

*Senate* BILL NO. *405*  
*Foster Turmange*

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO ISSUE REVENUE BONDS FOR THE CONSTRUCTION OF A COUNTY HOSPITAL OR NURSING HOME; AUTHORIZING A LEVY ON TAXABLE PROPERTY."

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

Section 1. Bonds and other obligations. (1) Notwithstanding any limitation imposed by law upon the bonded indebtedness of a county, a county constructing a hospital or nursing home under section 16-1008A may borrow money and issue its bonds therefor, including refunding bonds, in such form and upon such terms as it may determine, payable out of any revenues of the facility, including revenues derived from:

- (a) fees and payments for hospital or nursing home services,
- (b) taxes levied under section 2 of this act,
- (c) grants or contributions from the federal government, or
- (d) any other sources.

(2) The bonds may be issued by resolution or resolutions of the county governing body without an

election, and without any limitation of amount except as follows:

(a) no such bonds may be issued at any time if the total amount of principal and interest to become due in any year on such bonds, and on any then outstanding bonds for which revenues from the same source or sources are pledged, exceeds the amount of such revenues to be received in that year as estimated in the resolution authorizing the issuance of the bonds; and

(b) the county shall be obligated to take all action necessary and possible to impose, maintain and collect rates, charges, rentals and taxes, if any are pledged, sufficient to make the revenues from the pledged source or sources in such year at least equal to the amount of such principal and interest due in that year.

They may be sold at public or private sale and shall bear interest at a rate or rates not exceeding ten percent (10%) a year. Except as otherwise provided herein, any bonds issued pursuant to this act by a county shall be payable as to principal and interest solely from revenues of the county, and shall state on their face the applicable limitations or restrictions regarding the source or sources from which such principal and interest are payable.

(3) Bonds issued by a county pursuant to the provisions of this act are declared to be issued for an

1 essential public and governmental purpose by a political  
 2 subdivision within the meaning of section 84-4905 (2)(a).  
 3 The bonds may be for a forty (40) year period.

4 For the security of any such bonds, the county may by  
 5 resolution make and enter into any covenant, agreement, or  
 6 indenture and exercise any additional powers authorized to  
 7 be made, entered into or exercised by a county. The sums  
 8 required from time to time to pay principal and interest and  
 9 to create and maintain a reserve for the bonds may be made  
 10 payable from any and all revenues referred to in this act,  
 11 prior to the payment of current costs of operation and  
 12 maintenance of the facilities.

13 (4) The governing body of any county having a  
 14 population in excess of ten thousand (10,000) may, with  
 15 respect to bonds issued pursuant to this act by the county,  
 16 by resolution covenant that, in the event that at any time  
 17 all revenues, including taxes, appropriated and theretofore  
 18 collected for such bonds are insufficient to pay principal  
 19 or interest then due, it will levy a general tax upon all of  
 20 the taxable property in the county for the payment of such  
 21 deficiency and may further covenant that at any time a  
 22 deficiency is likely to occur within one (1) year for the  
 23 payment of principal and interest due on such bonds, it will  
 24 levy a general tax upon all the taxable property in the  
 25 county for the payment of such deficiency, and such taxes

1 shall not be subject to any limitation of rate or amount  
 2 applicable to other county taxes but shall be limited to a  
 3 rate estimated to be sufficient to produce the amount of the  
 4 deficiency. In the event more than one county having a  
 5 population in excess of ten thousand (10,000) is included in  
 6 an authority issuing bonds pursuant to this act, the  
 7 counties may apportion the obligation to levy taxes for the  
 8 payment of or in anticipation of a deficiency in the  
 9 revenues appropriated for such bonds in such manner as the  
 10 counties shall determine. The resolution shall state the  
 11 principal amount and purpose of the bonds and the substance  
 12 of the covenant respecting deficiencies. No such resolution  
 13 is effective until the question of its approval has been  
 14 submitted to the qualified electors of the county at a  
 15 special election called for that purpose by the governing  
 16 body of the county and a majority of the electors voting on  
 17 the question have voted in favor thereof. The notice and  
 18 conduct of the election shall be governed, to the extent  
 19 applicable, by sections 16-2024 and 16-2026. If a majority  
 20 of the electors voting thereon vote against approval of the  
 21 resolution, the county shall have no authority to make the  
 22 covenant or to levy a tax for the payment of deficiencies  
 23 pursuant to this section, but such county may nevertheless  
 24 issue bonds under this act payable solely from the sources  
 25 referred to in subsection (1) of this section.

1           Section 2. Tax levy authorized. A county which has  
2 issued bonds under section 1 of this act may levy taxes on  
3 all taxable property within the county in the manner  
4 provided for public hospital districts under sections  
5 16-4309 and 16-4309.1, namely: three (3) mills not  
6 submitted to a vote of the people and three (3) additional  
7 mills approved by a vote of the people.

8           Section 3. Limitation. The authority granted under  
9 this act is available only to counties which commence  
10 construction of a hospital prior to July 1, 1977.

