time of~~
24 ~~presenting the books and records at the courthouse for examination~~ books and records of irrigation districts
25 are subject to audit in accordance with 2-7-503.

26 (3) If a district is appointed fiscal agent of the United States or is authorized by the United States
27 to make collections for or on behalf of the United States in connection with a federal irrigation project, the
28 board of commissioners or its secretary shall at any time allow any officer or employee of the United States,
29 when acting under the orders of the secretary of the interior, to have access to all books, records, and
30 vouchers of the district ~~which~~ that are in possession or control of the secretary or board.

1 (4) The failure of the board of commissioners to comply with this section or 85-7-1914 is grounds
2 for removal from office, and the county attorney of any county in which the irrigation district is situated
3 shall prosecute ouster proceedings against any commissioner or commissioners. The cost of the
4 proceedings is a charge against the irrigation district and ~~shall~~ must be paid as are other bills against the
5 districts."

6

7 NEW SECTION. **Section 13. Repealer.** Sections 7-6-210 and 85-9-611, MCA, are repealed.

8

9 NEW SECTION. **Section 14. Effective date.** [This act] is effective July 1, 1995.

10

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0282, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising and clarifying the duties and responsibilities of the Department of Commerce with respect to auditing and supervising certain records and financial transactions of local governments; and providing an effective date of July 1, 1995.

ASSUMPTIONS:

1. This is a cleanup bill that eliminates definitions, duties or requirements that have either ceased to be parallel to current statute or have become obsolete.

FISCAL IMPACT:

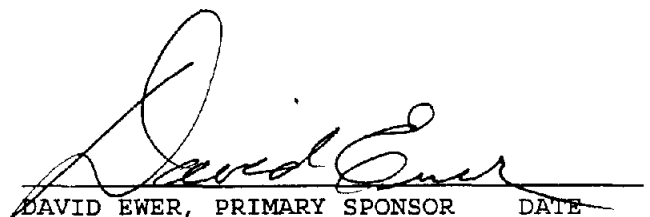
There will be no fiscal impact on the operations of the state.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

There will be no fiscal impact on the operations of the local governments.

 1-24-95

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



DAVID EWER, PRIMARY SPONSOR DATE

Fiscal Note for HB0282, as introduced

HB 282

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INTRODUCED BY Spink

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17 interest coupons in general obligation bonds or securities of the United States; state bonds or securities;
18 time or savings deposits; county, city, or school district bonds; county or city warrants; or other bonds or
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2 (b) the investment company or investment trust takes delivery of the collateral for any repurchase
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4 (5) general obligation bonds of the state or of any county, city, school district, or other political
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9 rates and charges for the system in an amount sufficient to produce ~~revenues~~ revenue equal to at least
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14 same fund, ~~do~~ does not exceed the amount validly appropriated in the current budget for expenditure from
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18 contributions or a loan sufficient with other funds pledged to pay the principal of and interest on the
19 obligations when due. ~~Subject to rules prescribed by the department of commerce, the~~ The bonds and other
20 obligations made eligible for investment in ~~32-1-424(3)(a) and 7-15-4505 and 32-1-424(3)(a)~~ may be used
21 as security for all deposits of public funds or obligations for which depository bonds or any kind of bonds
22 or other securities are required or may by law be deposited as security.

23 (9) general obligation bonds of other states and of municipalities, counties, and school districts of
24 other states;

25 (10) undertaking or guarantees issued by a surety company authorized to do business in the state;

26 (11) first mortgages and trust indentures on real property. The depository shall, on a quarterly basis,
27 certify to the state treasurer that sufficient first mortgages and trust indentures on real property are
28 available and segregated to secure deposits of public funds. The board of investments shall determine the
29 amount of security required.

30 (12) bonds issued pursuant to Title 7, chapter 12, parts 21, 41, and 42;

1 (13) bonds issued pursuant to Title 90, chapter 6, part 1;
 2 (14) revenue bonds issued by any unit of the university system of the state of Montana; and
 3 (15) advance refunded bonds secured by direct obligations of the United States treasury held in
 4 irrevocable escrow."

