

SENATE BILL NO. 124

INTRODUCED BY E. MCCLAFFERTY, J. COHENOUR, A. CURTIS, M. DUNWELL, S. MALEK,
G. VUCKOVICH, C. WOLKEN

A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING THE TERM FOR WHICH SCHOOL DISTRICT BONDS
MAY BE ISSUED; AMENDING SECTION 20-9-410, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
DATE."

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

Section 1. Section 20-9-410, MCA, is amended to read:

"20-9-410. Limitation of term and interest -- timing for redemption. (1) ~~School~~ EXCEPT AS PROVIDED
IN SUBSECTION (2), SCHOOL district bonds may not be issued for a term longer than ~~20~~ 30 ~~20~~ years, except that
bonds issued to refund or redeem outstanding bonds may not be issued for a term longer than 10 years unless
the unexpired term of the bonds to be refunded or redeemed is in excess of 10 years, in which case the refunding
or redeeming bonds may be issued for the unexpired term. Other than refunding or redeeming bonds, all bonds
issued for a longer term than 5 years must be redeemable at the option of the school district on any interest
payment date after one-half of the term for which they were issued has expired, and the redemption option must
be stated on the face of the bonds. The interest must be as provided under 17-5-102 and must be payable
semiannually.

(2) SCHOOL DISTRICT BONDS MAY BE ISSUED FOR A TERM OF UP TO 30 YEARS IF THE RATE ON THE BONDS IS LESS
THAN OR EQUAL TO THE RATE ON BONDS ISSUED WITH A TERM OF 20 YEARS BASED ON:

(A) THE BONDS BEING SOLD TO THE UNITED STATES OR THE STATE OF MONTANA OR AN AGENCY,
INSTRUMENTALITY, OR CORPORATION OF THE UNITED STATES OR THE STATE; OR

(B) A NATIONALLY RECOGNIZED UNDERWRITER OR MUNICIPAL ADVISOR RENDERING TO THE SCHOOL DISTRICT
AN UNQUALIFIED OPINION TO THE EFFECT THAT THE AVERAGE ANNUAL INTEREST RATE ON THE BONDS OF THE SCHOOL
DISTRICT ISSUED FOR A TERM OF MORE THAN 20 YEARS AND UP TO 30 YEARS IS THE SAME OR LESS THAN THE AVERAGE
ANNUAL INTEREST RATE ON THE BONDS OF THE SCHOOL DISTRICT ISSUED FOR A TERM OF 20 YEARS.

~~(2)~~(3) For purposes of this section, the term of a bond issue commences on July 1 of the fiscal year in
which the school district first levies taxes to pay the principal and interest on the bonds."

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

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