

SENATE BILL NO. 441
INTRODUCED BY D. RYAN

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE TRUSTEES OF A SCHOOL DISTRICT TO ISSUE IMPACT AID REVENUE BONDS; DEFINING "FEDERAL IMPACT AID BASIC SUPPORT PAYMENT", "GENERAL OBLIGATION BONDS", AND "IMPACT AID REVENUE BONDS"; PLACING A LIMIT ON THE MAXIMUM AMOUNT OF IMPACT AID BONDS THAT A SCHOOL DISTRICT MAY ISSUE; PROVIDING SECURITY FOR IMPACT AID RESERVE BONDS; REQUIRING TRUSTEES TO SPECIFY IN A RESOLUTION, AN ELECTION PETITION, AND ON THE BOND ELECTION BALLOT WHETHER BONDS WILL BE GENERAL OBLIGATION OR IMPACT AID REVENUE BONDS; PROVIDING THAT IMPACT AID REVENUE BONDS MUST BE PAID SOLELY FROM FEDERAL IMPACT BASIC SUPPORT PAYMENTS RECEIVED AND DO NOT PLEDGE THE FULL FAITH AND CREDIT AND TAXING AUTHORITY OF THE SCHOOL DISTRICT; PROVIDING THAT THE TRUSTEES PROVIDE A COUNTY TREASURER WITH AN IMPACT AID REVENUE BOND DEBT SERVICE SCHEDULE AND A SEPARATE IMPACT AID REVENUE BOND DEBT SERVICE FUND AND AUTHORIZING ESTABLISHMENT OF AN IMPACT AID REVENUE BOND DEBT SERVICE RESERVE ACCOUNT; PROVIDING THAT THE GUARANTEED TAX BASE IS LIMITED TO GENERAL OBLIGATION BONDS; AMENDING SECTIONS 20-9-371, 20-9-403, 20-9-406, 20-9-408, 20-9-422, 20-9-423, 20-9-426, 20-9-427, 20-9-430, 20-9-433, 20-9-437, 20-9-438, 20-9-439, AND 20-9-440, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 20-9-371, MCA, is amended to read:

"20-9-371. Calculation and uses of school facility entitlement amount. (1) The state reimbursement for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligations on general obligation bonds that qualify under the provisions of 20-9-370(3).

(2) The state advance for school facilities for a district is determined as follows:

(a) Calculate the percentage of the district's debt service payment that will be advanced by the state using the district ANB, the district mill value and the statewide mill value for the current year, and the percentage

used to determine the proportionate share of state reimbursement for school facilities in the prior year.

(b) Multiply the percentage determined in subsection (2)(a) by the lesser of the total school facility entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligation for general obligation bonds to which the state advance applies.

(3) Within the available appropriation, the superintendent of public instruction shall first distribute to eligible districts the state advance for school facilities. From the remaining appropriation, the superintendent shall distribute to eligible districts the state reimbursement for school facilities.

(4) The trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on general obligation bonds sold in the debt service fund of the district after July 1, 1991. The trustees may apply the state advance for school facilities to reduce the levy requirement in the current school fiscal year for debt service payments on general obligation bonds to which the state advance for school facilities applies."

Section 2. Section 20-9-403, MCA, is amended to read:

"20-9-403. Bond issues for certain purposes. (1) The trustees of a school district may issue and negotiate general obligation bonds or impact aid bonds ~~on the credit~~ of the school district for the purpose of:

(a) building, altering, repairing, buying, furnishing, equipping, purchasing lands for, ~~and/or~~ or obtaining a water supply for a school, teacherage, dormitory, gymnasium, other building, or combination of ~~said~~ buildings for school purposes;

(b) buying a school bus or buses;

(c) providing the necessary money to redeem matured bonds, maturing bonds, or coupons appurtenant to bonds when there is not sufficient money to redeem them;

(d) providing the necessary money to redeem optional or redeemable bonds when it is for the best interest of the school district to issue refunding bonds; ~~or~~

(e) funding a judgment against the district, including the repayment of tax protests lost by the district; or

(f) funding a debt service reserve account that may be required for impact aid revenue bonds.

