

SENATE BILL 318

IN THE SENATE

January 31, 1979	Introduced and referred to Committee on Taxation.
February 5, 1979	Fiscal note requested.
February 8, 1979	Fiscal note returned.
March 14, 1979	Committee recommend bill, as amended.
March 16, 1979	Printed and placed on members' desks.
March 17, 1979	Second reading, do pass.
March 19, 1979	Considered correctly engrossed.
March 20, 1979	Third reading, passed.

IN THE HOUSE

March 21, 1979	Introduced and referred to Committee on Taxation.
April 19, 1979	Committee recommend bill, not concurred.
April 20, 1979	Report adopted.

IN THE SENATE

April 20, 1979	Returned from Senate, not concurred.
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1 Senate BILL NO. 318
 2 INTRODUCED BY Thomas

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO SPECIAL
 5 IMPROVEMENT DISTRICTS; TO REVISE AND CLARIFY THE PROCEDURE
 6 FOR COLLECTING SPECIAL ASSESSMENTS; DETERMINING COSTS OF
 7 IMPROVEMENTS; AND REVISING THE PROVISIONS WITH RESPECT TO
 8 REVOLVING FUNDS; AMENDING SECTIONS 7-12-4169, 7-12-4189,
 9 7-12-4222, 7-12-4223, AND 7-12-4225, MCA."

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

12 Section 1. Section 7-12-4169, MCA, is amended to read:
 13 "7-12-4169. Incidental expenses considered as cost of
 14 improvements. The costs and expenses connected with and
 15 incidental to the formation of any special improvement
 16 district, including costs of preparation of plans,
 17 specifications, maps, and plats; engineering,
 18 superintendence, and inspection; and preparation of
 19 assessment rolls, shall be considered a part of the cost and
 20 expenses of making the improvements within such special
 21 improvement district. The costs of any improvement may at
 22 the option of the city governing body also include an amount
 23 not to exceed 5% of the municipal amount of any bonds or
 24 warrants to be issued, to be deposited in the revolving fund
 25 created as provided in 7-12-4221 with an amount sufficient

1 to provide for the payment of interest on the bonds or
 2 warrants prior to collection of special assessments pledged
 3 to the payment thereof."

4 Section 2. Section 7-12-4189, MCA, is amended to read:
 5 "7-12-4189. Simple interest on assessments. (1) Upon
 6 all special assessments and taxes levied and assessed in
 7 accordance with any of the provisions of this part, simple
 8 interest shall be charged.

9 (2) The treasurer, in collecting such special
 10 assessment taxes if the same are payable in one installment,
 11 shall collect such interest as may be shown to be due
 12 thereon by the resolution levying such assessment. If such
 13 assessment be payable in installments, the treasurer shall,
 14 at the time of collecting the first installment, collect
 15 such interest as may be shown to be due on such assessment
 16 by the resolution levying such assessment, and thereafter he
 17 shall collect with each subsequent installment interest on
 18 the whole amount remaining unpaid.

19 (3) The principal of the assessments may be payable in
 20 equal annual installments of principal or in annual
 21 installments of principal calculated to produce
 22 approximately equal annual payments of principal and
 23 interest."

24 Section 3. Section 7-12-4222, MCA, is amended to read:
 25 "7-12-4222. Sources of money for revolving fund. (1)

1 For the purpose of providing funds for such revolving fund
2 the city or town council:

3 (a) may, in its discretion and from time to time,
4 transfer to the revolving fund from the general fund of the
5 city or town such amount or amounts as may be deemed
6 necessary, which amount or amounts so transferred shall be
7 deemed and considered and shall be loans from such general
8 fund to the revolving fund ~~and or may include in the cost~~
9 ~~of the improvement to be defrayed from the proceeds of the~~
10 ~~bond or warrants an amount up to 5% of the principal amount~~
11 ~~of the bonds or warrants, which shall be deposited in the~~
12 ~~revolving fund upon receipt of such proceeds;~~

13 (b) shall, in addition to such transfer or transfers
14 from the general fund or in lieu thereof, levy and collect
15 for such revolving fund such a tax, hereby declared to be
16 for a public purpose, on all the taxable property in such
17 city or town as shall be necessary to meet the financial
18 requirements of such fund; such levy, together with such
19 transfer, not to exceed in any one year 5% of the principal
20 amount of the then-outstanding special improvement district
21 bonds or sidewalk, curb, and alley approach warrants.