-End-

SECOND READING

MISSING

1 SENATE BILL NO. 405  
2 INTRODUCED BY FOSTER, TURNAGE

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO  
5 ISSUE REVENUE BONDS FOR THE CONSTRUCTION OF A COUNTY  
6 HOSPITAL OR NURSING HOME; AUTHORIZING A LEVY ON TAXABLE  
7 PROPERTY; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

10 Section 1. Bonds and other obligations. (1)  
11 Notwithstanding any limitation imposed by law upon the  
12 bonded indebtedness of a county, a county constructing a  
13 hospital or nursing home under section 16-1008A may borrow  
14 money and issue its bonds therefor, including refunding  
15 bonds, in such form and upon such terms as it may determine,  
16 payable out of any revenues of the facility, including  
17 revenues derived from:

- 18 (a) fees and payments for hospital or nursing home
  - 19 services,
  - 20 (b) taxes levied under section 2 of this act,
  - 21 (c) grants or contributions from the federal
  - 22 government, or
  - 23 (d) any other sources.
- 24 (2) The bonds may be issued by resolution or  
25 resolutions of the county governing body without an

1 election, and without any limitation of amount except as  
2 follows:

3 (a) no such bonds may be issued at any time if the  
4 total amount of principal and interest to become due in any  
5 year on such bonds, and on any then outstanding bonds for  
6 which revenues from the same source or sources are pledged,  
7 exceeds the amount of such revenues to be received in that  
8 year as estimated in the resolution authorizing the issuance  
9 of the bonds; and

10 (b) the county shall be obligated to take all action  
11 necessary and possible to impose, maintain and collect  
12 rates, charges, rentals and taxes, if any are pledged,  
13 sufficient to make the revenues from the pledged source or  
14 sources in such year at least equal to the amount of such  
15 principal and interest due in that year.

16 They may be sold at public or private sale and shall  
17 bear interest at a rate or rates not exceeding ten percent  
18 (10%) a year. Except as otherwise provided herein, any  
19 bonds issued pursuant to this act by a county shall be  
20 payable as to principal and interest solely from revenues of  
21 the county, and shall state on their face the applicable  
22 limitations or restrictions regarding the source or sources  
23 from which such principal and interest are payable.

24 (3) Bonds issued by a county pursuant to the  
25 provisions of this act are declared to be issued for an

1 essential public and governmental purpose by a political  
 2 subdivision within the meaning of section 34-4905 (2)(a).  
 3 The bonds may be for a forty (40) year period.

4 For the security of any such bonds, the county may by  
 5 resolution make and enter into any covenant, agreement, or  
 6 indenture and exercise any additional powers authorized to  
 7 be made, entered into or exercised by a county. The sums  
 8 required from time to time to pay principal and interest and  
 9 to create and maintain a reserve for the bonds may be made  
 10 payable from any and all revenues referred to in this act,  
 11 prior to the payment of current costs of operation and  
 12 maintenance of the facilities.

13 (4) The governing body of any county having a  
 14 population in excess of ten thousand (10,000) may, with  
 15 respect to bonds issued pursuant to this act by the county,  
 16 by resolution covenant that, in the event that at any time  
 17 all revenues, including taxes, appropriated and theretofore  
 18 collected for such bonds are insufficient to pay principal  
 19 or interest then due, it will levy a general tax upon all of  
 20 the taxable property in the county for the payment of such  
 21 deficiency and may further covenant that at any time a  
 22 deficiency is likely to occur within one (1) year for the  
 23 payment of principal and interest due on such bonds, it will  
 24 levy a general tax upon all the taxable property in the  
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1 shall not be subject to any limitation of rate or amount  
 2 applicable to other county taxes but shall be limited to a  
 3 rate estimated to be sufficient to produce the amount of the  
 4 deficiency. In the event more than one county having a  
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 6 an authority issuing bonds pursuant to this act, the  
 7 counties may apportion the obligation to levy taxes for the  
 8 payment of or in anticipation of a deficiency in the  
 9 revenues appropriated for such bonds in such manner as the  
 10 counties shall determine. The resolution shall state the  
 11 principal amount and purpose of the bonds and the substance  
 12 of the covenant respecting deficiencies. No such resolution  
 13 is effective until the question of its approval has been  
 14 submitted to the qualified electors of the county at a  
 15 special election called for that purpose by the governing  
 16 body of the county and a majority of the electors voting on  
 17 the question have voted in favor thereof. The notice and  
 18 conduct of the election shall be governed, to the extent  
 19 applicable, by sections 16-2024 and 16-2026. If a majority  
 20 of the electors voting thereon vote against approval of the  
 21 resolution, the county shall have no authority to make the  
 22 covenant or to levy a tax for the payment of deficiencies  
 23 pursuant to this section, but such county may nevertheless  
 24 issue bonds under this act payable solely from the sources  
 25 referred to in subsection (1) of this section.

1           Section 2. Tax levy authorized. A IN THE EVENT THE  
2 BONDS BECOME DELINQUENT OR CANNOT BE PAID FROM ORDINARY  
3 REVENUES OF THE FACILITY, A county which has issued bonds  
4 under section 1 of this act may levy taxes on all taxable  
5 property within the county in the manner provided for public  
6 hospital districts under sections 16-4309 and 16-4309.1,  
7 namely: three (3) mills not submitted to a vote of the  
8 people and three (3) additional mills approved by a vote of  
9 the people.

10           Section 3. Limitation. The authority granted under  
11 this act is available only to counties IN WHICH NO HOSPITAL  
12 EXISTS OR IN WHICH THE ONLY EXISTING HOSPITAL HAS BEEN  
13 ORDERED CLOSED OR CANNOT BE REASONABLY BROUGHT INTO  
14 COMPLIANCE WITH THE STANDARDS ESTABLISHED BY THE DEPARTMENT  
15 OF HEALTH AND ENVIRONMENTAL SCIENCES UNDER CHAPTER 52, TITLE  
16 69, R.C.M. 1947, AND which commence construction of a  
17 hospital prior to July 1, 1977.

18           SECTION 4. THIS ACT IS EFFECTIVE UPON PASSAGE AND  
19 APPROVAL.

-End-

SENATE BILL NO. 405

INTRODUCED BY FOSTER, TURNAGE

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