

1 HOUSE BILL NO. 435

2 INTRODUCED BY B. LAWSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING AN EDUCATIONAL HOUSING REVOLVING
5 LOAN ACCOUNT ADMINISTERED BY THE BOARD OF HOUSING TO PROVIDE LOANS TO ELIGIBLE
6 SCHOOL EMPLOYEES; PROVIDING RULEMAKING AUTHORITY TO THE BOARD; TRANSFERRING A
7 PORTION OF THE LOTTERY NET PROCEEDS TO THE BOARD OF HOUSING FOR DEPOSIT IN THE
8 ACCOUNT TO PAY FOR LOANS; PROVIDING AN APPROPRIATION; AMENDING SECTION 23-7-402,
9 MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

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

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13 NEW SECTION. **Section 1. Legislative declaration.** The legislature finds that current economic
14 conditions make it difficult for public school teachers to purchase a home within the boundaries of the
15 school district in which they are employed. The legislature declares that it is in the public interest to
16 establish a continuously renewable financial resource known as an educational housing revolving loan
17 account to assist public school certified employees in purchasing a home.

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19 NEW SECTION. **Section 2. Definitions.** As used in [sections 1 through 5], the following definitions
20 apply:

21 (1) "Certified employee" means a person certified in accordance with the provisions of Title 20,
22 chapter 4, part 1.

23 (2) "Loan account" means the educational housing revolving loan account created in [section 3].

24 (3) "Residence" means a house where a person permanently resides and to which the person
25 returns whenever the person is temporarily absent.

26 (4) "School district" has the same meaning as "district" in 20-6-101.

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28 NEW SECTION. **Section 3. Loan account -- administration.** (1) There is an educational housing
29 revolving loan account in the state special revenue fund in the state treasury. The money in the loan
30 account is allocated to the board for the purpose of providing loans to eligible applicants.

1 (2) Funds deposited in the loan account must be used for the program authorized in [section 4]
2 and may not be used to pay the expenses of any other program or service administered by the board.

3 (3) The board may accept contributions, gifts, and grants for deposit into the loan account. The
4 money must be used in accordance with the provisions of [section 4].

5 (4) The costs incurred by the board in administering the loan account must be paid from the loan
6 account.

7 (5) Interest and principal on loans from the loan account must be repaid to the loan account.

8 (6) Interest income generated by investment of the principal of the loan account is retained in the
9 loan account.

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11 NEW SECTION. **Section 4. Housing loan program -- eligible applicants -- terms and conditions of**
12 **loan.** (1) The money in the loan account must be used to provide financial assistance in the form of a direct
13 loan by the board to an eligible applicant.

14 (2) (a) To be eligible to receive a loan, a person must be a certified employee of a school district
15 and shall use the loan to purchase a residence within the boundaries of the school district in which the
16 person is employed.

17 (b) Priority must be given to a certified employee who does not currently own a residence within
18 the boundaries of the school district in which the person is employed.

19 (c) Only one eligible applicant in a household may apply for a loan.

20 (d) Eligibility may not be restricted to first-time home buyers.

21 (e) Eligibility may not be restricted by the income of the applicant.

22 (3) (a) A loan to an eligible applicant may not exceed \$10,000.

23 (b) The loan must bear interest at a rate of 4% for the first 5 years and a rate of 6% for each
24 subsequent year.

25 (c) Payment on the loan may not begin until the residence is sold, certified employment with the
26 school district ceases, or 10 years has passed, whichever occurs first.

27 (d) A penalty may not be assessed for any prepayment on a loan.

28 (4) A school district may use the program as an incentive in recruiting and retaining teachers to
29 the district. A school district is encouraged to maintain a listing of local financial institutions that offer
30 home loans as well as a listing of other available sources for home loans.

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2 NEW SECTION. **Section 5. Administrative rules.** The board shall adopt rules to implement
3 [sections 1 through 5]. The rules must address:

- 4 (1) the development of an application process for requesting a loan;
5 (2) the establishment of a procedure for disbursing a loan;
6 (3) the establishment of a method and schedule for the repayment of a loan; and
7 (4) other matters necessary for the administration of [sections 1 through 5].

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9 **Section 6.** Section 23-7-402, MCA, is amended to read:

10 "**23-7-402. Disposition of revenue.** (1) A minimum of 45% of the money paid for tickets or
11 chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in
12 17-7-502, to the lottery.

13 (2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating
14 expense.

15 (3) That part of all gross revenue not used for the payment of prizes, commissions, and operating
16 expenses, together with the interest earned on the gross revenue while the gross revenue is in the
17 enterprise fund, is net revenue. ~~Net~~ Except as provided in subsection (5), net revenue must be transferred
18 quarterly from the enterprise fund established by 23-7-401 to the state general fund.

19 (4) The spending authority of the lottery may be increased in accordance with this section upon
20 review and approval of a revised operation plan by the office of budget and program planning.

21 (5) There is transferred from the enterprise fund established in 23-7-401 \$2.5 million to the board
22 of housing for deposit in the loan account established in [section 3]. The funds must be used to provide
23 loans in accordance with the provisions of [section 4]."

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25 NEW SECTION. **Section 7. Appropriation.** There is appropriated from the revolving loan account
26 created in [section 3] \$2.5 million to the board of housing to be used as provided in [sections 1 through
27 5].

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29 NEW SECTION. **Section 8. Codification instruction.** [Sections 1 through 5] are intended to be
30 codified as an integral part of Title 90, chapter 6, part 1, and the provisions of Title 90, chapter 6, part

1 1, apply to [sections 1 through 5].

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3 NEW SECTION. **Section 9. Effective date.** [This act] is effective July 1, 2001.

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5 NEW SECTION. **Section 10. Termination.** [Section 6] terminates June 30, 2003.

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