

1 *Zhaus* BILL NO. 96
 2 INTRODUCED BY *Dawinger Gardner*
 3 *Boston Manual*
 4 *By request of the Dept. of Revenue*
 5 BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS
 6 11-2303 AND 16-2010, R.C.M. 1947, TO AUTHORIZE CITY AND TOWN
 7 AND COUNTY BOND ISSUES IN EXCESS OF THE LIMITATION ON
 8 INDEBTEDNESS WHERE MAJOR INDUSTRIAL FACILITIES ARE UNDER
 9 CONSTRUCTION OR ABOUT TO BE CONSTRUCTED."

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

11 Section 1. Section 11-2303, R.C.M. 1947, is amended to
12 read as follows:

13 "11-2303. Limitation on amount of indebtedness.

14 (1) No city or town shall issue bonds for any purpose in an
 15 amount which, with all outstanding and unpaid indebtedness,
 16 will exceed five per--centum percent (5%) of the assessed
 17 value of the taxable property therein, to be ascertained by
 18 the last assessment for state and county taxes; provided,
 19 however, that for the purpose of constructing a sewerage
 20 system, or procuring a water supply or constructing or
 21 acquiring a water system for a city or town, which shall own
 22 and control such water supply and water system and devote
 23 the revenues therefrom to the payment of the debt, a city or
 24 town may incur an additional indebtedness by borrowing money
 25 or issuing bonds. The additional indebtedness which may be

1 incurred by borrowing money or issuing bonds for the
 2 construction of a sewerage system, or for the procurement of
 3 a water supply, or for both such purposes, including all
 4 indebtedness theretofore contracted, which is unpaid or
 5 outstanding, shall not in the aggregate exceed ten per
 6 centum percent (10%) over and above the five per--centum
 7 percent (5%) heretofore referred to, of the total value of
 8 the taxable property therein as ascertained by the last
 9 assessment for state and county taxes. The limitations
 10 prescribed herein shall apply except as provided in
 11 subsection (2) of this section.

12 (2) In the case of a city or town within the corporate
 13 limits of which a new major industrial facility which seeks
 14 to qualify for taxation as Class Seven property under
 15 section 84-301, R.C.M. 1947, is being constructed or is
 16 about to be constructed, the city or town may require as a
 17 precondition of the new major industrial facility qualifying
 18 as Class Seven property, that the owners of the proposed
 19 industrial facility enter into an agreement with the city or
 20 town concerning the issuing of bonds in excess of the
 21 limitations prescribed in subsection (1). Under such an
 22 agreement, the city or town may, with the approval of the
 23 voters, issue bonds which exceed the limitation prescribed
 24 in subsection (1) by a maximum of five percent (5%) of the
 25 estimated assessed value of the taxable property of the new

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1 major industrial facility at the time of its completion.
 2 The estimated assessed value of the taxable property of the
 3 new major industrial facility shall be computed by the
 4 department of revenue upon request by resolution of the city
 5 or town council, and a copy of the department's statement of
 6 estimated assessed value shall be printed on each ballot
 7 used to vote on a bond issue proposed under this subsection.

8 Pursuant to the agreement between the owners of the new
 9 major industrial facility and the city or town, and as a
 10 precondition to qualifying as Class Seven property, the new
 11 major industrial facility and its owners shall, in addition
 12 to such taxes as may be imposed by the city or town on
 13 property owners generally, pay so much of the principal and
 14 interest on the bonds provided for under this subsection as
 15 shall represent payment on an indebtedness in excess of the
 16 limitation prescribed in subsection (1). After completion
 17 of the new major industrial facility and when the
 18 indebtedness of the city or town no longer exceeds the
 19 limitation prescribed in subsection (1), the new major
 20 industrial facility shall be entitled, after all the current
 21 indebtedness of the city or town has been paid, to a tax
 22 credit over a period of no more than twenty (20) years which
 23 credit shall, as a total amount, be equal to the amount by
 24 which the facility paid the principal and interest of the
 25 city or town bonds in excess of its general liability as a

1 taxpayer.

2 A major industrial facility is, for the purpose of this
 3 section, defined to be one which causes a significant impact
 4 upon the ability of a city or town to provide services to
 5 its inhabitants. A significant impact is measured as an
 6 increase over the period of one year of twenty-five percent
 7 (25%) in the assessed value of the taxable property in the
 8 city or town.

