

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 28, 1981

The fourteenth meeting of the Committee was called to order by Chairman Pat Goodover, at 8:00 a. m. in Room 415 of the State Capitol Building.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 219: Rep. Nordtvedt, sponsor, said that for taxable year 1980 a trigger mechanism, based on state surplus, was set at \$1,250. The 1979 Legislature forgot to change the income necessary to match the return of \$1,250. Present statute says you have to file tax returns if you have \$948 income (single taxpayer) and \$1,888 (if married and having combined gross income). He said in order to save 10,000 Montanans from filing a return for 1980 and coming up with \$0 due, we are attempting to correct this law by adjusting income necessary to file a return to \$1,470 for a single taxpayer and \$2,940 for a couple filing a joint return.

Senator Towe moved that the bill be amended. It was voted unanimously to amend the language. Senator Towe made a motion that the bill be given a BE CONCURRED IN, as amended. The vote was unanimous in favor of the motion.

CONSIDERATION OF SENATE BILL 221: Sen. Van Valkenburg said this bill makes small housekeeping changes and one small substantive change. Housekeeping problems are on page 1 where time is mentioned for paying SID assessments and on lines 24 and 25 where language is stricken to make it clear that SID assessments are treated the same as any other delinquent property tax. The substantive change is in several places in the bill and involves the insertion of the word "annually or" in front of the word "semi-annually". Page 4, lines 13-17 would give the "governing body" discretion. Previously it had appeared they are only allowed to collect taxes semi-annually. With some commercial SIDs, it is an unnecessary burden to collect twice.

PROponents: Bruce MacKenzie, D. A. Davidson, said this bill lets cities or towns decide which way to collect assessments and gives them more flexibility.

Bill Verwolf, Finance Director, City of Helena, agreed with MacKenzie. He feels it is important that the law be clear so that attorneys don't have to be consulted for interpretation.

Sam Boggess, City of Billings.

Dan Mizner, Montana Association of Cities and Towns.

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There were no other proponents and no opponents, so questions from the committee were called for.

Questions elicited that before 1979 the statute was more clear about collection schedule, that people can always pay ahead, that cities or towns would probably respond favorably to persons who would ask about either semi-annual or annual payments, and that bonding companies prefer annual assessment as it is easier, but think it should be discretionary.

Senator Van Valkenburg closed by saying that he feels that legislators can make a valid assumption that elected people on the local level are sensitive to persons who come in and create SIDs. The hearing was closed on Senate Bill 221.

Senator Goodover presented a request for a committee bill from Senator Turnage that would consider "AN ACT TO PROVIDE A MECHANISM FOR THE REGISTRATION OF ALCOHOL STILLS THROUGH A PERMIT SYSTEM: TO REQUIRING OF AN ANNUAL REPORT; AND TO PROVIDE PENALTIES FOR NONCOMPLIANCE." Senator Norman moved that the Committee adopt said bill. All voted for adoption, except Senators Steve Brown and Bruce Crippen, who voted against.

RE-HEARING ON SENATE BILL 15: Senator Mazurek passed out the proposed amendment to his bill, Attachment #1, and also copies of an opinion rendered re the proposed bill from William Johnstone, Attachment #2. Senator Mazurek said his gray bill contains all the amendments to Senate Bill 15. He says it is trying to identify with original intent and delineate maximum rates allowable for municipal bonds. He went through each section of his bill explaining how the amendment tried to reach that end. He said one change he thinks should be made is that Section 15 be deleted. He said this change wasn't caught when it went back to the Council. He said a new section was added on the back page of the bill, section 18. This is the section the legal opinion (attached) speaks to. He urged quick passage of his bill.

PROPONENTS:

Chad Smith, Montana School Board Association.
Bill Verwolf, Finance Director, City of Helena.
Sam Boggess, City of Billings.
Bruce MacKenzie, Vice-President and Legal Counsel, D. A. Davidson Company.
David Saxton, Montana Education Association.
Scott Currey, Montana Association of Realtors.

There were no opponents and questions were called for from the committee.

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Senator Crippen wondered about establishing a ceiling on bond sale. Chad Smith said that the School Board Association had done much research and found there was no reasonable ceiling. If ceiling was tied to CPI or discount rate, a ceiling could impede. Discussion re smaller school districts that might not have advantages brought a question of whether they would be in a position to go a point or two higher because of their size. The answer was that all have to advertise and that there was adequate exposure in each case.

Senator Mazurek closed by saying the small school districts are going to have the ability to set a limitation they would be willing to pay in the notice of election and in the notice of sale. He didn't like the idea of imposing a ceiling.

The hearing was closed on Senate Bill 15.

CONSIDERATION OF SENATE BILL 122: Senator Hager, sponsor, said this bill would require that the first additional levy election for a school district be held at the same time as the election for trustees to save tax dollars. He went on to say that if a levy failed at the first election there would still be two more times to have an election before August 1. The bill was introduced at the request of the Yellowstone County Clerk and Recorder.

