



AN ACT PROVIDING AUTHORITY TO PUBLIC SCHOOLS TO FINANCE ENERGY CONSERVATION MEASURES; EXTENDING THE TERM OF AN OBLIGATION FOR A QUALIFIED ENERGY PROJECT TO 15 YEARS; AMENDING SECTIONS 20-9-421 AND 20-9-471, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

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

**Section 1.** Section 20-9-421, MCA, is amended to read:

**"20-9-421. Election to authorize the issuance of school district bonds and the methods of introduction.** A school district ~~shall~~ may not issue bonds for any purpose other than that provided in 15-1-402, ~~and 20-9-412, and 20-9-471~~ unless the issuance of bonds has been authorized by the qualified electors of the school district at an election called for the purpose of considering a proposition to issue ~~such~~ the bonds. A school district bond election ~~shall~~ must be called by a resolution as prescribed under the provisions of 20-20-201 when:

- (1) the trustees, of their own volition, adopt a resolution to that effect; or
- (2) the trustees have received a petition ~~which that~~ asks that for an election to be held to consider a bond proposition and ~~which that~~ has been validated under the provisions of 20-9-425."

**Section 2.** Section 20-9-471, MCA, is amended to read:

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

- (a) the costs of vehicles and equipment;
- (b) the costs associated with renovating, rehabilitating, and remodeling facilities, including but not limited to roof repairs, heating, plumbing, ~~and electrical systems;~~ and conservation measures as defined in 90-4-1102;
- (c) any other expenditure that the district is otherwise authorized to make, subject to subsection (4), including the payment of settlements of legal claims and judgments; and

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

(2) The term of the obligation, including an obligation for a qualified energy project, may not exceed ~~40~~ 15 fiscal years. For the purposes of this subsection, a "qualified energy project" means a project designed to reduce energy use in a school facility and from which the resulting energy cost savings are projected to meet or exceed the debt service obligation for financing the project, as determined by the department of environmental quality.

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

(4) Except as provided in 20-9-502 and 20-9-503, the proceeds of the obligation may not be used to acquire real property or construct a facility unless:

(a) the acquisition or construction project does not constitute more than 20% of the square footage of the existing real property improvements made to a facility containing classrooms;

(b) the 20% square footage limitation may not be exceeded within any 5-year period; and

(c) the electors of the district approve a proposition authorizing the trustees to apply for funds through the board of investments for the construction project. The proposition must be approved at a special or regular election in accordance with all of the requirements of 20-9-428, except that the proposition is considered to have passed if a majority of the qualified electors voting approve the proposition.

(5) The school district may not submit for a vote of the electors of the district a proposition to impose a levy to pay the principal or any interest on an obligation that is payable from the conservation-related cost savings under energy performance contracts as defined in 90-4-1102.

(6) The obligation must state clearly on its face that the obligation is not secured by a pledge of the school district's taxing power but is payable from amounts in its general fund or other legally available funds.

~~(5)(7)~~ An obligation issued is payable from any legally available fund of the district and constitutes a general obligation of the district.

~~(6)(8)~~ The obligation may bear interest at a fixed or variable rate and may be sold to the board of investments at par, at a discount, or with a premium and upon any other terms and conditions that the trustees determine to be in the best interests of the district.

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

**Section 3. Effective date.** [This act] is effective on passage and approval.

- END -

I hereby certify that the within bill,  
HB 0182, originated in the House.

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Chief Clerk of the House

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

HOUSE BILL NO. 182

INTRODUCED BY E. ARNTZEN

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