

SENATE BILL NO. 104

INTRODUCED BY G. LAMMERS

A BILL FOR AN ACT ENTITLED: "AN ACT EXPANDING ACCESS TO LOW-COST CAPITAL FOR 501(C)(3) ENTITIES AND OTHER PUBLIC-BENEFIT FACILITIES; INCREASING THE BOND ISSUANCE CAP FOR THE MONTANA FACILITY FINANCE AUTHORITY TO \$1.5 BILLION; PROVIDING FOR A BIENNIAL INFLATIONARY ADJUSTMENT TO THE BOND ISSUANCE CAP; AMENDING SECTIONS 90-5-101, 90-7-102, 90-7-104, 90-7-225, 90-7-229, AND 90-7-302, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 90-5-101, MCA, is amended to read:

"90-5-101. Definitions. As used in this part, unless the context otherwise requires, the following definitions apply:

(1) "Agricultural enterprises" includes but is not limited to producing, warehousing, storing, fattening, treating, handling, distributing, or selling farm products or livestock.

(2) "Bonds" means bonds, refunding bonds, notes, or other obligations issued by a municipality or county under the authority of this part, including without limitation short-term bonds or notes issued in anticipation of the issuance of long-term bonds or notes.

(3) "Electric energy generation facility" means any combination of a physically connected generator or generators, associated prime movers, and other associated property and transmission facilities and upgrades and improvements of transmission facilities, including appurtenant land and improvements and personal property, that are normally operated together to produce and transfer electric power. The term includes but is not limited to generating facilities that produce and transfer electricity from coal-fired steam turbines, oil or gas turbines, wind turbines, solar power sources, fuel cells, or turbine generators that are driven by falling water.

(4) "Family services provider" means organizations, including nonprofit corporations, that provide

1 human services for children and adults, including but not limited to early care services for children, youth
2 services, health services, social services, habilitative services, rehabilitative services, preventive care, and
3 supportive services, and training, educational, and referral activities in support of human services.

4 (5) "Governing body" means the board or body in which the general legislative powers of the
5 municipality or county are vested.

6 (6) "Higher education facilities" means any real or personal properties required or useful for the
7 operation of an institution of higher education.

8 (7) "Institution of higher education" means any private, nonprofit corporation or institution within the
9 state of Montana:

10 (a) authorized to provide or operate educational facilities; and

11 (b) providing a program of education beyond the high school level.

12 (8) "Mortgage" means a mortgage or deed of trust or other security device.

13 (9) "Municipality" means any incorporated city or town in the state.

14 (10) "Project" means:

15 (a) any land, any building or other improvement, and any other real or personal property
16 considered necessary ~~in connection with~~ or related to the improvement, whether or not now in existence, that
17 must be suitable for use for commercial, manufacturing, agricultural, or industrial enterprises;

18 (b) recreation or tourist facilities;

19 (c) local, state, and federal governmental facilities;

20 (d) multifamily housing, hospitals, long-term care facilities, community-based facilities for
21 individuals who are persons with developmental disabilities as defined in 53-20-102, or medical facilities;

22 (e) higher education facilities;

23 (f) electric energy generation facilities;

24 (g) family services provider facilities;

25 (h) any facilities that are used or considered necessary to create or produce any intangible item, as
26 defined in section 197(d)(1)(C)(iii) of the Internal Revenue Code, 26 U.S.C. 197(d)(1)(C)(iii), including any
27 patent, copyright, formula, process, design, pattern, knowledge, format, or other similar intangible item;

28 (i) the production of energy using an alternative renewable energy source as defined in 15-6-225;

1 and

2 (j) a facility owned, used, or supported by an entity organized under section 501(c)(3) of the
3 Internal Revenue Code, 26 U.S.C. 501(c)(3); and

4 (k) any combination of projects in subsections (10)(a) through (10)(i) (10)(j)."

5

6 **Section 2.** Section 90-7-102, MCA, is amended to read:

7 **"90-7-102. Definitions.** As used in this chapter, unless the context requires otherwise, the following
8 definitions apply:

9 (1) "Authority" means the Montana facility finance authority created in 2-15-1815.

10 (2) "Capital reserve account" means the account established in 90-7-317.

11 (3) "Costs" means costs allowed under 90-7-103.

12 (4) "Eligible facility" means any eligible facility as defined in 90-7-104.

