

1 HOUSE BILL NO. 577

2 INTRODUCED BY M. MCCANN

3 BY REQUEST OF THE JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE DEBT LIMITS FOR THE BOARD OF
 6 INVESTMENTS UNDER THE MUNICIPAL FINANCE CONSOLIDATION ACT; AUTHORIZING THE
 7 DEPARTMENT OF JUSTICE TO OBTAIN A LOAN FROM THE BOARD OF INVESTMENTS FOR THE
 8 PURPOSE OF FINANCING AN INFORMATION TECHNOLOGY SYSTEM FOR THE MOTOR VEHICLE
 9 DIVISION AND THE ACQUISITION OF VIDEO GAMBLING AUTOMATED ACCOUNTING AND REPORTING
 10 SYSTEM DATA COLLECTION UNITS FOR THE GAMBLING CONTROL DIVISION; ~~CREATING A \$2 FEE ON~~
 11 ~~VEHICLE REGISTRATIONS~~ INCREASING THE LIEN FILING FEE TO \$8 TO FUND REPAYMENT OF THE
 12 MOTOR VEHICLE INFORMATION TECHNOLOGY LOAN; CREATING A MOTOR VEHICLE INFORMATION
 13 TECHNOLOGY SYSTEM ACCOUNT IN THE STATE SPECIAL REVENUE FUND; APPROPRIATING TO THE
 14 DEPARTMENT OF JUSTICE MONEY BORROWED FROM THE BOARD OF INVESTMENTS; AMENDING
 15 SECTIONS 17-5-1608 ~~AND~~, 17-5-2001, AND 61-3-103, MCA; AND PROVIDING EFFECTIVE DATES AND
 16 A TERMINATION DATE."

17

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

19

20 **Section 1.** Section 17-5-1608, MCA, is amended to read:

21 **"17-5-1608. Limitations on amounts.** The board may not issue any bonds or notes that cause the
 22 total outstanding indebtedness of the board under this part ~~(except for bonds or notes issued to fund or~~
 23 ~~refund other outstanding bonds or notes or to purchase registered warrants or tax or revenue anticipation~~
 24 ~~notes of a local government as defined in 7-6-1101)~~, to exceed ~~\$75-\$95~~ \$80 million."
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25

26 **Section 2.** Section 17-5-2001, MCA, is amended to read:

27 **"17-5-2001. Loans to state agencies.** (1) An agency responsible for the procurement and
 28 provision of vehicles, automated systems, and equipment using an enterprise fund or an internal service
 29 fund, as described in 17-2-102, is authorized to enter into contracts, loan agreements, or other forms of
 30 indebtedness payable over a term not to exceed 7 years for the purpose of financing the cost of the

1 vehicles and equipment and to pledge to the repayment of the indebtedness the revenue of the enterprise
2 fund or internal service fund if:

3 ~~(1)(a)~~ the term of the indebtedness does not exceed the useful life of the items being financed;
4 and

5 ~~(2)(b)~~ at the time that the indebtedness is incurred, the projected revenue of the fund, based on
6 the fees and charges approved by the legislature and other available fund revenue, will be sufficient to
7 repay the indebtedness over the proposed term and to maintain the operation of the enterprise.

8 (2) (a) The department of justice is authorized to enter into contracts, loan agreements, or other
9 forms of indebtedness with the board of investments for an amount not to exceed \$20 \$4.5 million,
10 payable over a term not to exceed 10 years, for financing the cost of an information technology system
11 for the production and maintenance of motor vehicle title and registration records and driver's license
12 records.

