House BILL NO. 538

INTRODUCED BY Inman Guthrie Wood TEAGUE Travis

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 75-7104, 75-7127, AND 75-7129, R.C.M. 1947, TO PROVIDE THAT THE FIVE PERCENT (5%) DEBT LIMIT ON THE ISSUANCE OF SCHOOL DISTRICT BONDS SHALL NOT PERTAIN TO SPECIAL IMPROVEMENT DISTRICT OBLIGATIONS AND TO PROVIDE FOR PAYMENT OF SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS BY SCHOOL DISTRICTS FROM THE DEBT SERVICE FUND OF THE SCHOOL DISTRICT RATHER THAN FROM THE GENERAL FUND OF THE SCHOOL DISTRICT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 75-7104, R.C.M. 1947, is amended to read as follows:

"75-7104. Limitations on amount of bond issue. (1) The maximum amount for which each school district shall become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is five percent (5%) of the assessed value of the taxable property therein as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The five percent (5%) maximum, however, shall

not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district. All bonds issued in excess of such amount shall be null and void, except as provided in subsection (2).

When the total indebtedness of a school district has reached the five percent (5%) limitation prescribed in this section, such school district shall have the power and authority to pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this title.

Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the debt service fund for the payment of the bonds to be refunded shall be applied towards the payment of such bonds and the refunding bond issue shall be decreased accordingly.

(2) In the case of a school district within which a new major industrial facility which seeks to qualify for taxation as class seven (7) property under section 84-301, R.C.M. 1947, is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class seven (7) property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the five percent (5%) limitation prescribed in subsection one

(1). Under such an agreement, the school district may, with the approval of the voters, issue bonds which exceed the limitation prescribed in subsection one (1) by a maximum of five percent (5%) of the estimated assessed value of the taxable property of the new major industrial facility when completed. The estimated assessed value of the taxable property of the new major industrial facility shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district, and copy of the department's statement of estimated assessed value shall be printed on each ballot used to vote on a bond issue proposed under this subsection.

Pursuant to the agreement between the new major industrial facility and the school district, and as a precondition to qualifying as class seven (7) property, the new major industrial facility and its owners shall, in addition to such taxes as may be imposed by the school district on property owners generally pay so much of the principal and interests on the bonds provided for under this subsection as shall represent payment on an indebtedness in excess of the limitation prescribed in subsection one (1). After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in subsection one (1), the new major industrial facility shall be entitled, after all

the current indebtedness of the school district has been paid, to a tax credit over a period of no more than twenty (20) years which credit shall, as a total amount, be equal to the amount by which the facility paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within the district.

A major industrial facility is a facility, subject to the taxing power of the school district, whose construction or operation will increase the population of the district so as to impose a significant burden upon the resources of the district and to require construction of new school facilities. A significant burden is an increase in ANB of at least twenty percent (20%) in a single year."

Section 2. Section 75-7127, R.C.M. 1947, is amended to read as follows:

"75-7127. Preparation of debt service fund budget. The trustees of each school district having outstanding bonds shall include in the debt service fund of the preliminary budget adopted in accordance with section 75-6707 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 such bonds and the redemption plans of the trustees. The trustees shall also include in the debt service fund of the preliminary budget the amount of money necessary to pay the special improvement district assessments levied against the school district which become due during the ensuing school fiscal year. The county superintendent shall compare the preliminary 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 his statement supplied under the provisions of section 75-6710. If the county superintendent finds that the requirement stated by the county treasurer is more than the preliminary budget amount, the county superintendent shall increase the budgeted amount for interest or principal in the debt service fund of the preliminary budget. The amount confirmed or revised by the county superintendent shall be the final budget expenditure amount for the debt service fund of such school district."

Section 3. Section 75-7129, R.C.M. 1947, is amended to read as follows:

"75-7129. Payment of debt service obligations by county treasurer and termination of interest. The county treasurer shall maintain a separate debt service fund for each school district, and shall credit all tax moneys collected for debt service to such fund and use the moneys credited to such fund for the payment of debt service

obligations in accordance with the school financial administration provisions of this Title.

The county treasurer shall pay from the debt service fund all amounts of interest and principal on school district bonds as such 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 become due. If the bonds are held by the state of Montana, then all payments shall be remitted to the state treasurer who shall cancel the coupons or bonds and return such coupons or bonds to the county treasurer with his 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 bank or financial institution for payment against the surrender of the canceled coupons or bonds.