22 (2) Whenever there shall be money in the district fund
23 which is not required for payment of any bond or warrant of
24 such district or of interest thereon, so much of such money
25 as may be necessary to pay the loan provided for in

1 7-12-4223 shall by order of the council be transferred to
2 the revolving fund. After all the bonds and warrants issued
3 on any special improvement district or sidewalk, curb, and
4 alley approach warrants have been fully paid, all money
5 remaining in such district fund shall by order of the
6 council be transferred to and become part of the revolving
7 fund."

8 Section 4. Section 7-12-4223, MCA, is amended to read:
9 "7-12-4223. Loans from revolving fund to meet payments
10 on bonds and warrants. Whenever ~~any special improvement~~
11 ~~district bond or sidewalk curb, and alley approach warrants~~
12 ~~or any interest thereon shall be due and payable and there~~
13 ~~shall then be either no money or not sufficient money in the~~
14 ~~appropriate district fund with which to pay the same, the~~
15 ~~balance in any special improvement district fund (excluding~~
16 ~~any balance attributable to prepayments of special~~
17 ~~assessments) is on an interest payment date insufficient to~~
18 ~~pay the principal and interest then due on all outstanding~~
19 ~~bonds or warrants payable from that fund and to redeem and~~
20 ~~pay bonds or warrants in a principal amount equal to the~~
21 ~~principal amount of installments of special assessments with~~
22 ~~respect to the district due in the preceding 12 months an~~
23 amount sufficient to make up the deficiency may, by order of
24 the council, be loaned by the revolving fund to such
25 district fund. Thereupon, such bond or warrant or such

1 interest thereon shall be paid from the money so loaned or
2 from the money so loaned when added to such insufficient
3 amount, as the case may require."

4 Section 5. Section 7-12-4225, MCA, is amended to read:

5 "7-12-4225. Covenants to utilize revolving fund. (1)
6 In connection with any public offering of special
7 improvement district bonds or sidewalk, curb, and alley
8 approach warrants, the city or town council may undertake
9 and agree:

10 (a) to issue orders annually authorizing loans or
11 advances from the revolving fund to the district fund
12 involved in amounts sufficient to make good any deficiency
13 in the bond and interest accounts thereof to the extent that
14 funds are available;

15 (b) to provide funds for such revolving fund pursuant
16 to the provisions of 7-12-4222(1) by annually making such
17 tax levy (or, in lieu thereof, such loan from the general
18 fund) as the city or town council may so agree to and
19 undertake, subject to the maximum limitations imposed by
20 7-12-4222(1).

21 ~~(2) Any such tax levy may not be subject to or be~~
22 ~~recognized in determining compliance with any statutory,~~
23 ~~charter, or other limitations applicable to county taxes.~~

24 ~~(2)(3)~~ The undertakings and agreements referred to in
25 subsection (1) shall be binding upon said city or town so

1 long as any of said special improvement district bonds or
2 sidewalk, curb, and alley approach warrants so offered or
3 any interest thereon remain unpaid."

-End-

SB 318

STATE OF MONTANA

REQUEST NO. 217-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 5, 19 79, there is hereby submitted a Fiscal Note for SB 318 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF LEGISLATION:

Senate Bill 318 provides cities and towns with an additional alternative for funding special improvement district revolving funds by allowing up to 5% of the principal amount of special improvement district bonds to be added to the cost of special improvements for revolving fund purposes.

LOCAL IMPACT:

The current alternatives for funding S.I.D. revolving funds are by special levy or by a cash transfer out of the entity's general fund. If all entities currently imposing a tax levy opt to utilize the provisions of the proposed bill, a statewide local savings of approximately 9.97 mills or \$113,700 could be realized.

TECHNICAL DEFECTS:

Page 1, Line 23 - The word "Municipal" should be "Principal" to be consistent with Page 3, Line 10.

The bill does not specify the disposition of any unused revolving fund balance after the related district bonds have been retired. Since the revolving fund revenue under this bill would be derived from specific district bond sales, it may be desirable to allow any unused revolving fund cash balance to revert to the related district sinking fund to fund final principal and interest payments.

Richard L. Drangor
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/8/79

Approved by Committee
on Taxation

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18 superintendence, and inspection; and preparation of
19 assessment rolls, shall be considered a part of the cost and
20 expenses of making the improvements within such special
21 improvement district. ~~the EXCEPT FOR IMPROVEMENTS IN~~
22 ~~DISTRICTS DEEMED IN [SECTION 2], THE costs of any~~
23 ~~improvement may at the option of the city governing body~~
24 ~~SHALL also include an amount not to exceed EQUAL TO 5% of~~
25 ~~the municipal PRINCIPAL amount of any bonds or warrants to~~

1 ~~be issued, to be deposited in the revolving fund created as~~
2 ~~provided in 7-12-4221, with an amount sufficient to provide~~
3 ~~for the payment of interest on the bonds or warrants prior~~
4 ~~to collection of special assessments pledged to the payment~~
5 ~~thereof."~~

6 Section 2. Section 7-12-4189, MCA, is amended to read:

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8 all special assessments and taxes levied and assessed in
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11 (2) The treasurer, in collecting such special
12 assessment taxes if the same are payable in one installment,
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14 thereon by the resolution levying such assessment. If such
15 assessment be payable in installments, the treasurer shall,
16 at the time of collecting the first installment, collect
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18 by the resolution levying such assessment, and thereafter he
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20 the whole amount remaining unpaid.

