

SENATE BILL NO. 162

INTRODUCED BY MANGAN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS RELATING TO THE BONDING
5 OF COUNTY OFFICIALS AND EMPLOYEES AND CITY OR TOWN OFFICERS AND EMPLOYEES;
6 EXEMPTING COUNTY AND MUNICIPAL OFFICERS FROM THE GENERAL PROVISIONS RELATED TO
7 OFFICIAL BONDS; REMOVING THE REQUIREMENT THAT BONDS BE APPROVED BY THE COUNTY
8 ATTORNEY OR CITY OR TOWN ATTORNEY AND FILED WITH THE COUNTY CLERK AND RECORDER OR
9 CITY OR TOWN CLERK; REMOVING THE REQUIREMENT THAT GROUP BONDS COMPLY WITH CERTAIN
10 CONDITIONS; REMOVING THE REQUIREMENT THAT BONDS BE PURCHASED THROUGH A
11 COMPETITIVE BID PROCESS; ALLOWING A SELF-INSURANCE PLAN TO PROVIDE THE BONDS;
12 PROHIBITING A LOCAL GOVERNMENT OFFICIAL FROM COLLECTING ON THE OFFICIAL'S BOND IF THE
13 OFFICIAL OVERSPENDS THE APPROPRIATION FOR A FUND; REMOVING THE BONDING PROVISIONS
14 RELATED SPECIFICALLY TO A SHERIFF; AMENDING SECTIONS 2-9-501, 2-9-701, 2-9-703, 2-9-803,
15 2-9-804, AND 7-6-4005, MCA; REPEALING SECTION 2-9-711, MCA; AND PROVIDING AN IMMEDIATE
16 EFFECTIVE DATE."

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

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20 **Section 1.** Section 2-9-501, MCA, is amended to read:

21 **"2-9-501. Application -- ~~state official and employee bonds~~ excepted.** The provisions of this part
22 apply to ~~the bonds of county, town, or township officers~~; the official bond of any executor, administrator, or
23 guardian; or to the bond or undertaking of any person ~~where~~ when by law a bond or undertaking is required,
24 except county, town, or township officers and state officers and employees."

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26 **Section 2.** Section 2-9-701, MCA, is amended to read:

27 **"2-9-701. County officers and employees to be bonded -- ~~form -- conditions of group bonds.~~ (1)**
28 All elected and appointed county officers and employees ~~shall~~ must be bonded FOR THE FAITHFUL PERFORMANCE
29 OF ALL OFFICIAL DUTIES REQUIRED BY LAW.

30 ~~(2) The form of bonds for county officers and employees must be approved by the county attorney and~~

1 ~~filed and recorded in the office of the county clerk and recorder.~~

2 ~~(3)(2)~~ A bond may cover an individual officer or employee, or a blanket bond may cover all officers and
3 employees or any group or combination of county officers and employees.

4 ~~(4) All official bonds covering a group of county officers or employees shall be made upon the same~~
5 ~~conditions as are required of a principal under subsections (1) through (3) of 2-9-504, except that the bond need~~
6 ~~not be signed by each officer or employee."~~

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8 **Section 3.** Section 2-9-703, MCA, is amended to read:

9 **"2-9-703. Purchase.** (1) The board of county commissioners shall purchase all surety bonds for county
10 officers and employees.

11 ~~(2) The board of county commissioners shall actively solicit offers on a competitive basis from available~~
12 ~~qualified insurance or surety companies before purchasing the bonds.~~

13 ~~(3)(2)~~ Bonds purchased by the board of county commissioners shall must be executed by responsible
14 insurance or surety companies authorized and admitted to execute surety bonds in this state or by a
15 self-insurance pool insuring counties as authorized by 2-9-211."

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17 **SECTION 4. SECTION 2-9-803, MCA, IS AMENDED TO READ:**

18 **"2-9-803. Form -- coverage -- approval City and town officers and employees to be bonded.** (1)

19 A bond may cover an individual officer or employee or a blanket bond may cover all officers and employees or
20 any group or combination of officers and employees.

21 ~~(2) All official bonds covering a group of elected and appointed city or town officers or employees shall~~
22 ~~be made upon the same conditions as are required of a principal under subsections (1) through (3) of 2-9-504,~~
23 ~~except that the bond need not be signed by each officer and employee must be bonded for the faithful~~
24 ~~performance of all official duties required by law.~~

25 ~~(3) The form of bonds for city or town officers and employees must be approved by the city or town~~
26 ~~attorney and filed and recorded in the office of the city or town clerk."~~

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28 **SECTION 5. SECTION 2-9-804, MCA, IS AMENDED TO READ:**

29 **"2-9-804. Purchase -- responsible surety.** (1) The city or town council or commissioners shall
30 purchase all surety bonds for city officers and employees.

1 (2) Bonds purchased by the city or town council or commission must be executed by responsible
2 insurance or surety companies authorized and admitted to execute surety bonds in this state or by a
3 self-insurance pool insuring cities or towns as authorized under 2-9-211."

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5 **Section 6.** Section 7-6-4005, MCA, is amended to read:

6 **"7-6-4005. Expenditures limited to appropriations.** (1) Local government officials may not make a
7 disbursement or an expenditure or incur an obligation in excess of the total appropriations for a fund.

8 (2) A local government official who violates subsection (1) is liable for the amount of the excess
9 disbursement, expenditure, or obligation personally ~~and upon the official's bond.~~

10 (3) The subsequent claims approval process may not be considered as the making of a disbursement
11 or an expenditure or as incurring an obligation and does not otherwise limit or mitigate the local government
12 official's personal liability."

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14 NEW SECTION. **Section 7. Repealer.** Section 2-9-711, MCA, is repealed.

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16 NEW SECTION. **Section 8. Effective date.** [This act] is effective on passage and approval.

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