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

Any installment on interest and principal on bonds held

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by the state, that is not promptly paid when due, shall draw interest at an annual rate of six per cent (6%) from the date due until actual payment, irrespective of the rate of interest on the bonds."

Section 4. This act is effective on passage and approval.

-End-

Approved by Committee
on Education

HOUSE BILL NO. 538

INTRODUCED BY MERCER, GUTHRIE, WOOD

TEAGUE, TRAVIS

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 75-7104, 75-7127, AND 75-7129, R.C.M. 1947, TO PROVIDE THAT THE FIVE PERCENT (5%) DEBT LIMIT ON THE ISSUANCE OF SCHOOL DISTRICT BONDS SHALL NOT PERTAIN TO SPECIAL IMPROVEMENT DISTRICT OBLIGATIONS; ~~AND~~ TO PROVIDE FOR PAYMENT OF SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS BY SCHOOL DISTRICTS FROM THE DEBT SERVICE FUND OF THE SCHOOL DISTRICT RATHER THAN FROM THE GENERAL FUND OF THE SCHOOL DISTRICT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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indebtedness. The five percent (5%) maximum, however, shall not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district. All bonds issued in excess of such amount shall be null and void, except as provided in subsection (2).

When the total indebtedness of a school district has reached the five percent (5%) limitation prescribed in this section, such school district shall have the power and authority to pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this title.

Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the debt service fund for the payment of the bonds to be refunded shall be applied towards the payment of such bonds and the refunding bond issue shall be decreased accordingly.

(2) In the case of a school district within which a new major industrial facility which seeks to qualify for taxation as class seven (7) property under section 84-301, R.C.M. 1947, is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class seven (7) property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the

five percent (5%) limitation prescribed in subsection one (1). Under such an agreement, the school district may, with the approval of the voters, issue bonds which exceed the limitation prescribed in subsection one (1) by a maximum of five percent (5%) of the estimated assessed value of the taxable property of the new major industrial facility when completed. The estimated assessed value of the taxable property of the new major industrial facility shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district, and copy of the department's statement of estimated assessed value shall be printed on each ballot used to vote on a bond issue proposed under this subsection.

Pursuant to the agreement between the new major industrial facility and the school district, and as a precondition to qualifying as class seven (7) property, the new major industrial facility and its owners shall, in addition to such taxes as may be imposed by the school district on property owners generally pay so much of the principal and interests on the bonds provided for under this subsection as shall represent payment on an indebtedness in excess of the limitation prescribed in subsection one (1). After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in subsection one (1), the

new major industrial facility shall be entitled, after all the current indebtedness of the school district has been paid, to a tax credit over a period of no more than twenty (20) years which credit shall, as a total amount, be equal to the amount by which the facility paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within the district.

A major industrial facility is a facility, subject to the taxing power of the school district, whose construction or operation will increase the population of the district so as to impose a significant burden upon the resources of the district and to require construction of new school facilities. A significant burden is an increase in ANB of at least twenty percent (20%) in a single year."

Section 2. Section 75-7127, R.C.M. 1947, is amended to read as follows:

"75-7127. Preparation of debt service fund budget. The trustees of each school district having outstanding bonds shall include in the debt service fund of the preliminary budget adopted in accordance with section 75-6707 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 such bonds and the redemption plans of the trustees. The trustees shall also include in the debt service fund of the preliminary budget the amount of money necessary to pay the special improvement district assessments levied against the school district which become due during the ensuing school fiscal year. The county superintendent shall compare the preliminary 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 his statement supplied under the provisions of section 75-6710. If the county superintendent finds that the requirement stated by the county treasurer is more than the preliminary budget amount, the county superintendent shall increase the budgeted amount for interest or principal in the debt service fund of the preliminary budget. The amount confirmed or revised by the county superintendent shall be the final budget expenditure amount for the debt service fund of such school district."

Section 3. Section 75-7129, R.C.M. 1947, is amended to read as follows:

"75-7129. Payment of debt service obligations by county treasurer and termination of interest. The county treasurer shall maintain a separate debt service fund for each school district, and shall credit all tax moneys collected for debt service to such fund and use the moneys

credited to such fund for the payment of debt service obligations in accordance with the school financial administration provisions of this Title.