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1 Section 3. Section 7-12-4222, MCA, is amended to read:

2 "7-12-4222. Sources of money for revolving fund.

3 (1) (A) For the purpose of providing funds for such
4 revolving fund the city or town council ~~SHALL DEPOSIT FROM~~
5 ~~THE PROCEEDS OF THE SALE OF THE BONDS OR WARRANTS AN AMOUNT~~
6 ~~EQUAL TO 5% OF THE PRINCIPAL, AS REQUIRED IN 7-12-4192.~~

7 (B) ~~IF AT ANY TIME THE AMOUNT IN THE REVOLVING FUND~~
8 ~~IS LESS THAN 5% OF THE PRINCIPAL AMOUNT OF THE OUTSTANDING~~
9 ~~SPECIAL IMPROVEMENT DISTRICT BONDS OR WARRANTS, THE CITY OR~~
10 ~~TOWN COUNCIL:~~

11 (a) ~~(i) may, in its discretion and from time to time,~~
12 ~~transfer to the revolving fund from the general fund of the~~
13 ~~city or town such amount or amounts as may be deemed~~
14 ~~necessary, which amount or amounts so transferred shall be~~
15 ~~deemed and considered and shall be loans from such general~~
16 ~~fund to the revolving fund and or may include in the cost~~
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18 ~~bond or warrants an amount up to 5% of the principal amount~~
19 ~~of the bonds or warrants which shall be deposited in the~~
20 ~~revolving fund upon receipt of such proceeds; AND~~

21 (b) ~~(i) shall, in addition to such transfer or~~
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23 ~~collect for such revolving fund such a tax, hereby declared~~
24 ~~to be for a public purpose, on all the taxable property in~~
25 ~~such city or town as shall be necessary to meet the~~

1 financial requirements of such fund ~~such levy together~~
2 ~~with such transfers not to exceed in any one year 5% of the~~
3 ~~principal amount of the then outstanding special improvement~~
4 ~~district bonds or sidewalk, curb, and alley approach~~
5 ~~warrants.~~

6 (2) Whenever there shall be money in the district fund
7 which is not required for payment of any bond or warrant of
8 such district or of interest thereon, so much of such money
9 as may be necessary to pay the loan provided for in
10 7-12-4223 shall by order of the council be transferred to
11 the revolving fund. After all the bonds and warrants issued
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13 alley approach warrants have been fully paid, all money
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16 fund."

17 Section 4. Section 7-12-4223, MCA, is amended to read:

18 "7-12-4223. Loans from revolving fund to meet payments
19 on bonds and warrants. ~~Whenever EXCEPT AS PROVIDED IN~~
20 ~~[SECTION 5], WHENEVER any special improvement district bond~~
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24 ~~appropriate district fund with which to pay the same, the~~
25 ~~balance in any special improvement district fund (excluding~~

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 9 the council, be loaned by the revolving fund to such
 10 district fund. Thereupon, such bond or warrant or such
 11 interest thereon shall be paid from the money so loaned or
 12 from the money so loaned when added to such insufficient
 13 amount, as the case may require."

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 16 In connection with any public offering of special
 17 improvement district bonds or sidewalk, curb, and alley
 18 approach warrants, the city or town council may undertake
 19 and agree:

20 (a) to issue orders annually authorizing loans or
 21 advances from the revolving fund to the district fund
 22 involved in amounts sufficient to make good any deficiency
 23 in the bond and interest accounts thereof to the extent that
 24 funds are available;

25 (b) to provide funds for such revolving fund pursuant

1 to the provisions of 7-12-4222(1) by annually making such
 2 tax levy (or, in lieu thereof, such loan from the general
 3 fund) as the city or town council may so agree to and
 4 undertake, subject to the maximum limitations imposed by
 5 7-12-4222(1).