PROPOSERS: Chad Smith, Montana School Board Association. He offered for consideration an amendment designed to clarify that more than one election would be allowed. He suggested that on line 23, page 3, word "a" be stricken and in that same line "election" be changed to "elections"; further, that in line 25 the word "must" be taken out and "may" be entered. With these changes, Mr. Smith said they would support the bill.


Senator Hager stated that the intent of the bill is to have the first election at the time of the trustee election, and wasn't meant to preclude coming back. Senator Hager suggested striking words "such a" and insert word "any". After further discussion, Senator Hager withdrew his amendment proposal. The vote was taken to vote on amendment stating "any such election" on Line 25. The vote was unanimous to accept this language.

Mr. Smith reiterated that the Courts might not interpret it wasn't intended for more than one election.

Senator Towe made a motion that it be voted it was the intent of the committee that the plural be continued by this statute. The vote was in favor of the motion, except for Senator Goodover. Senator Hager moved a DO PASS, as amended, for Senate Bill 122. Bill passed unanimously.

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Special meeting was announced for 2 p. m. today. The meeting was adjourned.



Pat M. Goodover, Chairman

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 1/28/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

Date 1/28/81 Proposed SB Bill No. _____ Time _____

"A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A MECHANISM FOR THE REGISTRATION OF SLCOHOL STILLs THROUGH A PERMIT SYSTEM: TO REQJIRE FILING OF AN ANNUAL REPORT; AND TO PROVIDE FOR PENALTIES FOR NONCCPLIANC

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN	✓	
SEN. STEVE BROWN		✓
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY	✓	
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)	✓	

Betty Dean
Secretary
Motion: _____

Pat M. Goodover
Chairman

Norman made a motion as a courtesy to the President of the Senate
"I move that the committee cause this bill to be introduced as
a Committee bill."

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE TAXATION

Date January 28, 1981 Bill No. SB #122 Time _____

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY	✓	
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	✓
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓

Betty Dean
Secretary
Motion: _____

Pat M. Goodover
Chairman

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

January 28 81

19.....

MR. **PRESIDENT:**.....

TAXATION

We, your committee on.....

having had under consideration **Senate** Bill No. **122**

Respectfully report as follows: That..... **Senate** Bill No. **122**
be amended, as follows:

1. Page 3, line 23
Following: "authorized,"
Strike: "a"

2. Page 3, line 23
Following: "special"
Strike: "election"
Insert: "elections"

3. Page 3, line 25
Following: "20-20-204."
Strike: "Such a special"
Insert: "Any such"

And, as so amended,

DO PASS

H.C.

STANDING COMMITTEE REPORT

January 28

81

19.....

PRE SIDENT:

MR.

TAXATION

We, you committee on.....

having had under consideration **House** Bill No. **219**

Respectfully report as follows: That..... **House** Bill No. **219**
be amended, as follows:

1. TITLE, lines 9 and 10.
Following: "EFFECTIVE DATE"
Strike: "AND A TERMINATION DATE"
2. Page 4, line 1.
Following: "date"
Strike: "-- termination"
3. Page 4, lines 2 and 3
Following: "approval"
Strike: "and terminates at the end of taxable year 1980"

and, as so amended

DO PASS

ije

PAT M. GOODOVER

.....
Chairman.

January 28, 1981

At the regular meeting of the Taxation Committee held this date, a motion was made to adopt a proposed Senate bill entitled "A BILL FOR AN ACT ENTITLED: " AN ACT TO PROVIDE A MECHANISM FOR THE REGISTRATION OF ALCOHOL STILLS THROUGH A PERMIT SYSTEM; TO REQUIRE FILING OF AN ANNUAL REPORT; AND TO PROVIDE FOR PENALTIES FOR NONCOMPLIANCE." as a Committee bill. The motion was made by Sen. Bill Norman.

Pat M. Goodover, Chairman

1 SENATE BILL NO. 15

2 INTRODUCED BY MAZUREK

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW POLITICAL
 5 SUBDIVISIONS OF THE STATE TO SET THE INTEREST RATE FOR BONDS
 6 BY DELETING SPECIFIC MAXIMUM RATES ALLOWABLE; AMENDING
 7 SECTION SECTIONS ~~7-7-2251, 7-7-4251, 7-7-4275, 7-7-4432,~~
 8 ~~7-13-2510, 7-14-2745, 7-15-4322, 7-31-112, 7-34-2415,~~
 9 ~~17-5-102, 20-9-410, 20-9-426, 20-9-427, 20-9-430, 20-9-440,~~
 10 ~~67-11-303, AND 69-4-332, MCA; REPEALING SECTIONS 7-7-2208~~
 11 ~~AND 7-7-4207, MCA;~~ AND PROVIDING AN IMMEDIATE EFFECTIVE
 12 DATE."