9 (3) The issuing of bonds for the purpose of funding or
 10 refunding outstanding warrants or bonds shall not be deemed
 11 the incurring of a new or additional indebtedness, but shall
 12 be deemed merely the changing of the evidence of outstanding
 13 indebtedness."

14 Section 2. Section 16-2010, R.C.M. 1947, is amended to
 15 read as follows:

16 "16-2010. Limitation on amount of bonds--issuance in
 17 excess of limitations void. (1) No county shall issue bonds
 18 for any purpose which, with all outstanding bonds and
 19 warrants, except county high school bonds and emergency
 20 bonds, will exceed two and one-half ~~per-centum~~ percent (2
 21 1/2%) of the value of the taxable property therein, to be
 22 ascertained by the last assessment for state and county
 23 taxes previous to the issuance of such bonds; provided,
 24 however, that a county may issue bonds which, with all
 25 outstanding bonds and warrants will exceed two and one-half

1 ~~per-centum percent~~ percent (2 1/2%), but will not exceed five ~~per~~
 2 ~~centum percent~~ (5%) of the value of such taxable property,
 3 when necessary to do so for the purpose of acquiring land
 4 for a site for county high school buildings and for erecting
 5 or acquiring buildings thereon and furnishing and equipping
 6 the same for county high school purposes, ~~provided, however,~~
 7 ~~that this act shall not be construed to extend limitations~~
 8 ~~on bonded indebtedness for county high school purposes, as~~
 9 ~~fixed by section 75-4114, and acts amendatory thereof, and~~
 10 ~~further provided, that the foregoing limitations shall not~~
 11 ~~apply to refunding bonds issued for the purpose of paying or~~
 12 ~~retiring county bonds lawfully issued prior to January 1,~~
 13 ~~1932.~~ The limitations prescribed herein shall apply except
 14 as provided in subsection (2).

15 (2) In the case of a county in which a new major
 16 industrial facility which seeks to qualify for taxation as
 17 Class Seven property under section 84-301, R.C.M. 1947, is
 18 being constructed or is about to be constructed, the county
 19 may require as a precondition of the new major industrial
 20 facility qualifying as Class Seven property, that the owners
 21 of the proposed industrial facility enter into an agreement
 22 with the county concerning the issuing of bonds in excess of
 23 the limitations prescribed in subsection (1). Under such an
 24 agreement, the county may, with the approval of the voters,
 25 issue bonds which exceed the limitation prescribed in

1 subsection (1) by a maximum of two and one-half percent (2
 2 1/2%) of the estimated assessed value of the taxable
 3 property of the new major industrial facility shall be
 4 computed by the department of revenue upon request by
 5 resolution of the county commissioners, and a copy of the
 6 department's statement of estimated assessed value shall be
 7 printed on each ballot used to vote on a bond issue proposed
 8 under this subsection.

9 Pursuant to the agreement between the owner of the new
 10 major industrial facility and the county, and as a
 11 precondition to qualifying as Class Seven property, the new
 12 major industrial facility and its owners shall, in addition
 13 to such taxes as may be imposed by the county on property
 14 owners generally, pay so much of the principal and interest
 15 on the bonds provided for under this subsection as shall
 16 represent payment on an indebtedness in excess of the
 17 limitation prescribed in subsection (1).

18 After completion of the new major industrial facility
 19 and when the indebtedness of the county no longer exceeds
 20 the limitation prescribed in subsection (1), the new major
 21 industrial facility shall be entitled, after all the current
 22 indebtedness of the county has been paid, to a tax credit
 23 over a period of no more than twenty (20) years which credit
 24 shall, as a total amount, be equal to the amount by which
 25 the facility paid the principal and interest of the county

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1 bonds in excess of the facility's general liability as a
2 taxpayer.

3 A major industrial facility is, for the purpose of this
4 section, defined to be one which causes a significant impact
5 upon the ability of a county to provide services to its
6 citizens. A significant impact is measured as an increase
7 over the period of one year of ten percent (10%) in the
8 assessed value of all taxable property in the county.

9 (3) The issuing of bonds for the purpose of funding or
10 refunding outstanding warrants or bonds shall not be deemed
11 the incurring of a new or additional indebtedness, but shall
12 be deemed merely a changing of the evidence of outstanding
13 indebtedness.

14 (4) All bonds issued by any county in excess of the
15 limitations herein fixed shall be null and void."

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