5
 6 **Section 11.** Section 85-7-1616, MCA, is amended to read:

7 "**85-7-1616. Required records and audits.** (1) ~~It shall be the duty of the~~ The board of control ~~to~~
 8 shall keep or cause to be kept, in the form prescribed by the department of commerce, a full and complete
 9 book and record of the accounts, records, contracts, securities, minutes of meetings, and other matters
 10 of every kind pertaining to or belonging to the joint operation of the irrigation districts.

11 (2) ~~It is hereby made the duty of the~~ The department of commerce ~~to~~ shall prescribe ~~such~~ forms
 12 for the use of the board of control ~~and to examine the same as provided by law for the examination of the~~
 13 ~~affairs of county offices.~~

14 (3) The accounting records of all boards of control must be audited in accordance with 2-7-503."
 15

16 **Section 12.** Section 85-7-1913, MCA, is amended to read:

17 "**85-7-1913. Board to maintain records.** (1) The board of commissioners shall keep a complete book
 18 and record of the accounts, records, contracts, securities, minutes of meetings, and other matters of every
 19 kind pertaining to or belonging to the irrigation district in the form prescribed by the department of
 20 commerce. The department of commerce shall prescribe forms for the use of irrigation districts ~~and examine~~
 21 ~~them as provided by law for the examination of the affairs of county officers.~~ The books and records ~~shall~~
 22 must be open to the inspection of any landowner of the district the same as other public records.

23 (2) ~~The department of commerce shall notify the secretaries of the districts of the time of~~
 24 ~~presenting the books and records at the courthouse for examination~~ books and records of irrigation districts
 25 are subject to audit in accordance with 2-7-503.

26 (3) If a district is appointed fiscal agent of the United States or is authorized by the United States
 27 to make collections for or on behalf of the United States in connection with a federal irrigation project, the
 28 board of commissioners or its secretary shall at any time allow any officer or employee of the United States,
 29 when acting under the orders of the secretary of the interior, to have access to all books, records, and
 30 vouchers of the district ~~which~~ that are in possession or control of the secretary or board.

1 (4) The failure of the board of commissioners to comply with this section or 85-7-1914 is grounds
2 for removal from office, and the county attorney of any county in which the irrigation district is situated
3 shall prosecute ouster proceedings against any commissioner or commissioners. The cost of the
4 proceedings is a charge against the irrigation district and ~~shall~~ must be paid as are other bills against the
5 districts."

6

7 NEW SECTION. **Section 13. Repealer.** Sections 7-6-210 and 85-9-611, MCA, are repealed.

8

9 NEW SECTION. **Section 14. Effective date.** [This act] is effective July 1, 1995.

10

-END-

HOUSE BILL NO. 282

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12

INTRODUCED BY *Quirk*
BY REQUEST OF THE DEPARTMENT OF COMMERCE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING AND CLARIFYING THE DUTIES AND RESPONSIBILITIES OF THE DEPARTMENT OF COMMERCE WITH RESPECT TO AUDITING AND SUPERVISING CERTAIN RECORDS AND FINANCIAL TRANSACTIONS OF LOCAL GOVERNMENTS; AMENDING SECTIONS 2-6-402, 2-6-403, 2-9-702, 2-9-802, 7-4-2634, 7-6-2212, 7-6-4113, 7-7-123, 7-21-2114, 17-6-103, 85-7-1616, AND 85-7-1913, MCA; REPEALING SECTIONS 7-6-210 AND 85-9-611, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

THERE ARE NO CHANGES IN THIS BILL AND WILL NOT BE REPRINTED. PLEASE REFER TO YELLOW COPY FOR COMPLETE TEXT.