13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 Refer to Introduced Bill

16 (Strike everything after the enacting clause and insert:)

17 Section 1. Section 7-7-2251, MCA, is amended to read:

18 "7-7-2251. Form of notice of sale of bonds. The notice
 19 of sale shall state the purpose or purposes for which the
 20 bonds are to be issued and the amount proposed to be issued
 21 for each purpose and shall be substantially in the following
 22 form:

23 NOTICE OF SALE OF COUNTY BONDS

24 Notice is hereby given by the board of county
 25 commissioners of County, state of Montana, that the

1 board will on the day of, 19..., at the hour of
 2m., at the office of the board in the courthouse in
 3 the (town or city) of in the said county, sell to the
 4 highest and best bidder for cash, either amortization or
 5 serial bonds of the said county in the total amount of
 6 dollars (\$.....) for the purpose of

7 Amortization bonds will be the first choice and serial
 8 bonds will be the second choice of the said board.

9 If amortization bonds are sold and issued, the entire
 10 issue may be put into one single bond or divided into
 11 several bonds, as the board may determine at the time of
 12 sale, both principal and interest to be payable in
 13 semiannual installments during a period of years from
 14 the date of issue.

15 If serial bonds are issued and sold, they will be in
 16 the amount of dollars (\$.....) each, except the last
 17 bond which will be in the amount of dollars (\$.....);
 18 the sum of dollars (\$.....) of the said serial bonds
 19 will become payable on the day of, 19..., and a
 20 like amount on the same day each year thereafter until all
 21 of such bonds are paid, except that the last installment
 22 will be in the amount of dollars (\$.....).

23 The bonds, whether amortization or serial bonds, will
 24 bear date of, 19..., and will bear interest at a rate
 25 not exceeding 6% ~~.....%~~ per annum, payable semiannually, on

1 the day of (month) and (month) in each year,
2 and will be redeemable in full (here insert the optional
3 provisions, if any, to be recited in the bonds).

4 The bonds will be sold for not less than their par
5 value with accrued interest to date of delivery, and all
6 bidders must state the lowest rate of interest at which they
7 will purchase the bonds at par. The board reserves the right
8 to reject any and all bids and to sell the bonds at private
9 sale.

10 All bids other than by or on behalf of the board of
11 investments of the state of Montana must be accompanied by a
12 certified check in the sum of dollars, (\$....), payable
13 to the order of the clerk, which will be forfeited by the
14 successful bidder in the event that he shall fail or refuse
15 to complete the purchase of the bonds in accordance with the
16 terms of his bid.

17 All bids should be addressed to the board of county
18 commissioners of said county and delivered to the county
19 clerk of said county.

20 ATTEST:

21
22 (Chairman, Board of County Commissioners)
23 of County
24 State of Montana
25

1 (Clerk of the Board of County Commissioners)
 2 of County, Montana
 3 Address, Montana"

4 Section 2. Section 7-7-4251, MCA, is amended to read:
 5 "7-7-4251. Form of notice of sale of bonds. The notice
 6 of sale shall state the purpose or purposes for which the
 7 bonds are to be issued and the amount proposed to be issued
 8 for each purpose and shall be substantially in the following
 9 form:

10 NOTICE OF SALE OF (CITY OR TOWN) BONDS

11 Notice is hereby given by the council of the (city or
 12 town) of, Montana, that the council will, on the
 13 day of, 19..., at the hour ofm., at its council
 14 chamber in the (city or town) of, Montana, sell to the
 15 highest and best bidder for cash either amortization or
 16 serial bonds of the said (city or town) in the total amount
 17 of dollars, (\$.....) for the purpose of

18 Amortization bonds will be the first choice and serial
 19 bonds will be the second choice of the council.

20 If amortization bonds are sold and issued, the entire
 21 issue may be put into one single bond or divided into
 22 several bonds as the council may determine at the time of
 23 sale, both principal and interest to be payable in
 24 semiannual installments during a period of years from
 25 the date of issue.

1 If serial bonds are issued and sold, they will be in
2 the amount of dollars (\$.....) each, except the last
3 bond which will be in the amount of dollars (\$.....);
4 the sum of dollars (\$.....) of said serial bonds will
5 become due and payable on the day of, 19..., and a
6 like amount on the same day each year thereafter until all
7 such bonds are paid, except that the last installment will
8 be in the amount of dollars (\$.....).

9 The bonds, whether amortization or serial bonds, will
10 bear date of, 19..., will bear interest at a rate not
11 exceeding 6% ~~.....%~~ per annum, payable semiannually, on the
12 day of and on the day of in each year
13 and will be redeemable (here insert the optional provisions,
14 if any, recited in the bonds).

15 Said bonds will be sold for not less than their par
16 value with accrued interest to date of delivery, and all
17 bidders must state the lowest rate of interest at which they
18 will purchase the bonds at par. The council reserves the
19 right to reject any and all bids and to sell said bonds at
20 private sale.

21 All bids other than by or on behalf of the board of
22 investments of the state of Montana must be accompanied by a
23 certified check in the sum of dollars (\$.....), payable
24 to the order of the (city or town) clerk, which will be
25 forfeited by the successful bidder in the event he shall

1 fail or refuse to complete the purchase of said bonds in
2 accordance with the terms of his bid.

