

1 HOUSE BILL NO. 25

2 INTRODUCED BY EWER, PECK, HERTEL, JERGESON, HIBBARD

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING SCHOOL DISTRICT TRUSTEES TO CAPITALIZE
5 THE SCHOOL BUILDING RESERVE FUND IN AN AMOUNT EQUAL TO 5 YEARS OF LEVY REVENUE;
6 LIMITING USE OF LOAN PROCEEDS FOR STATUTORILY AUTHORIZED PROJECTS; AMENDING SECTIONS
7 20-9-471 AND 20-9-503, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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11 **Section 1.** Section 20-9-471, MCA, is amended to read:

12 **"20-9-471. Issuance of obligations -- authorization -- conditions.** (1) The trustees of a school
13 district may, without a vote of the electors of the district, issue and sell to the board of investments
14 obligations for the purpose of financing all or a portion of:

15 (a) the costs of vehicles and equipment;

16 (b) the costs associated with renovating, rehabilitating, and remodeling facilities, including but not
17 limited to roof repairs, heating, plumbing, and electrical systems;

18 (c) any other expenditure that the district is otherwise authorized to make, subject to subsection
19 (4), including the payment of settlements of legal claims and judgments; and

20 (d) the costs associated with the issuance and sale of the obligations.

21 (2) The term of the obligation may not exceed 5 fiscal years, except that the term of the obligation
22 for a qualified energy project may not exceed 10 fiscal years. For the purposes of this subsection, a
23 "qualified energy project" means a project designed to reduce energy use in a school facility and from
24 which the resulting energy cost savings are projected to meet or exceed the debt service obligation for
25 financing the project, as determined by the department of environmental quality.

26 (3) At the time of issuing the obligation, there must exist an amount in the budget for the current
27 fiscal year available and sufficient to make the debt service payment on the obligation coming due in the
28 current year. The budget for each following year in which any portion of the principal of and interest on
29 the obligation is due must provide for payment of that principal and interest.

30 (4) ~~The~~ Except as provided in 20-9-502 and 20-9-503, the proceeds of the obligation may not be

1 used to acquire real property or construct a facility.

2 (5) An obligation issued is payable from any legally available fund of the district and constitutes
3 a general obligation of the district.

4 (6) The obligation may bear interest at a fixed or variable rate and may be sold to the board of
5 investments at par, at a discount, or with a premium and upon any other terms and conditions that the
6 trustees determine to be in the best interests of the district.

7 (7) The principal amount of the obligation, when added to the outstanding bonded indebtedness
8 of the district, may not exceed the debt limitation established in 20-9-406."

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10 **Section 2.** Section 20-9-503, MCA, is amended to read:

11 **"20-9-503. Budgeting, tax levy, and use of building reserve fund.** (1) Whenever an annual building
12 reserve authorization to budget is available to a district, the trustees shall include ~~such~~ the authorized
13 amount in the building reserve fund of the preliminary budget. The county superintendent shall report ~~such~~
14 the amount as the building reserve fund levy requirement to the county commissioners on the fourth
15 Monday of August, and a levy on the district ~~shall~~ must be made by the county commissioners in
16 accordance with 20-9-142.

17 (2) The trustees of any district maintaining a building reserve fund ~~shall have the authority to~~ may:

18 (a) pledge the revenue for loans from the building reserve fund levy for up to 5 years. However,
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25 (3) Whenever there is money credited to the building reserve fund for which there is no immediate
26 need, the trustees may invest ~~such~~ the money in accordance with 20-9-213(4). The interest earned from
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30 **NEW SECTION. Section 3. Effective date.** [This act] is effective July 1, 1997.

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APPROVED BY COM ON EDUCATION
AND CULTURAL RESOURCES

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