(2) ~~Any money~~ Money realized from the sale of ~~any~~ bonds issued on the credit of a high school district ~~shall may~~ not be used for any of the ~~above~~ purposes listed in subsection (1) in an elementary school district, and ~~such~~ the money may be used for any of the ~~above~~ purposes listed in subsection (1) for a junior high school but only to the extent that the 9th grade of the high school is served ~~thereby.~~"

Section 3. Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support payment. (1) (a) Except as provided in subsection (1)(d), the maximum amount for which an elementary district or a high school district may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues and registered warrants, is 45% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

(b) Except as provided in subsection (1)(d), the maximum amount for which a K-12 school district, as formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues and registered warrants, is up to 90% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

(c) The total indebtedness of the high school district with an attached elementary district is limited to the sum of 45% of the taxable value of the property for elementary school program purposes and 45% of the taxable value of the property for high school program purposes.

(d) (i) The maximum amount for which an elementary district or a high school district with a district mill value per elementary ANB or per high school ANB that is less than the corresponding statewide mill value per elementary ANB or per high school ANB may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues and registered warrants, is 45% of the corresponding statewide mill value per ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may become indebted is 45% of the sum of the statewide mill value per elementary ANB times 1,000 times the elementary ANB of the district and the statewide mill value per high school ANB times 1,000 times the high school ANB of the district.

(ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded indebtedness under this subsection (1)(d), a district may include the ANB of the district plus the number of students residing within the district for which the district or county pays tuition for attendance at a school in an adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual agreement.

(2) The maximum amounts determined in subsection (1), ~~however, may~~ do not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district or to general

obligation bonds issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the amount are void, except as provided in this section.

(3) The maximum amount of impact aid revenue bonds that an elementary district, high school district, or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal and interest on the impact aid bonds each year may not exceed 50% 35% of the total federal impact aid basic support payments of the school district for the current year.

~~(3)~~(4) When the total indebtedness of a school district has reached the limitations prescribed in this section, the school district may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this chapter.

~~(4)~~(5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the refunding bond issue is decreased accordingly.

(6) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue received by a district UNDER 20 U.S.C. 7003(B) minus the annual 7703(B), BUT EXCLUDES REVENUE RECEIVED FOR IMPACT AID special education impact aid revenue and construction funds received under 20 U.S.C. 7003(b) 7003(B) 7703(D) AND IMPACT AID CONSTRUCTION UNDER 20 U.S.C. 7707."

Section 4. Section 20-9-408, MCA, is amended to read:

"20-9-408. Definition of forms of bonds. As used in this part:

(1) "amortization bond" means that form of bond on which a part of the principal is required to be paid each time that interest becomes due and payable. The part payment of principal increases with each following installment in the same amount that the interest payment decreases, so that the combined amount payable on principal and interest is the same on each payment date. However, the payment on the initial interest payment date may be less or greater than the amount of other payments on the bond, reflecting the payment of interest only or the payment of interest for a period different from that between other interest payment dates. The final payment may vary from prior payments in amount as a result of rounding prior payments.

(2) "general obligation bonds" means bonds that pledge the full faith and credit and the taxing power of a school district;

(3) "impact aid revenue bonds" means bonds that pledge and are payable solely from federal impact aid

basic support payments received and deposited to the credit of the account established in 20-9-514; and

~~(2)~~(4) "serial bonds" means a bond issue payable in annual installments commencing not more than 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing in each installment not exceeding three times the principal amount of the bonds maturing in the immediately preceding installment."

Section 5. Section 20-9-422, MCA, is amended to read:

"20-9-422. Additional requirements for trustees' resolution calling bond election. (1) In addition to the requirements for calling an election that are prescribed in 20-20-201 and 20-20-203, the trustees' resolution calling a school district bond election must:

(a) specify whether the bonds will be general obligation bonds or impact aid revenue bonds;

~~(a)~~(b) fix the exact amount of the bonds proposed to be issued, which may be more or less than the amounts estimated in a petition;

~~(b)~~(c) fix the maximum number of years in which the proposed bonds would be paid;

~~(c)~~(d) in the case of initiation by a petition, state the essential facts about the petition and its presentation;

and

~~(d)~~(e) state the amount of the state advance for school facilities estimated, pursuant to subsection (2), to be received by the district in the first school fiscal year in which a debt service payment would be due on the proposed bonds.