3 All bids shall be addressed to the council of the (city
4 or town) of and delivered to the clerk of said (city or
5 town).

6
7 Mayor of the (city or town) of
8, Montana

9 ATTEST:

10(City or Town) Clerk"

11 Section 3. Section 7-7-4275, MCA, is amended to read:

12 "7-7-4275. Refunding of bond issue held by state by
13 exchange for amortization bonds. (1) Subject to the approval
14 of the board of investments, the council of any city or town
15 is hereby authorized to issue amortization bonds for the
16 purpose of refunding any outstanding bonds of such city or
17 town held by the state and which were not issued either as
18 amortization or serial bonds and to exchange the same for
19 such outstanding bonds.

20 (2) Such amortization bonds shall conform in all
21 respects to the definition of amortization bonds as set
22 forth in 7-7-4209 and shall bear interest at such rate as
23 may be agreed upon between the council of such city or town
24 and the board of investments, ~~but the interest shall not~~
25 ~~exceed 6% per annum pursuant to 17-5-102.~~ Such amortization

1 bonds may be issued and exchanged for such outstanding bonds
2 without submitting the question of issuing the same at an
3 election, and it shall not be necessary to publish any
4 notice of sale of such bonds.

5 (3) This section shall not be construed so as to
6 deprive city or town councils of the right to advertise,
7 sell, and issue refunding bonds in the manner provided in
8 part 43."

9 Section 4. Section 7-7-4432, MCA, is amended to read:

10 "7-7-4432. Details relating to revenue bonds. Bonds
11 authorized to be issued under this part shall bear interest
12 at such rate or rates not exceeding 9%--per--annum ~~the~~
13 limitation of 17-5-102, payable semiannually; may be in one
14 or more series; may bear such date or dates; may mature at
15 such time or times not exceeding 40 years from their
16 respective dates; may be payable in such place or places;
17 may carry such registration privileges; may be subject to
18 such terms of redemption; may be executed in such manner;
19 may contain such terms, covenants, and conditions; and may
20 be in such form, either coupon or registered, as such
21 resolution or subsequent resolutions may provide."

22 Section 5. Section 7-13-2510, MCA, is amended to read:

23 "7-13-2510. Powers of district. A television district
24 organized under this part, acting through its board of
25 trustees herein provided for, may:

1 (1) perform all the acts and take all the necessary or
2 proper steps to assure that there will be a fair, efficient,
3 and equitable distribution of television services within the
4 area in order that all persons within such service area
5 shall be supplied by means of an appropriate electrical or
6 electronic system for television program distribution, such
7 authorized system to provide such flexibility as to permit
8 radical improvements in technical quality without rendering
9 inoperative receivers therein, but discontinuance of service
10 by the district for improvements or repairs for a temporary
11 period shall not be construed as rendering inoperative;

12 (2) if necessary or proper in the furtherance of the
13 objects of this part, acquire, build, construct, repair,
14 own, maintain, and operate any necessary stations
15 transmitting simultaneous visual and aural signals intended
16 to be received by the general public, relay stations, pickup
17 stations, or any other necessary electrical or electronic
18 system;

19 (3) make contracts to compensate any owner of land or
20 other property for the use of such property for the purposes
21 of this part;

22 (4) make contracts with the United States, any state
23 or municipality, or any department or agency of those
24 entities for carrying out the general purposes for which the
25 district is formed;

1 (5) acquire, by gift, devise, bequest, lease, or
2 purchase, real and personal property, tangible or
3 intangible, including lands, rights-of-way, and easements,
4 necessary or convenient for its purposes;

5 (6) to make contracts of any lawful nature (including
6 labor contracts or those for employees' benefits) and employ
7 engineers, laboratory personnel, attorneys, other technical
8 or professional assistants, and any other assistants or
9 employees necessary to carry out the provisions of this
10 part;

11 (7) issue warrants, payable at the time stated
12 therein, to evidence the obligation to repay money borrowed
13 or any other obligation incurred by the district, warrants
14 so issued to draw interest at a rate fixed by the board,
15 payable annually or semiannually as the board may prescribe;

16 (8) contract indebtedness or borrow money for
17 corporate purposes and issue revenue bonds therefor to be
18 repaid from rates and charges, bearing interest at a rate
19 not exceeding ~~7%--per--annum~~ the limitation of 17-5-102
20 payable semiannually, the bonds not to be sold for less than
21 par and accrued interest;

22 (9) prescribe tax rates for the providing of services
23 throughout the area in accordance with the provisions of
24 this part;

25 (10) prescribe such installation or ready-to-serve

1 charges to be used for any costs connected with preparation,
2 acquisition, or construction of the system;

3 (11) apply for, accept, and be the holder of any permit
4 or license issued by or required under federal or state law;
5 and

6 (12) provide FM translator services if authorized as
7 provided in 7-13-2512."