13 (b) The department of justice must pledge to the repayment of any indebtedness, for FOR purposes
14 of the financing of the motor vehicle information technology system, the money in the motor vehicle
15 information technology system account as described in [section 4] LOANS ARE PAYABLE FROM THE DEPARTMENT
16 OF JUSTICE'S ANNUAL APPROPRIATION FROM THE GENERAL FUND MONEY IN THE MOTOR VEHICLE INFORMATION
17 TECHNOLOGY SYSTEM ACCOUNT AS PROVIDED IN [SECTION 4]. The term of the indebtedness may not exceed the
18 useful life of the items being financed. The projected revenue of the motor vehicle information technology
19 system account, based on the fees approved by the legislature, AT THE TIME THAT THE LOAN IS MADE, THE
20 DEPARTMENT OF JUSTICE'S BASE BUDGET APPROPRIATION FROM THE GENERAL FUND PROJECTED REVENUE OF THE MOTOR
21 VEHICLE INFORMATION TECHNOLOGY SYSTEM ACCOUNT, BASED UPON THE FEES APPROVED BY THE LEGISLATURE, must
22 be sufficient to repay the indebtedness over the proposed term.

23 (3) (a) The department of justice is authorized to enter into contracts, loan agreements, or other
24 forms of indebtedness with the board of investments for an amount not to exceed \$1,120,000, payable
25 over a term not to exceed 7 years, for the acquisition of video gambling automated accounting and
26 reporting system data collection units.

27 (b) The department of justice must pledge to the repayment of any indebtedness, for the
28 acquisition of the video gambling data collection units, LOAN IS PAYABLE FROM the department's DEPARTMENT
29 OF JUSTICE'S ANNUAL appropriation from the general fund.

30 (c) The term of the indebtedness may not exceed the useful life of the items being financed. The

1 ~~department's~~ AT THE TIME THAT THE LOAN IS MADE, THE DEPARTMENT OF JUSTICE'S BASE BUDGET appropriation from
2 the general fund must be sufficient to repay the indebtedness with respect to the video gambling data
3 collection units over the proposed term of the loan.

4 (D) THE LOAN IS SUBJECT TO THE RISK OF NONAPPROPRIATION."

6 ~~NEW SECTION. Section 3. Fee for motor vehicle information technology system -- exemption --~~

7 ~~deposit.~~ (1) Except as provided in subsection (2), a \$2 fee for the motor vehicle information technology
8 system must be assessed on the annual registration or reregistration of a motor vehicle.

9 ~~(2) The fee imposed under this section may not be applied to:~~

10 ~~(a) special mobile equipment, as described in 61-1-104;~~

11 ~~(b) boats subject to registration or reregistration under Title 23, chapter 2, part 5;~~

12 ~~(c) snowmobiles subject to registration or reregistration under Title 23, chapter 2, part 6; or~~

13 ~~(d) off-highway vehicles subject to registration or reregistration under Title 23, chapter 2, part 8.~~

14 ~~(3) The fee for the motor vehicle information technology system must be collected by the county~~
15 ~~treasurer and forwarded to the state treasurer for deposit in the motor vehicle information technology~~
16 ~~system account provided for in [section 4].~~

18 SECTION 3. SECTION 61-3-103, MCA, IS AMENDED TO READ:

19 **"61-3-103. (Temporary) Filing of security interests -- perfection -- rights -- procedure -- fees. (1)**

20 Except as provided in 61-3-109, the department may not file any voluntary security interest or lien unless
21 it is accompanied by or specified in the application for a certificate of ownership of the vehicle
22 encumbered. If the approved notice form is transmitted to the department, the security agreement or other
23 lien instrument that creates the security interest must be retained by the secured party. A copy of the
24 security agreement is sufficient as a lien notice if it contains the name and address of the debtor and the
25 secured party, the complete vehicle description, and the amount of the lien and is signed by the debtor.
26 The department shall file voluntary security interests and liens by entering the name and address of the
27 secured party upon the face of the certificate of ownership. Involuntary liens must be filed against the
28 record of the vehicle encumbered. The department shall mail a statement certifying to the filing of a
29 security interest or lien to the secured party. The department shall mail the certificate of ownership to the
30 owner at the address given on the certificate; however, if the transfer of ownership and filing of the

1 security interest are paid for by a creditor or secured party, the department shall return the certificate of
2 ownership to the county treasurer in the county in which the vehicle is to be registered. The owner of a
3 motor vehicle is the person entitled to operate and possess the motor vehicle.