(2) Prior to the adoption of the resolution calling for a school bond election for a general obligation bond, the trustees of a district may request from the superintendent of public instruction a statement of the estimated amount of state advance for school facilities that the district will receive for debt service payments on the proposed general obligation bonds in the first school fiscal year in which a debt service payment is due. The district shall provide the superintendent with an estimate of the debt service payment due in the first school fiscal year. The superintendent shall estimate the state advance for the general obligation bond issue pursuant to 20-9-371(2)."

Section 6. Section 20-9-423, MCA, is amended to read:

"20-9-423. Form, contents, and circularization of petition proposing school district bond election.

Any petition for the calling of an election on the proposition of issuing school district bonds ~~shall~~ must:

(1) specify whether the bonds will be general obligation bonds or impact aid revenue bonds;

~~(1)~~(2) plainly state each purpose of the proposed bond issue and the estimated amount of the bonds that would be issued for each purpose;

~~(2)~~(3) be signed by not less than 20% of the school district electors qualified to vote under the provisions of 20-20-301 in order to constitute a valid petition;

~~(3)~~(4) be a single petition or it may be composed of more than one petition, all being identical in form, and after being circulated and signed, they ~~shall~~ must be fastened together to form a single petition when submitted to the county registrar;

~~(4)~~(5) be circulated by any one or more qualified electors of the school district; and

~~(5)~~(6) contain an affidavit of each registered elector circulating a petition attached to the portion of the petition he circulated. ~~Such~~ The affidavit ~~shall~~ must attest to the authenticity of the signatures and that the signers knew the contents of the petition at the time of signing it."

Section 7. Section 20-9-426, MCA, is amended to read:

"20-9-426. Preparation and form of ballots for bond election. (1) The school district shall cause ballots to be prepared for all bond elections, and whenever bonds for more than one purpose are to be voted upon at the same election, separate ballots must be prepared for each purpose.

(2) For bond elections that are not held in conjunction with a school election, the ballots for absentee voting must be printed and made available at least 30 days before the bond election.

(3) All ballots must be substantially in the following form:

OFFICIAL BALLOT SCHOOL DISTRICT BOND ELECTION

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BONDS--YES" if you wish to vote for the bond issue; if you are opposed to the bond issue, make an X or similar mark in the square before the words "BONDS--NO".

Shall the board of trustees be authorized to issue and sell (state type of bonds here: general obligation or impact aid revenue) bonds of this school district in the amount of.... dollars (\$....), bearing interest at a rate not more than.... percent (....%) a year, payable semiannually, during a period not more than.... years, for the purpose.... (here state the purpose the same way as in the notice of election)?

BONDS -- YES.

BONDS -- NO."

Section 8. Section 20-9-427, MCA, is amended to read:

"20-9-427. Notice of bond election by separate purpose. (1) A school district bond election must be conducted in accordance with the school election provisions of this title, except that the election notice must be in substantially the following form:

NOTICE OF SCHOOL DISTRICT BOND ELECTION

Notice is hereby given by the trustees of School District No..... of.... County, state of Montana, that pursuant to a certain resolution adopted at a meeting of the board of trustees of the school district held on the.... day of.....,, an election of the registered electors of School District No..... of.... County, state of Montana, will be held on the.... day of.....,, at.... for the purpose of voting upon the question of whether or not the trustees may issue and sell (state here: general obligation or impact aid revenue) bonds of the school district in the amount of.... dollars (\$....), bearing interest at a rate not more than.... percent (....%) a year, payable semiannually, for the purpose of.... (here state purpose). The bonds to be issued will be payable in installments over a period not exceeding.... (state number) years.

The polls will be open from.... o'clock....m. and until.... o'clock....m. of the election day.

Dated and posted this.... day of.....,.....

.....
Presiding officer, School District No.....
of..... County
Address.....

