

HOUSE BILL NO. 182

INTRODUCED BY E. ARNTZEN

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AUTHORITY TO PUBLIC SCHOOLS AND OTHER LOCAL GOVERNMENT UNITS 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, 20-9-471, and [section 3]~~ 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



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

2 (2) The term of the obligation, including an obligation for a qualified energy project, may not exceed 40
3 15 fiscal years. For the purposes of this subsection, a "qualified energy project" means a project designed to
4 reduce energy use in a school facility and from which the resulting energy cost savings are projected to meet or
5 exceed the debt service obligation for financing the project, as determined by the department of environmental
6 quality.

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

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

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

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

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

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

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

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

27
28 **NEW SECTION. Section 3. Obligations of local government units.** (1) A local government unit may
29 issue bonds or notes, without a vote of the electorate, to finance or refinance the costs of conservation measures
30 identified in an energy performance contract and pay costs of issuing the bonds or notes, subject to the following

1 conditions:

2 (a) the local government unit has entered into an energy performance contract with a qualified provider
3 in accordance with this part;

4 (b) the principal amount of a bond or note may not exceed an amount that can be repaid, with interest,
5 each fiscal year during the term of the bond or note, from guaranteed conservation-related cost savings in the
6 energy performance contract and, if the local government unit so determines, an additional amount from the
7 general fund or other available funds of the local government unit available to be pledged to the repayment of the
8 bonds or notes;

9 (c) the budget for each fiscal year in which any portion of the principal of or interest on the obligation is
10 due must provide for payment of that principal and interest; and

11 (d) the term of the bond or note may not exceed the period of time over which the qualified provider has
12 guaranteed the conservation-related cost savings or 20 years, whichever is less.

13 (2) All obligations issued under this section are legal and valid obligations of the local government unit.
14 The local government unit may not be obligated to levy taxes for the payment of the obligations or the payment
15 of any interest on the obligations. However, the principal amount of an obligation issued under this section, when
16 added to the outstanding general obligation bonded indebtedness of the local government unit, may not exceed
17 the general obligation debt limitation of the local government unit.

18 (3) The obligation must state clearly on its face that the obligation is not secured by a pledge of the local
19 government unit's taxing power but is payable from amounts in its general fund or other legally available funds
20 pledged to the repayment of the bond or note.

21 (4) The bond or note:

22 (a) may be sold at public or private negotiated sale;

23 (b) must bear interest at a fixed rate of interest or at a rate of interest that adjusts no more frequently than
24 annually;

25 (c) may be issued as amortization or serial bonds or notes; and

26 (d) may have other terms and conditions that the governing body of the local government unit determines
27 to be appropriate.

28 (5) The authority conferred on the local government unit by this section is supplemental to the powers
29 conferred by any other general or special law. To the extent that the provisions of this section are inconsistent
30 with provisions of any other general or special law, this section controls.