4 (2) A security interest in a motor vehicle held as inventory by a dealer licensed under chapter 4
5 of this title must be perfected in accordance with Title 30, chapter 9.

6 (3) Whenever a security interest or lien is filed against a motor vehicle that is subject to two
7 security interests previously perfected under this section, the department shall endorse on the face of the
8 certificate of ownership, "NOTICE. This motor vehicle is subject to additional security interests on file with
9 the Department of Justice." Other information regarding the additional security interests need not be
10 endorsed on the certificate.

11 (4) Satisfactions or statements of release filed with the department under this chapter must be
12 retained by it for a period of 8 years after receipt, after which they may be destroyed.

13 (5) Except as provided in 61-3-109 and subsection (6) of this section, a voluntary security interest
14 or lien is perfected on the date that the lien notice and the certificate of ownership or manufacturer's
15 statement of origin are delivered to the county treasurer. On that date, the county treasurer shall issue to
16 the secured party a receipt evidencing the perfection. Perfection under this section constitutes constructive
17 notice to subsequent purchasers or encumbrancers, from the date of delivery of the lien notice to the
18 county treasurer, of the existence of the security interest.

19 (6) Except as provided in 61-3-109, voluntary security interests or lien filings that do not require
20 transfer of ownership are perfected on the date that the lien notice and the certificate of ownership or
21 manufacturer's statement of origin are received by the department. On that date, the department shall
22 issue to the secured party a receipt evidencing the perfection. Perfection under this subsection constitutes
23 constructive notice to subsequent purchasers or encumbrancers, from the date that the lien notice is
24 delivered to the department, of the existence of the security interest.

25 (7) Upon default under a chattel mortgage or conditional sales contract covering a motor vehicle,
26 the mortgagee or vendor has the same remedies as in the case of other personal property. In case of
27 attachment of motor vehicles, all the provisions of 27-18-413, 27-18-414, and 27-18-804 are applicable
28 except that deposits must be made with the department.

29 (8) A conditional sales vendor or chattel mortgagee or assignee who fails to file a satisfaction of
30 a chattel mortgage, assignment, or conditional sales contract within 15 days after receiving final payment

1 is required to pay the department the sum of \$1 for each day that the person fails to file the satisfaction.

2 (9) Upon receipt of notice of any involuntary liens or attachments against the record of any motor
3 vehicle registered in this state, the department shall within 24 hours mail to the owner, conditional sale
4 vendor, mortgagees, or assignees of the owner, conditional sale vendor, or mortgagees a notice showing
5 the name and address of the lien claimant, the amount of the lien, the date of execution of the lien, and,
6 in the case of attachment, the full title of the court and the action and the names of the attorneys for the
7 plaintiff and attaching creditor.

8 (10) It is not necessary to refile with the department any instruments on file in the offices of the
9 county clerk and recorders at the time that this law takes effect.

10 (11) A fee of ~~\$4~~ \$8 must be paid to the department to file any security interest or other lien
11 against a motor vehicle. The ~~\$4~~ \$8 fee includes the cost of filing a satisfaction or release of the security
12 interest and also the cost of entering the satisfaction or release on the records of the department and of
13 deleting the endorsement of the security interest from the face of the certificate of ownership. A fee of
14 \$4 must be paid to the department for issuing a certified copy of a certificate of ownership subject to a
15 security interest or other lien on file in the office of the department or for filing an assignment of any
16 security interest or other lien on file with the department. All fees provided for in this section must be paid
17 to the county treasurer. Of this total THE \$8 fee, \$4 must be deposited for deposit in the state general fund
18 in accordance with 15-1-504. The remaining \$4 must be forwarded to the state treasurer for deposit in
19 the motor vehicle information technology system account provided for in [section 4]. (Terminates June
20 30, 2008--sec. 2, Ch. 260, L. 1999.)