HB 282
THIRD READING

1 HOUSE BILL NO. 282

2 INTRODUCED BY EWER

3 BY REQUEST OF THE DEPARTMENT OF COMMERCE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING AND CLARIFYING THE DUTIES AND
6 RESPONSIBILITIES OF THE DEPARTMENT OF COMMERCE WITH RESPECT TO AUDITING AND
7 SUPERVISING CERTAIN RECORDS AND FINANCIAL TRANSACTIONS OF LOCAL GOVERNMENTS;
8 AMENDING SECTIONS 2-6-402, 2-6-403, 2-9-702, 2-9-802, 7-4-2634, 7-6-2212, 7-6-4113, 7-7-123,
9 7-21-2114, 17-6-103, 85-7-1616, AND 85-7-1913, MCA; REPEALING SECTIONS 7-6-210 AND 85-9-611,
10 MCA; AND PROVIDING AN EFFECTIVE DATE."
11

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

13
14 **Section 1.** Section 2-6-402, MCA, is amended to read:

15 **"2-6-402. Local government records committee -- creation.** (1) There is a local government records
16 committee.

17 (2) The committee consists of the following seven members:

18 (a) the state archivist;

19 (b) the state records manager;

20 (c) ~~the bureau chief of the local government services bureau~~ a representative of the department
21 of commerce;

22 (d) two local records custodians, appointed by the director of the Montana historical society; and

23 (e) two additional local records custodians, appointed by the secretary of state.

24 (3) Committee members subject to appointment shall hold office for a period of 2 years beginning
25 on January 1 of the year following their appointment.

26 (4) Any vacancies must be filled in the same manner that they were filled originally.

27 (5) The committee shall elect a presiding officer and a vice presiding officer.

28 (6) The committee shall meet twice a year upon the call of the secretary of state or the presiding
29 officer.

30 (7) Members of the committee not serving as part of their compensated government employment

1 must be compensated in accordance with 2-18-501 through 2-18-503 for each day in committee
 2 attendance. Members who serve as part of their compensated government employment may not receive
 3 additional compensation, but the employing governmental entity shall furnish, in accordance with the
 4 prevailing per diem rates, a reasonable allowance for travel and other expenses incurred in attending
 5 committee meetings."

6
 7 **Section 2.** Section 2-6-403, MCA, is amended to read:

8 **"2-6-403. Duties and responsibilities.** (1) The local government records committee shall approve,
 9 modify, or disapprove proposals for local government records retention and disposition schedules.

10 (2) The committee shall appoint a subcommittee, known as the local government records
 11 destruction subcommittee, to handle requests for disposal of records. The subcommittee consists of the
 12 state archivist and ~~the bureau chief of the local government services bureau~~ a representative of the
 13 department of commerce. Unless specifically authorized by statute, a local government public record may
 14 not be destroyed or otherwise disposed of without the unanimous approval of the subcommittee. When
 15 approval is required, a request for the disposal or destruction of any local government records must be
 16 submitted to the subcommittee by the entity concerned.

17 (3) The local government records committee may by unanimous approval establish categories of
 18 records for which a disposal request is not required, providing that those records are retained for the
 19 designated retention period.

20 (4) The committee shall respond to requests for technical advice on matters relating to local
 21 government records.

22 (5) The committee shall provide leadership and coordination in matters affecting the records of
 23 multiple local governments."

24
 25 **Section 3.** Section 2-9-702, MCA, is amended to read:

26 **"2-9-702. Amount.** ~~(1)~~ The amount for which a county officer or employee ~~shall~~ must be bonded
 27 ~~shall~~ must be based on the amount of money or property handled and the opportunity for defalcation.

28 ~~(2) The amount for which a county officer or employer or group of officers or employees shall be~~
 29 ~~bonded is subject to the supervision of the department of commerce. If the department of commerce~~
 30 ~~determines that the amount of the bond is inadequate, it may require the board of county commissioners~~

1 to purchase an adequate bond."

2

3 **Section 4.** Section 2-9-802, MCA, is amended to read:

4 "2-9-802. **Bonds -- amount.** (1) All elected or appointed city or town officers and employees shall
5 must be bonded in ~~such sums as the~~ the amount required by ordinance ~~may require~~. The amount for which
6 a city or town officer or employee shall must be bonded shall must be based on the amount of money or
7 property handled and the opportunity for defalcation.