8 Section 6. Section 7-14-2745, MCA, is amended to read:

9 "7-14-2745. Mode of payment of assessment --
10 installment payments. (1) Installment payments shall be made
11 in six equal portions, in 1, 2, 3, 4, 5, and 6 years.

12 (2) Payments shall be in the form of bonds which shall
13 draw 6% interest, not to exceed the limitations of 17-5-102,
14 per annum from the date they are issued until they are paid.

15 (3) If the mode of payment is to be by installments,
16 the board and the committee shall approve and certify the
17 assessment roll.

18 (4) The board and the assessor shall, at the time of
19 levying the assessment and in their order setting the levy,
20 declare that the sum charged against each parcel of land may
21 be paid in equal annual installments with interest upon the
22 whole sum at the rate fixed by the board of county
23 commissioners in accordance with law. The order shall
24 specify the number of installments which shall be equal to
25 the number of years for which the bonds may run.

1 (5) Each year thereafter, the treasurer shall collect
2 one of the installments, together with the interest due
3 thereon and the interest due on the installments thereafter
4 to become due.

5 (6) Provisions concerning delinquency and the sale of
6 land set forth with relation to the mode of immediate
7 payment shall be likewise applicable to installment
8 payments."

9 Section 7. Section 7-15-4322, MCA, is amended to read:

10 "7-15-4322. Details relating to urban renewal bonds.

11 (1) Bonds issued under 7-15-4301 may be issued in one or
12 more series and shall bear such date or dates, be payable
13 upon demand or mature at such time or times, bear interest
14 at such rate or rates not exceeding ~~9%-a-year~~ the limitation
15 of 17-5-102, be in such denomination or denominations, be in
16 such form (either coupon or registered), carry such
17 conversion or registration privileges, have such rank or
18 priority, be executed in such manner, be payable in such
19 medium of payment at such place or places, be subject to
20 such terms of redemption (with or without premium), be
21 secured in such manner, and have such other characteristics
22 as may be provided by the resolution, ordinance, or trust
23 indenture or mortgage authorized pursuant thereto.

24 (2) (a) The bonds may be sold at not less than 98% of
25 par at public or private sale or may be exchanged for other

1 bonds on the basis of par.

2 (b) The bonds may be sold to the federal government at
 3 private sale at not less than par, and if less than all of
 4 the authorized principal amount of the bonds is sold to the
 5 federal government, the balance may be sold at public or
 6 private sale at not less than 98% of par at an interest cost
 7 to the municipality of not to exceed the interest cost to
 8 the municipality of the portion of the bonds sold to the
 9 federal government."

10 Section 8. Section 7-31-112, MCA, is amended to read:

11 "7-31-112. Details relating to bonds. (1) The bonds to
 12 be issued upon the conditions and under the provisions
 13 aforesaid shall:

14 (a) bear the date of their issuance;

15 (b) be designated as sanitary coupon bonds of the
 16 county, city, or town issuing the same;

17 (c) be of a denomination not less than \$500 or more
 18 than \$1,000 each;

19 (d) be payable at such place in New York City or
 20 elsewhere, at the discretion of the board or council issuing
 21 the same;

22 (e) bear interest at the a rate of-6%--per--annum not
 23 exceeding the limitations of 17-5-102, payable 30 years
 24 after the date thereof, with the privilege of paying the
 25 same at any time after 5 years from such date, which

1 interest shall be payable semiannually at the place whereat
 2 the principal is payable and for which interest coupons
 3 shall be attached to said bonds.

4 (2) If said bonds and coupons are issued by any
 5 county, they shall be signed by the chairman of the board of
 6 county commissioners of such county and attested by the
 7 clerk thereof and his seal attached thereto. If the bonds
 8 and coupons are issued by any incorporated city or town, the
 9 same shall be signed by the mayor and attested to by the
 10 city or town clerk and the seal thereof attached."

11 Section 9. Section 7-34-2415, MCA, is amended to read:

12 "7-34-2415. Details of bonds. (1) The bonds may be
 13 sold at public or private sale and shall bear interest at a
 14 rate or rates not exceeding ~~10% a year~~ ~~the limitation of~~
 15 ~~17-5-102~~. The bonds may be for a 40-year period.

16 (2) Except as otherwise provided in 7-34-2411 through
 17 7-34-2418, any bonds issued pursuant to 7-34-2411 through
 18 7-34-2418 by a county shall be payable as to principal and
 19 interest solely from revenues of the county and shall state
 20 on their face the applicable limitations or restrictions
 21 regarding the source or sources from which such principal
 22 and interest are payable."

23 Section 10. Section 17-5-102, MCA, is amended to read:

24 "17-5-102. Rate of interest on bonds to be determined
 25 by governing bodies ~~---limitations-and-exceptions.~~ (1) Bonds

1 of a political subdivision shall bear interest at such rate
 2 or rates as its governing body shall determine ~~except that~~
 3 ~~no such rate shall exceed 7% except revenue bonds issued~~
 4 ~~under the terms of Title 7, chapter 7, parts 44 and 45,~~
 5 ~~Title 7, chapter 13, part 43, and 90-5-101 through 96-5-113,~~
 6 ~~which rate shall not exceed 9%.~~

7 (2) The provisions of this section establish the rate
 8 of interest on bonds of political subdivisions as defined in
 9 17-5-101 and expressly supersede any other statutory
 10 limitation on the rate of interest to be borne by bonds of
 11 political subdivisions."

