

HOUSE BILL NO. 575
INTRODUCED BY N. BALLANTYNE

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING CRITERIA FOR THE SALE AND REPAYMENT OF MONTANA TREASURE STATE SAVINGS BONDS, TO BE MODELED AFTER UNITED STATES SAVINGS BONDS, IN AN AMOUNT NOT TO EXCEED \$40 MILLION, WITH THE PROCEEDS TO BE DIVIDED IN EQUAL AMOUNTS AMONG PUBLIC EDUCATION, THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES, AND THE GENERAL FUND; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Short title.** [Sections 1 through 4] may be cited as the "Montana Treasure State Savings Bonds Act".

NEW SECTION. **Section 2. Definitions.** For the purposes of [sections 1 through 4], the following definitions apply:

- (1) "Board" means the board of examiners provided for in 2-15-1007.
- (2) "Bonds" means bonds issued pursuant to [sections 1 through 4] that are modeled after United States savings bonds and that are sold in denominations of \$25, \$50, \$75, and \$100. The bonds may not have a redemption date that exceeds 25 years.
- (3) "Debt service account" means a separate fund created within the debt service fund type established in 17-2-102.

NEW SECTION. **Section 3. Authority to issue Montana treasure state savings bonds -- amount authorized.** (1) The board may issue and sell the bonds in the manner that it considers necessary and proper.

(2) The board is authorized to sell bonds subject to the provisions of [sections 1 through 4] in an amount not to exceed \$40 million.

(3) The board may employ a fiscal agent to assist in the performance of the board's duties under [sections 1 through 4].

(4) The full faith and credit of the state must be pledged for payment of the bonds, together with all interest and premiums payable upon the redemption of the bonds.

NEW SECTION. Section 4. Use of bond proceeds. (1) Except as provided in subsections (2) and (3), all proceeds of bonds issued under the provisions of [sections 1 through 4] must be allocated as follows:

(a) one-third to fund public education;

(b) one-third to the department of public health and human services; and

(c) one-third to the general fund.

(2) Sufficient funds from the bond proceeds must be placed in the debt service account to:

(a) pay interest and principal when due on the bonds;

(b) accumulate a reserve in the amount required under subsection (2)(c); and

(c) maintain a reserve at least equal, after each interest and principal payment, to the maximum amount of interest and principal that will become due on all bonds that are outstanding in any subsequent year.

(3) The legislature shall appropriate an amount from the bond proceeds for administrative expenses, which may include advertising costs to promote the sale of the bonds.

NEW SECTION. Section 5. Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 17, part 5, and the provisions of Title 17, part 5, apply to [sections 1 through 4].

NEW SECTION. Section 6. Two-thirds vote required. Because [section 3] authorizes the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of each house of the legislature for passage.

NEW SECTION. Section 7. Effective date. [This act] is effective July 1, 2003.

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