8 ~~(2) The amount for which a city or town officer or employee or group of officers or employees shall~~
9 ~~be bonded is subject to the supervision of the department of commerce. If the department of commerce~~
10 ~~determines that the amount of the bond is inadequate, it may require the city or town council or~~
11 ~~commission to purchase an adequate bond."~~

12

13 **Section 5.** Section 7-4-2634, MCA, is amended to read:

14 "7-4-2634. **Fees to be noted on recorded documents.** On each instrument delivered to him for
15 recording, the county clerk shall endorse on it all charges made for each service, and the endorsement shall
16 must be recorded as a part of the instrument in his the county clerk's office ~~in order that the department~~
17 ~~of commerce may verify to document~~ the charges ~~and may see that they have been properly~~ entered on
18 the fee book or reception record in the county clerk's office."

19

20 **Section 6.** Section 7-6-2212, MCA, is amended to read:

21 "7-6-2212. **Authorization to maintain petty cash fund.** (1) The board of county commissioners, ~~with~~
22 ~~the approval of the department of commerce,~~ may set aside a sum of not less than \$100 or more than
23 \$1,000 out of the general fund, which shall must be known as a petty cash fund, for the purpose of paying
24 incidental expenses, such as freight, express, postage, and other similar items, which must be paid in cash
25 at the time of delivery.

26 (2) (a) In counties having a county auditor, the county auditor is responsible for expenditures from
27 the petty cash fund.

28 (b) In counties not having a county auditor, the county clerk is responsible for expenditures from
29 the petty cash fund."

30

1 **Section 7.** Section 7-6-4113, MCA, is amended to read:

2 **"7-6-4113. Filing of annual financial statement.** ~~(1)~~ The city or town clerk ~~must~~ shall, within 120
3 days following the close of each fiscal year, transmit one copy of the statement to the department of
4 commerce and ~~must~~ shall present the other copy to the city or town council or commission.

5 ~~(2) If a city or town clerk fails to file a copy of the statement with the department within the time~~
6 ~~specified, the department, without delay, shall examine the books, records, and accounts of the city or~~
7 ~~town. The department shall make from its examination a statement of the financial condition of the city or~~
8 ~~town for the preceding fiscal year in the manner it should have been made by the city or town clerk. The~~
9 ~~examination shall be considered a special audit under the provisions of subsections (5) and (6) of 2-7-503,~~
10 ~~and all of the provisions of subsections (5) and (6) of 2-7-503 apply to it."~~

11

12 **Section 8.** Section 7-7-123, MCA, is amended to read:

13 **"7-7-123. Investment of sinking funds of local governments.** (1) (a) Except as provided in 7-7-124
14 and whenever outstanding bonds cannot be purchased pursuant to 7-7-2270 or 7-7-4270, the board of
15 county commissioners of a county and the council or commission of a city or town shall invest so much
16 of the bond sinking funds of the county, city, or town as is are not needed for the payment of bonds or
17 interest coupons in general obligation bonds or securities of the United States; state bonds or securities;
18 time or savings deposits; county, city, or school district bonds; county or city warrants; or other bonds or
19 securities ~~which~~ that are supported by general taxation, except irrigation district bonds and special
20 improvement district or maintenance district bonds or warrants. ~~All these investments must first be~~
21 ~~approved by the department of commerce.~~

22 (b) All those bonds, securities, or time or savings deposits must be due and payable at least 60
23 days before the obligations for the payment of which the sinking fund was established are due and payable.

24 (2) The bonds, securities, and any time or savings deposits in which any sinking funds are invested
25 ~~shall~~ must be kept in the custody of the county or city treasurer or town clerk and held ~~by him~~ for the
26 benefit of the county, city, or town. The treasurer shall properly protect the bonds, securities, and any time
27 or savings deposits by insurance, the use of safety deposit boxes, or other means, the expense of which
28 is a proper charge against the county, city, or town.

29 (3) All money derived from interest on sinking fund investments as authorized by this section ~~shall~~
30 must be credited by the treasurer of the county or city or the town clerk to the sinking fund for which the

1 investment was made."

2

3 **Section 9.** Section 7-21-2114, MCA, is amended to read:

4 **"7-21-2114. Investigation of possible licensing violations.** ~~It shall be the duty of the~~ The board of
5 county commissioners ~~or the department of commerce, when examining the treasurer's report, to shall~~
6 investigate if whether any persons are doing business in the county without a license or if the amount of
7 ~~the~~ a license is sufficient. In either event, the treasurer ~~shall~~ must be officially notified."