21 **61-3-103. (Effective July 1, 2008) Filing of security interests -- perfection -- rights -- procedure**
22 **-- fees.** (1) The department may not file any voluntary security interest or lien unless it is accompanied by
23 or specified in the application for a certificate of ownership of the vehicle encumbered. If the approved
24 notice form is transmitted to the department, the security agreement or other lien instrument that creates
25 the security interest must be retained by the secured party. A copy of the security agreement is sufficient
26 as a lien notice if it contains the name and address of the debtor and the secured party, the complete
27 vehicle description, amount of lien, and is signed by the debtor. The department shall file voluntary security
28 interests and liens by entering the name and address of the secured party upon the face of the certificate
29 of ownership. Involuntary liens must be filed against the record of the vehicle encumbered. The department
30 shall mail a statement certifying to the filing of a security interest or lien to the secured party. The

1 department shall mail the certificate of ownership to the owner at the address given on the certificate;
2 however, if the transfer of ownership and filing of the security interest are paid for by a creditor or secured
3 party, the department shall return the certificate of ownership to the county treasurer where the vehicle
4 is to be registered. The owner of a motor vehicle is the person entitled to operate and possess the motor
5 vehicle.

6 (2) A security interest in a motor vehicle held as inventory by a dealer licensed under chapter 4
7 of this title must be perfected in accordance with Title 30, chapter 9.

8 (3) Whenever a security interest or lien is filed against a motor vehicle that is subject to two
9 security interests previously perfected under this section, the department shall endorse on the face of the
10 certificate of ownership, "NOTICE. This motor vehicle is subject to additional security interests on file with
11 the Department of Justice." Other information regarding the additional security interests need not be
12 endorsed on the certificate.

13 (4) Satisfactions or statements of release filed with the department under this chapter must be
14 retained by it for a period of 8 years after receipt, after which they may be destroyed.

15 (5) Except as provided in subsection (6), a voluntary security interest or lien is perfected on the
16 date the lien notice and the certificate of ownership or manufacturer's statement of origin are delivered
17 to the county treasurer. On that date, the county treasurer shall issue to the secured party a receipt
18 evidencing the perfection. Perfection under this section constitutes constructive notice to subsequent
19 purchasers or encumbrancers, from the date of delivery of the lien notice to the county treasurer, of the
20 existence of the security interest.

21 (6) Voluntary security interests or lien filings that do not require transfer of ownership are
22 perfected on the date the lien notice and the certificate of ownership or manufacturer's statement of origin
23 are received by the department. On that date, the department shall issue to the secured party a receipt
24 evidencing the perfection. Perfection under this subsection constitutes constructive notice to subsequent
25 purchasers or encumbrancers, from the date the lien notice is delivered to the department, of the existence
26 of the security interest.

27 (7) Upon default under a chattel mortgage or conditional sales contract covering a motor vehicle,
28 the mortgagee or vendor has the same remedies as in the case of other personal property. In case of
29 attachment of motor vehicles all the provisions of 27-18-413, 27-18-414, and 27-18-804 are applicable
30 except that deposits must be made with the department.

1 (8) A conditional sales vendor or chattel mortgagee or assignee who fails to file a satisfaction of
 2 a chattel mortgage, assignment, or conditional sales contract within 15 days after receiving final payment
 3 is required to pay the department the sum of \$1 for each day that the person fails to file such satisfaction.

4 (9) Upon receipt of notice of any involuntary liens or attachments against the record of any motor
 5 vehicle registered in this state, the department shall within 24 hours mail to the owner, conditional sale
 6 vendor, mortgagees, or assignees of any owner, conditional sale vendor, or mortgagees a notice showing
 7 the name and address of the lien claimant, amount of the lien, date of execution of lien, and in the case
 8 of attachment the full title of the court and the action and the name of the attorneys for the plaintiff and
 9 attaching creditor.