12 Section 11. Section 20-9-410, MCA, is amended to read:

13 "20-9-410. Limitation of term and interest -- timing
 14 for redemption. School district bonds shall not be issued
 15 for a term longer than 20 years, except that bonds issued to
 16 refund or redeem outstanding bonds shall not be issued for a
 17 term longer than 10 years unless the unexpired term of the
 18 bonds to be refunded or redeemed is in excess of 10 years,
 19 in which case the refunding or redeeming bonds may be issued
 20 for such unexpired term. All bonds issued for a longer term
 21 than 5 years shall be redeemable at the option of the school
 22 district on any interest payment date after one-half of the
 23 term for which they were issued has expired, and it shall be
 24 so stated on the face of the bonds. The interest shall not
 25 exceed ~~7% per annum~~ the limitation of 17-5-102 and shall be

1 payable semiannually."

2 Section 12. Section 20-9-426, MCA, is amended to read:

3 "20-9-426. Preparation and form of ballots for bond
4 election. The school district shall cause ballots to be
5 prepared for all bond elections, and whenever bonds for more
6 than one purpose are to be voted upon at the same election,
7 separate ballots shall be prepared for each purpose. All
8 such ballots shall be substantially in the following form:

9 OFFICIAL BALLOT

10 SCHOOL DISTRICT BOND ELECTION

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

16 Shall the board of trustees be authorized to issue and
17 sell bonds of this school district in the amount of
18 dollars (\$....), bearing interest at a rate not more than
19 ~~seven--percent--(7%)~~percent (.....%) per annum, payable
20 semiannually, during a period not more than years, for
21 the purpose (here state the purpose the same way as in
22 the notice of election)?

23 BONDS -- YES.

24 BONDS -- NO."

25 Section 13. Section 20-9-427, MCA, is amended to read:

1 "20-9-427. Notice of bond election by separate
 2 purpose. (1) Any school district bond election shall be
 3 conducted in accordance with the school election provisions
 4 of this title, except that the election notice required
 5 therein shall be in substantially the following form:

6 NOTICE OF SCHOOL DISTRICT BOND ELECTION

7 Notice is hereby given by the trustees of School
 8 District No. of County, state of Montana, that
 9 pursuant to a certain resolution duly adopted at a meeting
 10 of the board of trustees of said school district held on the
 11 day of, A.D., 19..., an election of the registered
 12 electors of School District No. of County, state
 13 of Montana, will be held on the day of, A.D.,
 14 19..., at for the purpose of voting upon the question of
 15 whether or not the trustees shall be authorized to issue and
 16 sell bonds of said school district in the amount of
 17 dollars (\$....), bearing interest at a rate not more than
 18 ~~seven-percent-(7%)~~ ~~....percent_(....%)~~ per annum, payable
 19 semiannually, for the purpose of (here state purpose).
 20 The bonds to be issued will be either amortization or serial
 21 bonds, and amortization bonds will be the first choice of
 22 the board of trustees. The bonds to be issued, whether
 23 amortization or serial bonds, will be payable in
 24 installments over a period not exceeding (state number)
 25 years.

1 The polls will be open from o'clockm. and
2 until o'clockm. of the said day.

3 Dated and posted this day of, A.D., 19...

4

5 Chairman, School District No.....

6 of County

7 Address.....

8 (2) If the bonds proposed to be issued are for more
9 than one purpose, then each purpose shall be separately
10 stated in the notice, together with the proposed amount of
11 bonds therefor."

12 Section 14. Section 20-9-430, MCA, is amended to read:

13 "20-9-430. Notice of sale of school district bonds.

14 The trustees shall cause the notice of the sale of the bonds
15 to be given. The notice shall state the purpose for which
16 the bonds are to be issued and the amount proposed to be
17 issued and shall be substantially in the following form:

18 NOTICE OF SALE OF SCHOOL DISTRICT BONDS

19 Notice is hereby given by the trustees of School
20 District No. of County, state of Montana, that the
21 trustees will on the day of, 19.., at the hour of
22 o'clockm. at, in the school district, sell to
23 the highest and best bidder for cash either amortization or
24 serial bonds of the school district in the total amount of
25 dollars (\$.....), for the purpose of

1 Amortization bonds will be the first choice and serial
2 bonds will be the second choice of the trustees.

3 If amortization bonds are sold and issued, the entire
4 issue may be put into one single bond or divided into
5 several bonds, as the trustees may determine upon at the
6 time of sale, both principal and interest to be payable in
7 semiannual installments during a period of years from
8 the date of issue.

