

1 House BILL NO. 538
 2 INTRODUCED BY Imran Siddiqui Wood TEAGUE Travis
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS
 5 75-7104, 75-7127, AND 75-7129, R.C.M. 1947, TO PROVIDE THAT
 6 THE FIVE PERCENT (5%) DEBT LIMIT ON THE ISSUANCE OF SCHOOL
 7 DISTRICT BONDS SHALL NOT PERTAIN TO SPECIAL IMPROVEMENT
 8 DISTRICT OBLIGATIONS AND TO PROVIDE FOR PAYMENT OF SPECIAL
 9 IMPROVEMENT DISTRICT ASSESSMENTS BY SCHOOL DISTRICTS FROM
 10 THE DEBT SERVICE FUND OF THE SCHOOL DISTRICT RATHER THAN
 11 FROM THE GENERAL FUND OF THE SCHOOL DISTRICT; AND PROVIDING
 12 AN IMMEDIATE EFFECTIVE DATE."
 13

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

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

17 "75-7104. Limitations on amount of bond issue. (1) The
 18 maximum amount for which each school district shall become
 19 indebted by the issuance of bonds, including all
 20 indebtedness represented by outstanding bonds of previous
 21 issues and registered warrants, is five percent (5%) of the
 22 assessed value of the taxable property therein as
 23 ascertained by the last completed assessment for state,
 24 county, and school taxes previous to the incurring of such
 25 indebtedness. The five percent (5%) maximum, however, shall

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

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

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

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

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

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

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

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

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

16 "75-7127. Preparation of debt service fund budget. The
 17 trustees of each school district having outstanding bonds
 18 shall include in the debt service fund of the preliminary
 19 budget adopted in accordance with section 75-6707 an amount
 20 of money that is necessary to pay the interest and the
 21 principal amount becoming due during the ensuing school
 22 fiscal year for each series or installment of bonds,
 23 according to the terms and conditions of such bonds and the
 24 redemption plans of the trustees. The trustees shall also
 25 include in the debt service fund of the preliminary budget

1 the amount of money necessary to pay the special improvement
 2 district assessments levied against the school district
 3 which become due during the ensuing school fiscal year. The
 4 county superintendent shall compare the preliminary budgeted
 5 amount for the debt service fund with the bond retirement
 6 and interest requirement and the special improvement
 7 district assessments for the school fiscal year just
 8 beginning as reported by the county treasurer in his
 9 statement supplied under the provisions of section 75-6710.
 10 If the county superintendent finds that the requirement
 11 stated by the county treasurer is more than the preliminary
 12 budget amount, the county superintendent shall increase the
 13 budgeted amount for interest or principal in the debt
 14 service fund of the preliminary budget. The amount confirmed
 15 or revised by the county superintendent shall be the final
 16 budget expenditure amount for the debt service fund of such
 17 school district."

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

20 "75-7129. Payment of debt service obligations by
 21 county treasurer and termination of interest. The county
 22 treasurer shall maintain a separate debt service fund for
 23 each school district, and shall credit all tax moneys
 24 collected for debt service to such fund and use the moneys
 25 credited to such fund for the payment of debt service

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

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

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

25 Any installment on interest and principal on bonds held

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

5 Section 4. This act is effective on passage and
6 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."

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

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

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

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

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

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

17 *75-7127. Preparation of debt service fund budget. The
 18 trustees of each school district having outstanding bonds
 19 shall include in the debt service fund of the preliminary
 20 budget adopted in accordance with section 75-6707 an amount
 21 of money that is necessary to pay the interest and the
 22 principal amount becoming due during the ensuing school
 23 fiscal year for each series or installment of bonds,
 24 according to the terms and conditions of such bonds and the
 25 redemption plans of the trustees. The trustees shall also

1 include in the debt service fund of the preliminary budget
 2 the amount of money necessary to pay the special improvement
 3 district assessments levied against the school district
 4 which become due during the ensuing school fiscal year. The
 5 county superintendent shall compare the preliminary budgeted
 6 amount for the debt service fund with the bond retirement
 7 and interest requirement and the special improvement
 8 district assessments for the school fiscal year just
 9 beginning as reported by the county treasurer in his
 10 statement supplied under the provisions of section 75-6710.
 11 If the county superintendent finds that the requirement
 12 stated by the county treasurer is more than the preliminary
 13 budget amount, the county superintendent shall increase the
 14 budgeted amount for interest or principal in the debt
 15 service fund of the preliminary budget. The amount confirmed
 16 or revised by the county superintendent shall be the final
 17 budget expenditure amount for the debt service fund of such
 18 school district."

