

## 1 SENATE BILL NO. 376

2 INTRODUCED BY B. LAKE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING THE MATURITY DATE TIME LIMIT ON CERTAIN  
5 UNITED STATES TREASURY BILLS, NOTES, AND BONDS USED AS SECURITY FOR SCHOOL DISTRICT  
6 CONSTRUCTION BONDS; AMENDING SECTION 7-6-202, MCA; AND PROVIDING AN IMMEDIATE  
7 EFFECTIVE DATE."

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

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11 **Section 1.** Section 7-6-202, MCA, is amended to read:

12 **"7-6-202. Investment of public money in direct obligations of United States.** (1) A local governing  
13 body may invest public money not necessary for immediate use by the county, city, or town in the following  
14 eligible securities:

15 (a) United States government treasury bills, notes, and bonds and in United States treasury obligations,  
16 such as state and local government series (SLGS), separate trading of registered interest and principal of  
17 securities (STRIPS), or similar United States treasury obligations;

18 (b) United States treasury receipts in a form evidencing the holder's ownership of future interest or  
19 principal payments on specific United States treasury obligations that, in the absence of payment default by the  
20 United States, are held in a special custody account by an independent trust company in a certificate or  
21 book-entry form with the federal reserve bank of New York; or

22 (c) obligations of the following agencies of the United States, subject to the limitations in subsection (2):

23 (i) federal home loan bank;

24 (ii) federal national mortgage association;

25 (iii) federal home mortgage corporation; and

26 (iv) federal farm credit bank.

27 (2) An investment in an agency of the United States is authorized under this section if the investment  
28 is a general obligation of the agency and has a fixed or zero-coupon rate and does not have prepayments that  
29 are based on underlying assets or collateral, including but not limited to residential or commercial mortgages,  
30 farm loans, multifamily housing loans, or student loans.

1 (3) The local governing body may invest in a United States government security money market fund if:

2 (a) the fund is sold and managed by a management-type investment company or investment trust  
3 registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 through 80a-64), as may be amended;

4 (b) the fund consists only of eligible securities as described in this section;

5 (c) the use of repurchase agreements is limited to agreements that are fully collateralized by the eligible  
6 securities, as described in this section, and the investment company or investment trust takes delivery of the  
7 collateral for any repurchase agreement, either directly or through an authorized custodian;

8 (d) the fund is listed in a national financial publication under the category of "money market mutual  
9 funds", showing the fund's average maturity, yield, and asset size; and

10 (e) the fund's average maturity does not exceed 397 days.

11 (4) Except as provided in ~~subsection~~ subsections (5) and (6), an investment authorized in this part may  
12 not have a maturity date exceeding 5 years, except when the investment is used in an escrow account to refund  
13 an outstanding bond issue in advance.

14 (5) An investment of the assets of a local government group self-insurance program established pursuant  
15 to 2-9-211 or 39-71-2103 in an investment authorized in this part may not have a maturity date exceeding 10  
16 years, and the average maturity of all those authorized investments of a local government group self-insurance  
17 program may not exceed 6 years.

18 (6) An investment in zero-coupon United States government treasury bills, notes, and bonds purchased  
19 as a sinking fund investment for a balloon payment on qualified construction bonds described in 17-5-116(1) may  
20 have a maturity date exceeding 5 years if:

21 (a) the maturity date of the United States government treasury bills, notes, and bonds is on or before the  
22 date of the balloon payment; and

23 (b) the school district trustees provide written consent.

24 ~~(6)(7)~~ This section may not be construed to prevent the investment of public funds under the state unified  
25 investment program established in Title 17, chapter 6, part 2."

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27 **NEW SECTION. Section 2. Effective date.** [This act] is effective on passage and approval.

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