9 If serial bonds are issued and sold, they will be in
10 the amount of dollars (\$....) each, the sum of
11 dollars (\$....) of the serial bonds will become payable on
12 the day of, 19..., and the sum of dollars
13 (\$....) will become payable on the same day each year
14 thereafter until all of the bonds are paid.

15 The bonds, whether amortization or serial bonds, will
16 bear date of, 19..., and will bear interest at a rate
17 not exceeding 7% ~~.....%~~ per annum, payable semiannually, on
18 the day of (month) and (month) in each year,
19 and will be redeemable in full. (Here insert optional
20 provisions, if any, to be recited on the bonds.)

21 The bonds will be sold for not less than their par
22 value with accrued interest, and all bidders must state the
23 lowest rate of interest at which they will purchase the
24 bonds at par. The bonds shall be sold in open competition
25 bidding, by written bids, or by sealed bids. The trustees

1 reserve the right to reject any and all bids and to sell the
2 bonds at private sale.

3 All bids other than by or on behalf of the state board
4 of land commissioners must be accompanied by money, a
5 certified check, cashier's check, bank money order, or bank
6 draft drawn and issued by a national banking association
7 located in Montana or by any banking corporation
8 incorporated under the laws of Montana, in the sum of
9 dollars (\$....) payable to the order of the district, which
10 will be forfeited by the successful bidder in the event that
11 he shall refuse to purchase the bonds.

12 All bids should be addressed to the undersigned
13 district.

14
15 Chairman, School District No. ...
16 of County
17 Address:

18 ATTEST: Subscribed and sworn to before me this day of
19, 19....; Notary Public for the State
20 Residing at, Montana. My Commission expires"

21 Section 15. Section 20-9-440, MCA, is amended to read:
22 "20-9-440. Payment of debt service obligations --
23 termination of interest. (1) The county treasurer shall
24 maintain a separate debt service fund for each school
25 district and shall credit all tax moneys collected for debt

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1 service to such fund and use the moneys credited to such
2 fund for the payment of debt service obligations in
3 accordance with the school financial administration
4 provisions of this title.

5 (2) The county treasurer shall pay from the debt
6 service fund all amounts of interest and principal on school
7 district bonds as such interest or principal becomes due
8 when the coupons or bonds are presented and surrendered for
9 payment and shall pay all special improvement district
10 assessments as the same become due. If the bonds are held by
11 the state of Montana, then all payments shall be remitted to
12 the state treasurer who shall cancel the coupons or bonds
13 and return such coupons or bonds to the county treasurer
14 with his receipt. If the bonds are not held by the state of
15 Montana and the interest or principal is made payable at
16 some designated bank or financial institution, the county
17 treasurer shall remit the amount due for interest or
18 principal to such bank or financial institution for payment
19 against the surrender of the canceled coupons or bonds.

20 (3) Whenever any school district bond or installment
21 on school district bonds shall become due and payable,
22 interest shall cease on such date unless sufficient funds
23 are available to pay such bond when it is presented for
24 payment or when payment of an installment is demanded. In
25 either case, interest on such bond or installment shall

1 continue until payment is made.

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

7 Section 16. Section 67-11-303, MCA, is amended to
 8 read:

9 "67-11-303. Bonds and obligations. (1) An authority
 10 may borrow money for any of its corporate purposes and issue
 11 its bonds therefor, including refunding bonds, in such form
 12 and upon such terms as it may determine, payable out of any
 13 revenues of the authority, including revenues derived from:

14 (a) an airport or air navigation facility or
 15 facilities;

16 (b) taxes levied pursuant to 67-11-301 or other law
 17 for airport purposes;

18 (c) grants or contributions from the federal
 19 government; or

20 (d) other sources.

21 (2) The bonds may be issued by resolution of the
 22 authority, without an election and without any limitation of
 23 amount, except that no such bonds may be issued at any time
 24 if the total amount of principal and interest to become due
 25 in any year on such bonds and on any then outstanding bonds

1 for which revenues from the same source or sources are
2 pledged exceeds the amount of such revenues to be received
3 in that year as estimated in the resolution authorizing the
4 issuance of the bonds. The authority shall take all action
5 necessary and possible to impose, maintain, and collect
6 rates, charges, rentals, and taxes, if any are pledged,
7 sufficient to make the revenues from the pledged source in
8 such year at least equal to the amount of such principal and
9 interest due in that year.

10 (3) The bonds may be sold at public or private sale
11 and may bear interest at a rate not exceeding ~~10%-5-year~~ the
12 limitation of 17-5-102. Except as otherwise provided
13 herein, any bonds issued pursuant to this chapter by an
14 authority may be payable as to principal and interest solely
15 from revenues of the authority and shall state on their face
16 the applicable limitations or restrictions regarding the
17 source from which such principal and interest are payable.

18 (4) Bonds issued by an authority or municipality
19 pursuant to the provisions of this chapter are declared to
20 be issued for an essential public and governmental purpose
21 by a political subdivision within the meaning of
22 15-30-111(2)(a).