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

21 "75-7129. Payment of debt service obligations by
 22 county treasurer and termination of interest. The county
 23 treasurer shall maintain a separate debt service fund for
 24 each school district, and shall credit all tax moneys
 25 collected for debt service to such fund and use the moneys

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

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

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

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

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

-End-

1 HOUSE BILL NO. 538

2 INTRODUCED BY MERCER, GUTHRIE, WOOD

3 TEAGUE, TRAVIS

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTIONS
6 75-7104, 75-7127, AND 75-7129, R.C.M. 1947, TO PROVIDE THAT
7 THE FIVE PERCENT (5%) DEBT LIMIT ON THE ISSUANCE OF SCHOOL
8 DISTRICT BONDS SHALL NOT PERTAIN TO SPECIAL IMPROVEMENT
9 DISTRICT OBLIGATIONS; ~~AND~~ TO PROVIDE FOR PAYMENT OF SPECIAL
10 IMPROVEMENT DISTRICT ASSESSMENTS BY SCHOOL DISTRICTS FROM
11 THE DEBT SERVICE FUND OF THE SCHOOL DISTRICT RATHER THAN
12 FROM THE GENERAL FUND OF THE SCHOOL DISTRICT; AND PROVIDING
13 AN IMMEDIATE EFFECTIVE DATE."

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

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

18 "75-7104. Limitations on amount of bond issue. (1) The
19 maximum amount for which each school district shall become
20 indebted by the issuance of bonds, including all
21 indebtedness represented by outstanding bonds of previous
22 issues and registered warrants, is five percent (5%) of the
23 assessed value of the taxable property therein as
24 ascertained by the last completed assessment for state,
25 county, and school taxes previous to the incurring of such

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

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

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

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

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

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

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

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

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

17 "75-7127. Preparation of debt service fund budget. The
 18 trustees of each school district having outstanding bonds
 19 shall include in the debt service fund of the preliminary
 20 budget adopted in accordance with section 75-6707 an amount
 21 of money that is necessary to pay the interest and the
 22 principal amount becoming due during the ensuing school
 23 fiscal year for each series or installment of bonds,
 24 according to the terms and conditions of such bonds and the
 25 redemption plans of the trustees. The trustees shall also

1 include in the debt service fund of the preliminary budget
 2 the amount of money necessary to pay the special improvement
 3 district assessments levied against the school district
 4 which become due during the ensuing school fiscal year. The
 5 county superintendent shall compare the preliminary budgeted
 6 amount for the debt service fund with the bond retirement
 7 and interest requirement and the special improvement
 8 district assessments for the school fiscal year just
 9 beginning as reported by the county treasurer in his
 10 statement supplied under the provisions of section 75-6710.
 11 If the county superintendent finds that the requirement
 12 stated by the county treasurer is more than the preliminary
 13 budget amount, the county superintendent shall increase the
 14 budgeted amount for interest or principal in the debt
 15 service fund of the preliminary budget. The amount confirmed
 16 or revised by the county superintendent shall be the final
 17 budget expenditure amount for the debt service fund of such
 18 school district."

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

21 "75-7129. Payment of debt service obligations by
 22 county treasurer and termination of interest. The county
 23 treasurer shall maintain a separate debt service fund for
 24 each school district, and shall credit all tax moneys
 25 collected for debt service to such fund and use the moneys

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

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

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

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

6 Section 4. This act is effective on passage and
7 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%) 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."