(2) If the bonds proposed to be issued are for more than one purpose, then each purpose must be separately stated in the notice, together with the proposed amount of bonds for each purpose.

(3) The notice must specify whether the bonds will be general obligation bonds or impact aid revenue bonds."

Section 9. Section 20-9-430, MCA, is amended to read:

"20-9-430. Notice of sale of school district bonds. The trustees shall give notice of the sale of school district bonds. The notice must state the purpose for which the bonds are to be issued and the amount proposed to be issued and must be substantially in the following form:

NOTICE OF SALE OF SCHOOL DISTRICT BONDS

Notice is hereby given by the trustees of School District No..... of.... County, state of Montana, that the trustees will on the.... day of.....,, at the hour of.... o'clock....m. at...., in the school district, sell to the highest and best bidder for cash (state here: general obligation or impact aid revenue) bonds of the school district in the total

amount of.... dollars (\$....), for the purpose of....

The bonds will be issued and sold in the aggregate principal amount of.... dollars (\$....) each and will become payable according to the maturity schedule set forth below (set forth maturity schedule adopted by the school district). (If the bonds are to be issued as amortization bonds, indicate that here.)

The bonds will bear an original issue date of.....,, will pay interest commencing on the.... day of.... (month),, will be payable semiannually on the.... day of.... (month) and.... (month) in each year thereafter, and will be redeemable in full. (Here insert optional provisions, if any, to be recited on the bonds.)

The bonds will be sold for not less than \$...., with accrued interest on the principal amount of the bonds to the date of their delivery, and all bidders shall state the lowest rate of interest at which they will purchase the bonds at the price specified for the bonds. The trustees reserve the right to reject any bids and to sell the bonds at private sale.

All bids must be accompanied by (insert appropriate bid security as permitted by 18-1-202) in the sum of.... dollars (\$....) payable to the order of the district, which will be forfeited by the successful bidder in the event that the bidder refuses to purchase the bonds.

All bids should be addressed to the undersigned district.

.....
Presiding officer, School District No.....
of..... County
Address:.....

ATTEST:

Subscribed and sworn to before me this.... day of.....,; Notary Public for the State residing at...., Montana. My commission expires....."

Section 10. Section 20-9-433, MCA, is amended to read:

"20-9-433. Form and execution of school district bonds. (1) At the time of the sale of the bonds or at a meeting held after the sale, the trustees shall adopt a resolution or indenture of trust providing for the issuance of the bonds, prescribing the form of the bonds, whether amortization or serial bonds, and prescribing the manner of execution of the bonds.

(2) Each bond and coupon attached to a bond must be signed by or bear the facsimile signatures of the presiding officer of the trustees and the school district clerk, provided that one signature of a school official or the bond registrar must be a manual signature."

Section 11. Section 20-9-437, MCA, is amended to read:

"20-9-437. School district liable on bonds. (1) The full faith, credit, and taxable resources of a school district issuing general obligation bonds under the provisions of this title are pledged for the repayment of the bonds with interest according to the terms of the bonds. For the purpose of making the provisions of this part enforceable, each school district is a body corporate that may sue and be sued by or in the name of the trustees of the school district.

(2) A school district may use up to 25% of its federal impact aid funds received pursuant to 20-9-514 for repayment of general obligation bonds.

(3) Impact aid revenue bonds must be payable solely from the federal impact aid basic support payment received by the school district and deposited to the credit of the impact aid fund established in 20-9-514 and do not constitute a general obligation of the school district. The school district's taxing power is not pledged for the repayment of impact aid revenue bonds."

Section 12. Section 20-9-438, MCA, is amended to read:

"20-9-438. Preparation of general obligation debt service fund budget -- operating reserve. (1) The trustees of each school district having outstanding general obligation bonds shall include in the debt service fund of the final budget adopted in accordance with 20-9-133 an amount of money that is necessary to pay the interest and the principal amount becoming due during the ensuing school fiscal year for each series or installment of bonds, according to the terms and conditions of the bonds and the redemption plans of the trustees.

(2) The trustees shall also include in the debt service fund of the final budget:

(a) the amount of money necessary to pay the special improvement district assessments levied against the school district that become due during the ensuing school fiscal year; and

(b) a limited operating reserve for the school fiscal year following the ensuing school fiscal year as provided in subsection (3).

