1	HOUSE BILL NO. 62
2	INTRODUCED BY M. HOPKINS
3	BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING AND
4	THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
5	
6	A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING STATE BONDING AUTHORITY FOR WATER AND
7	WASTEWATER REVOLVING LOAN FUNDING; REMOVING REQUIREMENT FOR FEDERAL
8	COORDINATION; CREATING A STATE DEBT; AMENDING SECTIONS 75-5-1121, 75-5-1122, AND 75-6-
9	227, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
10	
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12	
13	**Section 1.** Section 75-5-1121, MCA, is amended to read:
14	"**75-5-1121. Authorization of bonds -- allocation of proceeds.** (1) Upon request of the department

of natural resources and conservation ~~and upon certification by the department that the state has entered into a~~

~~capitalization grant agreement or other agreement with the United States government pursuant to 75-6-204 and~~

~~that federal capitalization grants have been made to the state for the program~~, the board of examiners is

authorized to issue and sell bonds of the state as authorized by the legislature to provide money for the

program. The bonds are general obligations on which the full faith, credit, and taxing powers of the state are

pledged for payment of the principal and interest. The bonds must be issued as provided by Title 17, chapter 5,

part 8.

(2)   (a) Except as otherwise provided in this subsection (2), the proceeds of the bonds are allocated to

the state allocation account or the administration account of the revolving fund, as provided in 75-5-1106.

(b)   Any accrued interest and bond proceeds to be used to pay interest must be deposited in the debt

service account of the revolving fund.

(c)   Proceeds of bonds to be used to pay the costs of issuing the bonds must be deposited in a cost of

issuance account established outside of the revolving fund by the board of examiners in the resolution or trust

indenture authorizing the issuance of the bonds.

1   (d)   Any premium received must be deposited in the state allocation account, the debt service account,

2   or the cost of issuance account as directed by the board of examiners in the resolution or trust indenture

3   regarding the bonds.

4   (e)   For purposes of 17-5-803 and 17-5-804, the state allocation account and the cost of issuance

5   account constitute a capital projects account. The proceeds must be available to the department and the

6   department of natural resources and conservation and may be used for the purposes authorized in this part

7   without further budgetary authorization.

8   (3)   In the resolution authorizing the sale and issuance of the bonds, the board of examiners, upon the

9   request of the department of natural resources and conservation, may create separate accounts or

10   subaccounts to provide for the payment security of the bonds and may pledge the interest component of the

11   loan repayments credited to the revolving fund and the revolving fund as security for the bonds.

12   (4)   The board of examiners may allow bonds issued under this section to be secured by a trust

13   indenture between the board of examiners and a trustee. The trustee may be a trust company or bank having

14   the powers of a trustee inside or outside the state.

15   (a)   If the board of examiners elects to issue bonds pursuant to a trust indenture, the trustee may, as

16   determined by the board of examiners, hold one or more of the funds and accounts created pursuant to this

17   chapter.

18   (b)   In addition to provisions that the board of examiners determines to be necessary and appropriate

19   to secure the bonds, provide for the rights of the bondholders, and ensure compliance with all applicable law,

20   the trust indenture must contain provisions that:

21   (i)   govern the custody, safeguarding, and disbursement of all money held by the trustee under the

22   trust indenture; and

23   (ii) permit representatives of the state treasurer, department, or department of natural resources and

24   conservation, upon reasonable notice and at reasonable times, to inspect the trustee's books and records

25   concerning the trust indenture.

26   (c)   A trust indenture or an executed counterpart of a trust indenture developed pursuant to this

27   chapter must be filed with the secretary of state."

28

1   **Section 2.** Section 75-5-1122, MCA, is amended to read:

2   "**75-5-1122. Creation of debt.** The legislature, through the enactment of this law by a two-thirds vote

3   of the members of each house, authorizes the creation of state debt in an amount not to exceed $40 $70 million

4   in principal amount of general obligation bonds outstanding from time to time for the purpose of:

5   (1) ~~providing the state's share of~~funding the program; and

6   (2) funding portions of loans on an interim basis pending receipt of:

7   (a) grant payments from the environmental protection agency for which federal legislation

8   appropriating the proceeds of the grants has been enacted; or

9   (b) other revenue for the program."

10

11   **Section 3.** Section 75-6-227, MCA, is amended to read:

12   "**75-6-227. Creation of debt.** The legislature, through enactment of this section, authorizes the

13   creation of state debt in an amount not to exceed $30 $50 million in principal amount of general obligation

14   bonds outstanding from time to time for the purpose of:

15   (1) ~~providing the state's share~~ of funding the drinking water program; and

16   (2) funding portions of loans on an interim basis pending receipt of:

17   (a) grant payments from the environmental protection agency for which federal legislation

18   appropriating the proceeds of the grants has been enacted; or

19   (b) other revenue for the program."

20

21   NEW SECTION. **Section 4. Two-thirds vote required.** Because [sections 2 and 3] authorize the

22   creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the

23   members of each house of the legislature for passage.

24

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

26   - END -