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%) EIGHT PERCENT (8%) 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%) EIGHT PERCENT (8%) 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%) EIGHT PERCENT (8%) 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

1 industrial facility enter into an agreement with the school
 2 district concerning the issuing of bonds in excess of the
 3 ~~five-percent--(5%)~~ EIGHT PERCENT (8%) limitation prescribed
 4 in subsection one (1). Under such an agreement, the school
 5 district may, with the approval of the voters, issue bonds
 6 which exceed the limitation prescribed in subsection one (1)
 7 by a maximum of ~~five-percent-(5%)~~ EIGHT PERCENT (8%) of the
 8 estimated assessed value of the taxable property of the new
 9 major industrial facility when completed. The estimated
 10 assessed value of the taxable property of the new major
 11 industrial facility shall be computed by the department of
 12 revenue when requested to do so by a resolution of the board
 13 of trustees of the school district, and copy of the
 14 department's statement of estimated assessed value shall be
 15 printed on each ballot used to vote on a bond issue proposed
 16 under this subsection.

17 Pursuant to the agreement between the new major
 18 industrial facility and the school district, and as a
 19 precondition to qualifying as class seven (7) property, the
 20 new major industrial facility and its owners shall, in
 21 addition to such taxes as may be imposed by the school
 22 district on property owners generally pay so much of the
 23 principal and interests on the bonds provided for under this
 24 subsection as shall represent payment on an indebtedness in
 25 excess of the limitation prescribed in subsection one (1).

1 After the completion of the new major industrial facility
 2 and when the indebtedness of the school district no longer
 3 exceeds the limitation prescribed in subsection one (1), the
 4 new major industrial facility shall be entitled, after all
 5 the current indebtedness of the school district has been
 6 paid, to a tax credit over a period of no more than twenty
 7 (20) years which credit shall, as a total amount, be equal
 8 to the amount by which the facility paid the principal and
 9 interest of the school district's bonds in excess of its
 10 general liability as a taxpayer within the district.

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

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

20 "75-7127. Preparation of debt service fund budget. The
 21 trustees of each school district having outstanding bonds
 22 shall include in the debt service fund of the preliminary
 23 budget adopted in accordance with section 75-6707 an amount
 24 of money that is necessary to pay the interest and the
 25 principal amount becoming due during the ensuing school

1 fiscal year for each series or installment of bonds,
 2 according to the terms and conditions of such bonds and the
 3 redemption plans of the trustees. The trustees shall also
 4 include in the debt service fund of the preliminary budget
 5 the amount of money necessary to pay the special improvement
 6 district assessments levied against the school district
 7 which become due during the ensuing school fiscal year. The
 8 county superintendent shall compare the preliminary budgeted
 9 amount for the debt service fund with the bond retirement
 10 and interest requirement and the special improvement
 11 district assessments for the school fiscal year just
 12 beginning as reported by the county treasurer in his
 13 statement supplied under the provisions of section 75-6710.
 14 If the county superintendent finds that the requirement
 15 stated by the county treasurer is more than the preliminary
 16 budget amount, the county superintendent shall increase the
 17 budgeted amount for interest or principal in the debt
 18 service fund of the preliminary budget. The amount confirmed
 19 or revised by the county superintendent shall be the final
 20 budget expenditure amount for the debt service fund of such
 21 school district."

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

24 "75-7129. Payment of debt service obligations by
 25 county treasurer and termination of interest. The county

1 treasurer shall maintain a separate debt service fund for
 2 each school district, and shall credit all tax moneys
 3 collected for debt service to such fund and use the moneys
 4 credited to such fund for the payment of debt service
 5 obligations in accordance with the school financial
 6 administration provisions of this Title.

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

22 Whenever any school district bond, or installment on
 23 school district bonds, shall become due and payable,
 24 interest shall cease on such date unless sufficient funds
 25 are available to pay such bond when it is presented for

1 payment or when payment of an installment is demanded. In
2 either case, interest on such bond or installment shall
3 continue until payment is made.

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

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

-End-