6 ~~(2) Any such tax levy may not be subject to or be~~
 7 ~~recognized in determining compliance with any statutory,~~
 8 ~~charter, or other limitations applicable to county taxes.~~

9 ~~(2)(3) The undertakings and agreements referred to in~~
 10 subsection (1) shall be binding upon said city or town so
 11 long as any of said special improvement district bonds or
 12 sidewalk, curb, and alley approach warrants so offered or
 13 any interest thereon remain unpaid."

14 ~~SECTION 6. THERE IS A NEW MCA SECTION THAT READS:~~

15 Special provisions for districts composed of unimproved
 16 land. (1) (a) The owners of land in a special improvement
 17 district encompassing unimproved land as defined below must
 18 place an amount equal to 5% of the estimated total cost of
 19 the proposed project in the district fund prior to the issue
 20 of any district bonds or warrants.

21 (b) Each owner must contribute to this amount in the
 22 proportion that his land bears to the land area of the total
 23 district.

24 (2) "Unimproved land" means land that at the time the
 25 district is proposed:

1 (a) is or has been divided into parcels offered for
2 sale for residential or commercial purposes; and

3 (b) has fewer than 50% of the parcels improved.

4 (3) (a) If the amount in the district fund of a
5 district encompassing unimproved land is insufficient 30
6 days prior to an interest payment date to pay the principal
7 and interest due on outstanding bonds or warrants, the
8 owners of land in the district must within 25 days place in
9 the fund an amount sufficient to:

10 (i) pay the principal and interest due on the interest
11 payment date; and

12 (ii) leave an amount equal to 5% of the outstanding
13 bonds or warrants in the fund.

14 (b) Each owner must contribute to this amount in the
15 proportion that his land bears to the land area of the total
16 district.

17 (4) The city or town governing body may not transfer
18 or loan any funds from any sources to the district fund.

-End-

1 any balance attributable to prepayments of special
 2 assessments) is on an interest payment date insufficient to
 3 pay the principal and interest then due on all outstanding
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 5 pay bonds or warrants in a principal amount equal to the
 6 principal amount of installments of special assessments with
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 13 amount, as the case may require."

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 16 In connection with any public offering of special
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 22 involved in amounts sufficient to make good any deficiency
 23 in the bond and interest accounts thereof to the extent that
 24 funds are available;

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 2 tax levy (or, in lieu thereof, such loan from the general
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 5 7-12-4222(1).

6 ~~(2) Any such tax levy may not be subject to or be~~
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 17 district encompassing unimproved land as defined below must
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 22 proportion that his land bears to the land area of the total
 23 district.

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 25 district is proposed:

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9 the fund an amount sufficient to:

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15 proportion that his land bears to the land area of the total
16 district.

17 (4) The city or town governing body may not transfer
18 or loan any funds from any sources to the district fund.

-End-

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 4 undertake, subject to the maximum limitations imposed by
 5 7-12-4222(1).

6 ~~(2) Any such tax levy may not be subject to or be~~
 7 ~~recognized in determining compliance with any statutory,~~
 8 ~~charter, or other limitations applicable to county taxes.~~

9 ~~(2)(3) The undertakings and agreements referred to in~~
 10 ~~subsection (1) shall be binding upon said city or town so~~
 11 ~~long as any of said special improvement district bonds or~~
 12 ~~sidewalk, curb, and alley approach warrants so offered or~~
 13 ~~any interest thereon remain unpaid."~~

14 SECTION 6. THERE IS A NEW MCA SECTION THAT READS:

15 Special provisions for districts composed of unimproved
 16 land. (1) (a) The owners of land in a special improvement
 17 district encompassing unimproved land as defined below must
 18 place an amount equal to 5% of the estimated total cost of
 19 the proposed project in the district fund prior to the issue
 20 of any district bonds or warrants.

21 (b) Each owner must contribute to this amount in the
 22 proportion that his land bears to the land area of the total
 23 district.

24 (2) "Unimproved land" means land that at the time the
 25 district is proposed:

1 (a) is or has been divided into parcels offered for
2 sale for residential or commercial purposes; and

3 (b) has fewer than 50% of the parcels improved.

4 (3) (a) If the amount in the district fund of a
5 district encompassing unimproved land is insufficient 30
6 days prior to an interest payment date to pay the principal
7 and interest due on outstanding bonds or warrants, the
8 owners of land in the district must within 25 days place in
9 the fund an amount sufficient to:

10 (i) pay the principal and interest due on the interest
11 payment date; and

12 (ii) leave an amount equal to 5% of the outstanding
13 bonds or warrants in the fund.

14 (b) Each owner must contribute to this amount in the
15 proportion that his land bears to the land area of the total
16 district.

17 (4) The city or town governing body may not transfer
18 or loan any funds from any sources to the district fund.

-End-