

## 1 SENATE BILL NO. 136

2 INTRODUCED BY LARSEN, BUTTREY, CAFERRO, FIELDER, HAGAN, HAMLETT, KEANE, MCCHESENEY,  
3 OLSON, TUTVEDT, VAN DYK, VINCENT, WITTICH

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5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE AMOUNT OF FUNDS AVAILABLE FROM THE  
6 PERMANENT COAL TAX TRUST FUND FOR THE MONTANA VETERANS' HOME LOAN MORTGAGE  
7 PROGRAM; AMENDING SECTIONS 17-6-308 AND 90-6-603, MCA; AND PROVIDING AN 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 17-6-308, MCA, is amended to read:

12 **"17-6-308. Authorized investments.** (1) Except as provided in subsections (2) through (5) and subject  
13 to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized by rules  
14 adopted by the board.

15 (2) The board may make loans from the permanent coal tax trust fund to the capital reserve account  
16 created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree  
17 in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must  
18 be on terms and conditions determined by the board and must be repaid from revenue realized from the exercise  
19 of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior  
20 pledge of the revenue to the bonds and notes.

21 (3) The board shall manage the seed capital and research and development loan portfolios created by  
22 the former Montana board of science and technology development. The board shall establish an appropriate  
23 repayment schedule for all outstanding research and development loans made to the university system. The  
24 board is the successor in interest to all agreements, contracts, loans, notes, or other instruments entered into by  
25 the Montana board of science and technology development as part of the seed capital and research and  
26 development loan portfolios, except agreements, contracts, loans, notes, or other instruments funded with coal  
27 tax permanent trust funds. The board shall administer the agreements, contracts, loans, notes, or other  
28 instruments funded with coal tax permanent trust funds. As loans made by the former Montana board of science  
29 and technology development are repaid, the board shall deposit the proceeds or loans made from the coal  
30 severance tax trust fund in the coal severance tax permanent fund until all investments are paid back with 7%

1 interest.

2 (4) The board shall allow the Montana facility finance authority to administer \$15 million of the permanent  
3 coal tax trust fund for capital projects. Until the authority makes a loan pursuant to the provisions of Title 90,  
4 chapter 7, the funds under its administration must be invested by the board pursuant to the provisions of  
5 17-6-201. As loans for capital projects made pursuant to this subsection are repaid, the principal and interest  
6 payments on the loans must be deposited in the coal severance tax permanent fund until all principal and interest  
7 have been repaid. The board and the authority shall calculate the amount of the interest charge. Individual loan  
8 amounts may not exceed 10% of the amount administered under this subsection.

9 (5) The board shall allow the board of housing to administer ~~\$15~~ \$30 million of the permanent coal tax  
10 trust fund for the purposes of the Montana veterans' home loan mortgage program provided for in Title 90,  
11 chapter 6, part 6.

12 (6) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance. The  
13 rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit  
14 corporations.

15 (7) All repayments of proceeds pursuant to subsection (3) of investments made from the coal severance  
16 tax trust fund must be deposited in the coal severance tax permanent fund."  
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18 **Section 2.** Section 90-6-603, MCA, is amended to read:

19 **"90-6-603. Veterans' home loan mortgage program created -- use of coal tax trust fund money.**

20 (1) There is a Montana veterans' home loan mortgage program under the direction and management of the board  
21 for eligible veterans who are first-time home buyers.

22 (2) The board of investments shall allow the board to administer ~~\$15~~ \$30 million of the permanent coal  
23 tax trust fund for the purpose of the program. Until the board uses money in the trust fund to purchase a mortgage  
24 loan from a participating financial institution pursuant to this part, the money under the administration of the board  
25 must remain invested by the board of investments. As a loan made pursuant to this part is repaid, the principal  
26 payments on the loan must be deposited in the trust fund until all of the principal of the loan is repaid. Interest  
27 received on the loan may be used by a participating financial institution and the board, in amounts determined  
28 by the board in accordance with 90-6-605, to pay for the origination and servicing of a loan by a participating  
29 financial institution and to pay the reasonable costs of the board for the administration of the program. After  
30 payment of associated expenses, interest received on the loan must be deposited into the trust fund.

1           (3) Interest on a home mortgage loan made pursuant to this part must be charged at 1% less than the  
2 federal national mortgage association's delivery rate or 1% lower than the lowest interest rate charged by the  
3 board for the purposes of other home loan mortgage programs administered by the board, whichever is less. If  
4 the federal national mortgage association's rate becomes unavailable, the board shall use another similar rate  
5 for the purposes of this subsection. The board may not make a direct loan to an eligible veteran."

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7           NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2013.

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