23 (5) For the security of any such bonds, the authority
24 or municipality may by resolution make and enter into any
25 covenant, agreement, or indenture and may exercise any

1 additional powers authorized to be exercised by a
2 municipality under Title 7, chapter 7, parts 44 and 45. The
3 sums required from time to time to pay principal and
4 interest and to create and maintain a reserve for the bonds
5 may be paid from any revenues referred to in this chapter,
6 prior to the payment of current costs of operation and
7 maintenance of the facilities.

8 (6) Subject to the conditions stated in this
9 subsection (6), the governing body of any municipality
10 having a population in excess of 10,000, with respect to
11 bonds issued pursuant to this chapter by the municipality or
12 by an authority in which the municipality is included, may
13 by resolution covenant that in the event that at any time
14 all revenues, including taxes, appropriated and collected
15 for such bonds are insufficient to pay principal or interest
16 then due, it will levy a general tax upon all of the taxable
17 property in the municipality for the payment of such
18 deficiency; and may further covenant that at any time a
19 deficiency is likely to occur within 1 year for the payment
20 of principal and interest due on such bonds, it will levy a
21 general tax upon all the taxable property in the
22 municipality for the payment of such deficiency, and such
23 taxes are not subject to any limitation of rate or amount
24 applicable to other municipal taxes but are limited to a
25 rate estimated to be sufficient to produce the amount of the

1 deficiency. In the event more than one municipality having a
2 population in excess of 10,000 is included in an authority
3 issuing bonds pursuant to this chapter, the municipalities
4 may apportion the obligation to levy taxes for the payment
5 of, or in anticipation of, a deficiency in the revenues
6 appropriated for such bonds in such manner as the
7 municipalities may determine. The resolution shall state the
8 principal amount and purpose of the bonds and the substance
9 of the covenant respecting deficiencies. No such resolution
10 becomes effective until the question of its approval has
11 been submitted to the qualified electors of the municipality
12 at a special election called for that purpose by the
13 governing body of the municipality and a majority of the
14 electors voting on the question have voted in favor thereof.
15 The notice and conduct of the election is governed, to the
16 extent applicable, by [7-7-4227 through 7-7-4234] for an
17 election called by cities and towns, and [7-7-2229 through
18 7-7-2236] for an election called by counties. If a majority
19 of the electors voting thereon vote against approval of the
20 resolution, the municipality has no authority to make the
21 covenant or to levy a tax for the payment of deficiencies
22 pursuant to this section, but such municipality or authority
23 may nevertheless issue bonds under this chapter payable
24 solely from the sources referred to in subsection (1)
25 above."

1 Section 17. Section 69-4-332, MCA, is amended to read:

2 "69-4-332. Issuance of bonds. (1) After the expiration
3 of 30 days from the date of the adoption of the ordinance
4 levying the assessments, the governing body may issue
5 negotiable, interest-bearing bonds in a principal amount not
6 exceeding the unpaid balance of the assessments levied.
7 Whenever any ordinance authorizing the issuance of any bonds
8 pursuant to the improvement contemplated shall have been
9 adopted, such ordinance shall be published once in a
10 newspaper in which the original notice of hearing was
11 published.

12 (2) The bonds shall bear interest at a rate not
13 exceeding ~~8%-per-annum~~ the limitations of 17-5-102, payable
14 as specified by the governing body over a period not
15 exceeding 20 years. The bonds shall be of such form and
16 denomination and shall be payable in principal and interest
17 at such times and place and shall be sold, authorized, and
18 issued in such manner as the governing body may determine.
19 The bonds shall be dated no earlier than the date on which
20 the special assessment shall begin to bear interest and
21 shall be secured by and payable from the levy and collection
22 of the special assessments in anticipation of the collection
23 of which they are issued. Any premium received on the sale
24 of the bonds may be applied as other bond proceeds, or if
25 not so applied, the same shall be placed in the fund for the

1 payment of principal of and interest on the bonds.

2 (3) The bonds shall be signed by a member of the
3 governing body designated by the governing body and shall be
4 countersigned by the appropriate treasurer, with the
5 corporate seal thereto affixed as appropriate, and attested
6 to by the clerk of the governing body. Interest may be
7 evidenced by interest coupons attached to such bonds and
8 signed by a facsimile signature of one of the individuals
9 who signed the bond."

10 NEW SECTION. Section 18. Effect on bonds previously
11 authorized. If prior to [the effective date of this act] a
12 political subdivision was authorized to issue bonds pursuant
13 to a law that limited the rate of interest on the bonds, it
14 may issue all of the bonds so authorized under the
15 provisions of 17-5-102 even if the rate of interest on the
16 bonds exceeds the maximum rate permissible prior to [the
17 effective date of this act].

18 Section 19. Codification instruction. Section 18 is
19 intended to be codified as an integral part of Title 17,
20 chapter 5, part 1.

21 Section 20. Repealer. Sections 7-7-2208 and 7-7-4207,
22 MCA, are repealed.

23 Section 21. Effective date. This act is effective on
24 passage and approval.

-End-