(3) At the end of each school fiscal year, the trustees of a school district may designate a portion of the end-of-the-year fund balance of the debt service fund to be earmarked as a limited operating reserve for the purpose of paying, whenever a cash flow shortage occurs, debt service fund warrants and bond obligations that must be paid from July 1 through November 30 of the school fiscal year following the ensuing school fiscal year. Any portion of the debt service fund end-of-the-year fund balance not earmarked for limited operating reserve purposes must be reappropriated to be used for property tax reduction as provided in 20-9-439.

(4) The county superintendent shall compare the final budgeted amount for the debt service fund with

the bond retirement and interest requirement and the special improvement district assessments for the school fiscal year just beginning as reported by the county treasurer in the statement supplied under the provisions of 20-9-121. If the county superintendent finds that the requirement stated by the county treasurer is more than the final budget amount, the county superintendent shall increase the budgeted amount for interest or principal in the debt service fund of the final budget. The amount confirmed or revised by the county superintendent is the final budget expenditure amount for the debt service fund of the school district."

Section 13. Section 20-9-439, MCA, is amended to read:

"20-9-439. Computation of net levy requirement for general obligation bonds -- procedure when levy inadequate. (1) The county superintendent shall compute the levy requirement for each school district's general obligation debt service fund on the basis of the following procedure:

(a) Determine the total money available in the debt service fund for the reduction of the property tax on the district by totaling:

(i) the end-of-the-year fund balance in the debt service fund, less any limited operating reserve as provided in 20-9-438;

(ii) anticipated interest to be earned by the investment of debt service cash in accordance with the provisions of 20-9-213(4) or by the investment of bond proceeds under the provisions of 20-9-435;

(iii) any state advance for school facilities distributed to a qualified district under the provisions of 20-9-346, 20-9-370, and 20-9-371;

(iv) funds transferred from the impact aid fund established pursuant to 20-9-514 that are authorized by 20-9-437(2) to be used to repay the district's bonds; and

(v) any other money, including money from federal sources, anticipated by the trustees to be available in the debt service fund during the ensuing school fiscal year from sources such as legally authorized money transfers into the debt service fund or from rental income, excluding any guaranteed tax base aid.

(b) Subtract the total amount available to reduce the property tax, determined in subsection (1)(a), from the final budget for the debt service fund as established in 20-9-438.

(2) The net debt service fund levy requirement determined in subsection (1)(b) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the net debt service fund levy requirement for the district, and a levy must be made by the county commissioners in accordance with 20-9-142.

(3) If the board of county commissioners fails in any school fiscal year to make a levy for any issue or

series of bonds of a school district sufficient to raise the money necessary for payment of interest and principal becoming due during the next ensuing school fiscal year, in any amounts established under the provisions of this section, the holder of any bond of the issue or series or any taxpayer of the district may apply to the district court of the county in which the school district is located for a writ of mandate to compel the board of county commissioners of the county to make a sufficient levy for payment purposes. If, upon the hearing of the application, it appears to the satisfaction of the court that the board of county commissioners of the county has failed to make a levy or has made a levy that is insufficient to raise the amount required to be raised as established in the manner provided in this section, the court shall determine the amount of the deficiency and shall issue a writ of mandate directed to and requiring the board of county commissioners, at the next meeting for the purpose of fixing tax levies for county purposes, to fix and make a levy against all taxable property in the school district that is sufficient to raise the amount of the deficiency. The levy is in addition to any levy required to be made at that time for the ensuing school fiscal year. Any costs that may be allowed or awarded the petitioner in the proceeding must be paid by the members of the board of county commissioners and may not be a charge against the school district or the county."

Section 14. Section 20-9-440, MCA, is amended to read:

"20-9-440. Payment of debt service obligations -- termination of interest. (1) The school district shall provide the county treasurer with a general obligation bond or impact aid revenue bond debt services schedule. The county treasurer shall maintain a separate debt service fund for each school district and, if bonds are to be issued as impact aid revenue bonds, a separate impact aid revenue bond debt service fund and an impact aid revenue bond debt service reserve account, if required, and shall credit all tax ~~moneys~~ money or impact aid revenue collected for debt service to ~~such~~ the appropriate fund and use the ~~moneys~~ money credited to ~~such~~ the fund for the payment of debt service obligations in accordance with the school financial administration provisions of this title.