13 (5) (a) "Institution" means any public or private:

14 (i) nonprofit hospital, corporation, or other organization authorized to provide or operate an eligible
15 facility in this state;

16 (ii) nonprofit prerelease center, corporation, or other organization authorized to operate a
17 prerelease center in this state; or

18 (iii) for-profit or nonprofit corporation or other organization authorized to provide for or to operate a
19 project;

20 (iv) or a eligible facility with qualified small issue bond financing pursuant to section 144(a) of the
21 Internal Revenue Code, 26 U.S.C. 144(a); or

22 (v) nonprofit organized under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. 501(c)(3).

23 (b) The term also includes the following, provided that the entity is a nonprofit entity or is controlled
24 by one or more nonprofit entities:

25 (i) a network of health care providers, regardless of how it is organized;

26 (ii) an integrated health care delivery system;

27 (iii) a joint venture or partnership between or among health care providers;

28 (iv) a purchasing alliance composed of health care providers;

(v) any health insurers and third-party administrators that are participants in a system, network, joint venture, or partnership that provides health services through one or more health facilities.

(6) "Participating institution" means an institution that undertakes the financing, refunding, or refinancing of obligations on the construction or acquisition of an eligible facility pursuant to the provisions of this chapter.

(7) "Revenue" means, with respect to eligible facilities, the rents, fees, charges, interest, principal repayments, and other income received or to be received by the authority from any source on account of the eligible facilities."

Section 3. Section 90-7-104, MCA, is amended to read:

"90-7-104. Eligible facility. (1) The term "eligible facility" means any structure or building located within the United States that is suitable or qualifying for use as:

(a) a hospital, clinic, nursing home, or other health care facility as defined in 50-5-101;

(b) a public health center, as defined in 7-34-2102;

(c) a facility for persons with disabilities;

(d) a chemical dependency treatment facility;

(e) a nursing school;

(f) a medical teaching facility;

(g) a laboratory;

(h) a dental care facility;

(i) a prerelease center;

(j) a diagnostic, treatment, or surgical center;

(k) a facility providing services for the elderly;

(l) a facility owned, used, or supported by an entity organized under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. 501(c)(3);

(m) a project as defined in 90-5-101;

~~(n)~~ (n) applicable to a project or a facility with qualified small issue bond financing pursuant to section 144(a) of the Internal Revenue Code, 26 U.S.C. 144(a); or

1 ~~(m)(o)~~ a structure or facility related to any of the uses enumerated in subsections (1)(a) through ~~(1)(l)~~
2 (1)(n) or required or useful for the operation of an eligible facility. These related facilities include supporting
3 service structures and all necessary, useful, and related equipment, furnishings, and appurtenances and
4 include without limitation the acquisition, preparation, and development of all lands and real and personal
5 property necessary or convenient as a site for any of the uses enumerated in subsections (1)(a) through ~~(1)(l)~~
6 (1)(n).

7 (2) An eligible facility does not include:

8 (a) items such as food, fuel, supplies, or other items that are customarily considered as current
9 operating expenses; and

10 (b) a structure used or to be used primarily for sectarian instruction or study or as a place for
11 devotional activities or religious worship."

12
13 **Section 4.** Section 90-7-225, MCA, is amended to read:

14 **"90-7-225. Procedure prior to financing qualified small bond issue projects.** (1) In addition to
15 meeting the other requirements contained in this chapter or in state or federal law, the requirements of
16 subsections (2) through (4) must be met before financing is provided for a project described in ~~90-7-104(1)(l)~~
17 90-7-104(1)(n).

18 (2) The authority shall find that the financing is in the public interest. In order to determine whether
19 or not the financing is in the public interest, a public hearing must be conducted in the following manner:

20 (a) The city or county in which the project will be located must be notified of project information,
21 including a project description, the name of the borrower, and the approximate par value of the bonds. The city
22 and county shall, within 30 days after receipt of the notice, notify the board if it elects to conduct the hearing,
23 even if the local government is not the issuer of the bonds.

24 (b) If a request for a local hearing is not received by the authority within 30 days after the
25 notification in subsection (2)(a), the authority may hold the hearing at a time and place it determines.