10 (10) It is not necessary to refile with the department any instruments on file in the offices of the
 11 county clerk and recorders at the time this law takes effect.

12 (11) A fee of ~~\$4~~ \$8 must be paid to the department to file any security interest or other lien
 13 against a motor vehicle. The ~~\$4~~ \$8 fee must include and cover the cost of filing a satisfaction or release
 14 of the security interest and also the cost of entering the satisfaction or release on the records of the
 15 department and deleting the endorsement of the security interest from the face of the certificate of
 16 ownership. A fee of \$4 must be paid to the department for issuing a certified copy of a certificate of
 17 ownership subject to a security interest or other lien on file in the office of the department or for filing an
 18 assignment of any security interest or other lien on file with the department. All fees provided for in this
 19 section must be paid to the county treasurer. Of this total \$8 fee, \$4 must be deposited for deposit in
 20 the state general fund in accordance with 15-1-504. The remaining \$4 must be forwarded to the state
 21 treasurer for deposit in the motor vehicle information technology system account provided for in [section
 22 4]."

23

24 NEW SECTION. Section 4. Motor vehicle information technology system account. (1) There is
 25 a motor vehicle information technology system account in the state special revenue fund provided for in
 26 17-2-102.

27 (2) Fees received by the state treasurer pursuant to [section 3] must be deposited in the account.

28 (3) The money in the motor vehicle information technology system account must be appropriated
 29 by the legislature to the department of justice and must be used by the department for the purpose of:

30 (a) repaying any indebtedness or loan incurred for the creation of a new information technology

1 system for motor vehicles; or

2 (b) payment of costs directly incurred in the creation and support of the new motor vehicle
3 information technology system.

4

5 **NEW SECTION. Section 5. Deposit of loan proceeds -- capital projects appropriation.** (1) The
6 proceeds of any loan from the board of investments to the department of justice for creation of a new
7 motor vehicle information technology system must be deposited in the capital projects fund.

8 (2) There is appropriated from the capital projects fund to the department of justice up to ~~\$20~~
9 \$4.5 million for the motor vehicle information technology system described in 17-5-2001.

10 (3) The department of justice is prohibited from using any of the proceeds from the loan for the
11 motor vehicle information technology system authorized by 17-5-2001 for agency current level operating
12 expenses.

13 (4) The appropriation continues until the project is completed in accordance with 17-7-212.

14

15 **NEW SECTION. Section 6. Deposit of loan proceeds -- appropriation -- contractual restrictions.**

16 (1) The proceeds of any loan from the board of investments to the department of justice for the acquisition
17 of video gambling automated accounting and reporting system data collection units must be deposited in
18 a state special revenue account.

19 (2) There is appropriated from the state special revenue account to the department of justice
20 \$1,120,000 for the purchase of video gambling automated accounting and reporting system data
21 collection units. The department shall enter into contracts with the owners or operators of machines in
22 which the units are placed that will encumber and allow the expenditure of the appropriation over the term
23 of the loan from the board of investments for the purchase of the units.

24 (3) The department of justice is prohibited from using any of the proceeds from the loan for the
25 purchase of video gambling automated accounting and reporting system data collection units authorized
26 by 17-5-2001 for agency current level operating expenses.

27

28 **NEW SECTION. Section 7. Codification instruction.** [Sections 3 and 4] are intended to be codified
29 as an integral part of Title 61, chapter 3, part 5, and the provisions of Title 61, chapter 3, part 5, apply
30 to [sections 3 and 4].

1

2 NEW SECTION. Section 8. Effective dates. (1) Except as provided in subsection (2), [this act] is
3 effective July 1, 2001.

4 (2) [Section 3] is effective January 1, 2002.

5

6 NEW SECTION. SECTION 9. TERMINATION. [THIS ACT] TERMINATES JUNE 30, 2011.

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- END -