(2) The county treasurer shall pay from the debt service fund all amounts of interest and principal on school district bonds as ~~such~~ the interest or principal becomes due when the coupons or bonds are presented and surrendered for payment and shall pay all special improvement district assessments as ~~the same~~ they become due. If the bonds are held by the state of Montana, then all payments ~~shall~~ must be remitted to the state treasurer who shall cancel the coupons or bonds and return ~~such~~ the coupons or bonds to the county treasurer with ~~his~~ the state treasurer's receipt. If the bonds are not held by the state of Montana and the interest or principal is made payable at some designated bank or financial institution, the county treasurer shall remit the amount due

for interest or principal to ~~such the~~ bank or financial institution for payment against the surrender of the canceled coupons or bonds.

(3) Whenever any school district bond or installment on school district bonds ~~shall become~~ becomes due and payable, interest ~~shall cease~~ ceases on ~~such that~~ date unless sufficient funds are available to pay ~~such the~~ bond when it is presented for payment or when payment of an installment is demanded. In either case, interest on ~~such the~~ bond or installment ~~shall continue~~ continues until payment is made.

(4) Any installment on interest and principal on bonds held by the state that is not promptly paid when due ~~shall draw~~ draws interest at an annual rate of 6% from the date due until actual payment, irrespective of the rate of interest on the bonds."

NEW SECTION. Section 15. Security for impact aid reserve bonds -- agreement of state. (1) To secure the payment of principal and interest on impact aid revenue bonds, the trustees of a school district by resolution or indenture of trust may provide that impact aid revenue bonds are secured by a first lien on the federal impact aid basic support payments received and credited to the account established in 20-9-514 and pledge to the holders of the impact aid revenue bonds all of the money in the impact aid revenue bond debt service fund.

(2) Upon receipt of the federal impact aid basic support payment, the county treasurer shall deposit in the impact aid revenue bond debt service fund the amount that is required to pay the principal of and interest on the impact aid revenue bonds coming due in the next 12-month period and to restore any deficiency in the impact aid revenue bond debt service reserve account. Excess federal impact aid basic support payment revenue must be deposited as provided in 20-9-514. The school district and county treasurer may designate a trustee for holders of the bonds to receive the school district's impact aid revenue for purposes of making the annual debt service payments on impact aid revenue bonds and may authorize the trustee to establish and maintain the impact aid revenue bond debt service fund and impact aid revenue bond debt service reserve account.

(3) Any pledge made pursuant to this section is valid and binding from the time the pledge is made, and the money pledged and received by the county treasurer on behalf of the school district to be placed in the impact aid revenue bond debt service fund account is immediately subject to the lien of the pledge without any future physical delivery or further act. A lien of any pledge is valid and binding against all parties that have claims of any kind against the school district, regardless of whether the parties have notice of the lien. The bond resolution or indenture of trust that creates the pledge, when adopted by the trustees of any district, is notice of the creation of the pledge, and those instruments are not required to be recorded in any other place to perfect the pledge.

(4) The state pledges to and agrees with the holders of impact aid revenue bonds that the state will not limit, alter, or impair the ability of a school district to qualify for impact aid revenue or in any way impair the rights and remedies of the bondholders until all bonds issued under this section, together with interest on the bonds, interest on any unpaid installments of principal or interest, and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders, are fully met and discharged. The trustees of any district, as agents for the state, may include this pledge and undertaking in resolutions and indentures authorizing and securing the bonds.

NEW SECTION. **Section 16. Codification instruction.** [Section 15] is intended to be codified as an integral part of Title 20, chapter 9, part 4, and the provisions of Title 20, chapter 9, part 4, apply to [section 15].

NEW SECTION. **Section 17. Effective date -- applicability.** [This act] is effective on passage and approval and applies to bonds authorized on or after [the effective date of this act].

- END -