26 (3) Notice of the authority's hearing must be published at least 7 calendar days prior to the date set
27 for the hearing by publication on a governmental unit website and in a newspaper of general circulation in the
28 city or county where the hearing will be held and the project will be located. The notice must include the time

1 and place of the hearing, a general description of the nature and location of the project, the name of the lessee,
2 borrower, or user of the project, and the maximum principal amount of the financing to be provided by the
3 authority.

4 (4) If the hearing required by subsection (2) is conducted by a local government, the governing
5 body of the local government shall notify the authority of its determination of whether the financing is in the
6 public interest within 14 days after the completion of the public hearing."

7
8 **Section 5.** Section 90-7-229, MCA, is amended to read:

9 **"90-7-229. Procedure prior to financing certain projects.** (1) In addition to meeting the other
10 requirements contained in this chapter or in state or federal law, the requirements of subsections (2) through (4)
11 must be met before financing is provided for a project described in ~~90-7-104(1)(l)~~ 90-7-104(1)(n).

12 (2) The authority shall find that the financing is in the public interest. In order to determine whether
13 or not the financing is in the public interest, a public hearing must be conducted in the following manner:

14 (a) the city or county in which the project will be located must be notified, and the city and county
15 shall, within 14 days after receipt of the notice, notify the board if it elects to conduct the hearing; or

16 (b) if a request for a local hearing is not received by the authority within 14 days after the
17 notification in subsection (2)(a), the authority may hold the hearing at a time and place it determines.

18 (3) Notice of the hearing must be published at least 7 calendar days prior to the date set for the
19 hearing by publication on a governmental unit website and in a newspaper of general circulation in the city or
20 county nearest to where the hearing will be held and the project will be located. The notice must include the
21 time and place of the hearing, a general description of the nature and location of the project, the name of the
22 lessee, borrower, or user of the project, and the maximum principal amount of the financing to be provided by
23 the authority.

24 (4) If the hearing required by subsection (2) is conducted by a local government, the governing
25 body of the local government shall notify the authority of its determination of whether the financing is in the
26 public interest within 14 days after the completion of the public hearing."

27
28 **Section 6.** Section 90-7-302, MCA, is amended to read:

1 **"90-7-302. Bonds and notes of authority.** (1) The authority may in each biennium borrow money
2 and issue bonds and notes in an aggregate principal amount not to exceed ~~\$500 million~~, \$1.5 billion, exclusive
3 of bonds or notes issued to refund outstanding bonds or notes. Starting July 1, 2027, and each subsequent
4 biennium, the bond issuance cap must be increased by 3% each biennium.

5 (2) Bonds must be authorized. The authority may specify that the bonds must be dated and must
6 mature, except that a bond may not mature more than 40 years from the date of its issue. Bonds must bear
7 interest at a rate or rates, be in denominations, be in the proper registered or bearer form, be executed in a
8 manner, be payable in a medium of payment and at a place or places, and be subject to terms of redemption
9 that the authority may provide.

10 (3) All bonds, regardless of form or character, are negotiable instruments for all purposes of the
11 Uniform Commercial Code, subject to requirements as to registration.

12 (4) All bonds may be sold at public or private sale in the manner, for the price or prices, and at the
13 time or times that the authority may determine.

14 (5) Before the issuance of any bonds, the authority shall make provisions, by lease or other
15 agreement, regarding the eligible facility or facilities being financed by the issue of the bonds, for rentals or
16 other considerations sufficient, in the judgment of the authority, to:

- 17 (a) pay the principal of and interest on the bonds as they become due;
18 (b) create and maintain the reserves for payment of the principal and interest;
19 (c) meet all obligations in connection with the lease or other agreement; and
20 (d) meet all costs necessary to service the bonds unless the lease or agreement provides that the
21 obligations are to be met or costs are to be paid by a party other than the authority.

22 (6) The authority, before issuing any bonds, shall certify that an applicant has submitted a
23 statement that indicates that any contract let for a public project costing more than \$25,000 and financed from
24 the proceeds of bonds issued under this part will contain a provision requiring the contractor to pay the
25 standard prevailing wage rate in effect and applicable to the district in which the work is being performed unless
26 the contractor performing the work has entered into a collective bargaining agreement covering the work to be
27 performed.

28 (7) The authority may combine, for the purposes of a single offering, bonds financing more than

1 one eligible facility under this chapter."

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3 NEW SECTION. **Section 7. Effective date.** [This act] is effective on passage and approval.

4 - END -