The county treasurer shall pay from the debt service fund all amounts of interest and principal on school district bonds as such 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 become due. If the bonds are held by the state of Montana, then all payments shall be remitted to the state treasurer who shall cancel the coupons or bonds and return such coupons or bonds to the county treasurer with his 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 bank or financial institution for payment against the surrender of the canceled coupons or bonds.

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

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

Section 4. This act is effective on passage and approval.

-End-

HOUSE BILL NO. 538

INTRODUCED BY MERCER, GUTHRIE, WOOD

TEAGUE, TRAVIS

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 75-7104, 75-7127, AND 75-7129, R.C.M. 1947, TO PROVIDE THAT THE FIVE PERCENT (5%) DEBT LIMIT ON THE ISSUANCE OF SCHOOL DISTRICT BONDS SHALL NOT PERTAIN TO SPECIAL IMPROVEMENT DISTRICT OBLIGATIONS; ~~AND~~ TO PROVIDE FOR PAYMENT OF SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS BY SCHOOL DISTRICTS FROM THE DEBT SERVICE FUND OF THE SCHOOL DISTRICT RATHER THAN FROM THE GENERAL FUND OF THE SCHOOL DISTRICT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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indebtedness. The five percent (5%) maximum, however, shall not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district. All bonds issued in excess of such amount shall be null and void, except as provided in subsection (2).

When the total indebtedness of a school district has reached the five percent (5%) limitation prescribed in this section, such school district shall have the power and authority to pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this title.

Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the debt service fund for the payment of the bonds to be refunded shall be applied towards the payment of such bonds and the refunding bond issue shall be decreased accordingly.

(2) In the case of a school district within which a new major industrial facility which seeks to qualify for taxation as class seven (7) property under section 84-301, R.C.M. 1947, is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class seven (7) property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the

five percent (5%) limitation prescribed in subsection one (1). Under such an agreement, the school district may, with the approval of the voters, issue bonds which exceed the limitation prescribed in subsection one (1) by a maximum of five percent (5%) of the estimated assessed value of the taxable property of the new major industrial facility when completed. The estimated assessed value of the taxable property of the new major industrial facility shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district, and copy of the department's statement of estimated assessed value shall be printed on each ballot used to vote on a bond issue proposed under this subsection.

Pursuant to the agreement between the new major industrial facility and the school district, and as a precondition to qualifying as class seven (7) property, the new major industrial facility and its owners shall, in addition to such taxes as may be imposed by the school district on property owners generally pay so much of the principal and interests on the bonds provided for under this subsection as shall represent payment on an indebtedness in excess of the limitation prescribed in subsection one (1). After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in subsection one (1), the

new major industrial facility shall be entitled, after all the current indebtedness of the school district has been paid, to a tax credit over a period of no more than twenty (20) years which credit shall, as a total amount, be equal to the amount by which the facility paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within the district.

A major industrial facility is a facility, subject to the taxing power of the school district, whose construction or operation will increase the population of the district so as to impose a significant burden upon the resources of the district and to require construction of new school facilities. A significant burden is an increase in ANB of at least twenty percent (20%) in a single year."

Section 2. Section 75-7127, R.C.M. 1947, is amended to read as follows:

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Section 4. This act is effective on passage and approval.

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INTRODUCED BY MERCER, GUTHRIE, WOOD

TEAGUE, TRAVIS

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS 75-7104, 75-7127, AND 75-7129, R.C.M. 1947, TO PROVIDE THAT THE ~~FIVE-PERCENT-(5%)~~ EIGHT PERCENT (8%) DEBT LIMIT ON THE ISSUANCE OF SCHOOL DISTRICT BONDS SHALL NOT PERTAIN TO SPECIAL IMPROVEMENT DISTRICT OBLIGATIONS; ~~AND~~ TO PROVIDE FOR PAYMENT OF SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS BY SCHOOL DISTRICTS FROM THE DEBT SERVICE FUND OF THE SCHOOL DISTRICT RATHER THAN FROM THE GENERAL FUND OF THE SCHOOL DISTRICT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the debt service fund for the payment of the bonds to be refunded shall be applied towards the payment of such bonds and the refunding bond issue shall be decreased accordingly.

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REFERENCE BILL

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-End-