8

9 **Section 10.** Section 17-6-103, MCA, is amended to read:

10 **"17-6-103. Security for deposits of public funds.** The following kinds of securities may be pledged
11 or guarantees may be issued to secure deposits of public funds:

- 12 (1) direct obligations of the United States;
- 13 (2) securities as to which the payment of principal and interest is guaranteed by the United States;
- 14 (3) securities issued or fully guaranteed by the following agencies of the United States or their
15 successors, whether or not guaranteed by the United States:
- 16 (a) commodity credit corporation;
- 17 (b) federal intermediate credit banks;
- 18 (c) federal land bank;
- 19 (d) bank for cooperatives;
- 20 (e) federal home loan banks;
- 21 (f) federal national mortgage association;
- 22 (g) government national mortgage association;
- 23 (h) small business administration;
- 24 (i) federal housing administration; and
- 25 (j) federal home loan mortgage corporation;

26 (4) securities of or other interests in an open-end or closed-end management type investment
27 company or investment trust registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1
28 through 80a-64), as amended, if:

- 29 (a) the portfolio of the investment company or investment trust is limited to United States
30 government obligations and repurchase agreements fully collateralized by United States government

1 obligations; and

2 (b) the investment company or investment trust takes delivery of the collateral for any repurchase
3 agreement, either directly or through an authorized custodian;

4 (5) general obligation bonds of the state or of any county, city, school district, or other political
5 subdivision of the state;

6 (6) revenue bonds of any county, city, or other political subdivision of the state, when backed by
7 the full faith and credit of the subdivision or when the ~~revenues~~ revenue pledged to the payment of the
8 bonds ~~are~~ is derived from a water or sewer system and the issuer has covenanted to establish and maintain
9 rates and charges for the system in an amount sufficient to produce ~~revenues~~ revenue equal to at least
10 125% of the average annual principal and interest due on all bonds payable from the ~~revenues~~ revenue
11 during the outstanding term of the bonds;

12 (7) interest-bearing warrants of the state or of any county, city, school district, or other political
13 subdivision of the state issued in evidence of claims in an amount ~~which~~ that, with all other claims on the
14 same fund, ~~do~~ does not exceed the amount validly appropriated in the current budget for expenditure from
15 the fund in the year in which they are issued;

16 (8) obligations of housing authorities of the state secured by a pledge of annual contributions or
17 by a loan agreement made by the United States or any agency ~~thereof~~ of the United States providing for
18 contributions or a loan sufficient with other funds pledged to pay the principal of and interest on the
19 obligations when due. ~~Subject to rules prescribed by the department of commerce, the~~ The bonds and other
20 obligations made eligible for investment in ~~32-1-424(3)(a) and 7-15-4505 and 32-1-424(3)(a)~~ may be used
21 as security for all deposits of public funds or obligations for which depository bonds or any kind of bonds
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20 commerce. The department of commerce shall prescribe forms for the use of irrigation districts ~~and examine~~
21 ~~them as provided by law for the examination of the affairs of county officers.~~ The books and records shall
22 must be open to the inspection of any landowner of the district the same as other public records.

23 (2) ~~The department of commerce shall notify the secretaries of the districts of the time of~~
24 ~~presenting the books and records at the courthouse for examination~~ books and records of irrigation districts
25 are subject to audit in accordance with 2-7-503.

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27 to make collections for or on behalf of the United States in connection with a federal irrigation project, the
28 board of commissioners or its secretary shall at any time allow any officer or employee of the United States,
29 when acting under the orders of the secretary of the interior, to have access to all books, records, and
30 vouchers of the district ~~which~~ that are in possession or control of the secretary or board.

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2 for removal from office, and the county attorney of any county in which the irrigation district is situated
3 shall prosecute ouster proceedings against any commissioner or commissioners. The cost of the
4 proceedings is a charge against the irrigation district and ~~shall~~ must be paid as are other bills against the
5 districts."

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