

SENATE BILL 354

IN THE SENATE

February 3, 1979	Introduced and referred to Committee on Taxation.
February 6, 1979	Fiscal note requested.
February 9, 1979	Fiscal note returned.
March 14, 1979	Committee recommend bill, as amended.
March 15, 1979	Printed and placed on members' desks.
March 16, 1979	Second reading, do pass.
March 17, 1979	Considered correctly engrossed.
March 19, 1979	Third reading, passed.

IN THE HOUSE

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

IN THE SENATE

April 20, 1979	Returend from House, not concurred, as amended.
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1 Senate BILL NO. 354  
2 INTRODUCED BY Thomas

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE LAWS  
5 RELATING TO RURAL IMPROVEMENT DISTRICTS; REDEFINING THE  
6 COSTS OF AN IMPROVEMENT; CLARIFYING THE MANNER OF PAYMENT OF  
7 SPECIAL ASSESSMENTS AND THE TIME FOR BRINGING ACTIONS TO  
8 CHALLENGE SPECIAL ASSESSMENTS; AUTHORIZING ADDITIONAL  
9 DEPOSIT IN THE REVOLVING FUND; AMENDING SECTIONS 7-12-2153,  
10 7-12-2167, 7-12-2182, 7-12-2183, AND 7-12-2185, MCA."

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

13 Section 1. Section 7-12-2153, MCA, is amended to read:

14 "7-12-2153. Incidental expenses considered as cost of  
15 improvements. (1) The cost and expense connected with and  
16 incidental to the formation of any special improvement  
17 district, including the cost of preparation of plans,  
18 specifications, maps, or plats; engineering,  
19 superintendence, and inspection; and preparation of  
20 assessment rolls, shall be considered a part of the cost and  
21 expenses of making the improvements within such special  
22 improvement district.

23 (2) The cost of an improvement may at the option of  
24 the county governing body include:

25 (a) an amount not to exceed 5% of the principal amount

1 of the bonds or warrants issued to be deposited in the  
2 revolving fund created pursuant to 7-12-2181; and  
3 (b) an amount sufficient to provide for the payment of  
4 interest on the bonds or warrants prior to the collection of  
5 special assessments pledged to the payments of those bonds  
6 or warrants."

7 Section 2. Section 7-12-2167, MCA, is amended to read:

8 "7-12-2167. Term of payment of assessments. (1) Except  
9 as provided in subsection (2) (3), the payment of the  
10 assessment to defray the cost of constructing any  
11 improvements in special improvement districts may be spread  
12 over a term of not to exceed 30 years, ~~payment to be made in~~  
13 ~~equal annual installments.~~

14 (2) The unpaid amount of the assessments shall bear  
15 interest at the rate set by the county governing body  
16 subject to the limitations of 17-5-103. The governing body  
17 may provide that the principal of the assessments may be  
18 payable in equal annual installments or in annual  
19 installments calculated to produce approximately equal  
20 annual payments of principal and interest.

21 (2)(3) If federal loans are available, payments may be  
22 spread over a term of not to exceed 40 years."

23 Section 3. Section 7-12-2182, MCA, is amended to read:

24 "7-12-2182. Sources of money for revolving fund. (1)  
25 For the purpose of providing funds for such revolving fund

1 the board of county commissioners:

2 (a) may, in its discretion and from time to time,  
3 transfer to the revolving fund from the general fund of the  
4 county such amount or amounts as may be deemed necessary,  
5 which amount or amounts so transferred shall be considered  
6 and shall be loans from such general fund to the revolving  
7 fund, and shall deposit in the revolving fund all amounts  
8 authorized by 7-12-2183(2)(a); and

9 (b) shall, in addition to such transfer or transfers  
10 from the general fund or in lieu thereof, levy and collect  
11 for such revolving fund such a tax, hereby declared to be  
12 for a public purpose, on all the taxable property in such  
13 county as shall be necessary to meet the financial  
14 requirements of such fund; such levy, together with such  
15 transfer, not to exceed in any one year 5% of the aggregate  
16 original principal amount of all series of the  
17 then-outstanding rural special improvement district bonds  
18 and warrants.

19 (2) Whenever there shall be money in the district fund  
20 which is not required for payment of any bond or warrant of  
21 such district or of interest thereon, so much of such money  
22 as may be necessary to pay the loan provided for in  
23 7-12-2183 shall, by order of the board, be transferred to  
24 the revolving fund. After all the bonds and warrants issued  
25 on any rural special improvement district have been fully

1 paid, all money remaining in such district fund shall by the  
2 order of the board be transferred to and become part of the  
3 revolving fund."

4 Section 4. Section 7-12-2183, MCA, is amended to read:  
5 "7-12-2183. Loan from revolving fund to meet payments  
6 on bonds and warrants. Whenever ~~any rural special~~  
7 ~~improvement district bond or warrant or any interest thereon~~  
8 ~~shall become due and payable and there shall then be either~~  
9 ~~no money or not sufficient money in the appropriate district~~  
10 ~~fund with which to pay the same, the balance in any rural~~  
11 special improvement district fund (excluding any balance  
12 attributable to prepayments of special assessments) is on  
13 any interest payment date insufficient to pay the principal  
14 and interest then due on all outstanding bonds or warrants  
15 in a principal amount equal to the principal amount of  
16 installments of special assessments with respect to the  
17 district due in the preceding 12 months, an amount  
18 sufficient to make up the deficiency may, by order of the  
19 board of county commissioners, be loaned by the revolving  
20 fund to such district fund. Thereupon, such bond or warrant  
21 or such interest thereon shall be paid from the money so  
22 loaned or from the money so loaned when added to such  
23 insufficient amount, as the case may require."

24 Section 5. Section 7-12-2185, MCA, is amended to read:  
25 "7-12-2185. Covenants to utilize revolving fund. (1)

1 In connection with the issuance of rural special improvement  
2 district bonds or warrants, the board of county  
3 commissioners ~~may undertake and agree~~

4 (a) to issue orders annually authorizing loans or  
5 advances from the revolving fund to the district fund  
6 involved in amounts sufficient to make good any deficiency  
7 in the bond and interest accounts thereof, to the extent  
8 that funds are available; and

9 (b) to provide funds for such revolving fund pursuant  
10 to the provisions of 7-12-2182 by annually making such tax  
11 levy (or, in lieu thereof, such loan from the general fund)  
12 as the board may so agree to and undertake, subject to the  
13 maximum limitations imposed by 7-12-2182.

14 (2) The undertakings and agreements shall be binding  
15 upon said county so long as any of said special improvement  
16 district bonds or warrants so offered or any interest  
17 thereon remain unpaid.

18 ~~(3) Any such levy may not be subject to or be~~  
19 ~~recognized in determining compliance with any statutory~~  
20 ~~charter, or other limitation applicable to county taxes."~~

-End-

STATE OF MONTANA

REQUEST NO. 242-79

FISCAL NOTE

Form BD-15

In compliance with a written request received Feb. 6, 19 79, there is hereby submitted a Fiscal Note for SB 354 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 354 provides counties with an additional alternative for funding rural improvement district revolving funds by allowing up to 5% of the principal amount of rural improvement district bonds to be added to the cost of improvements for revolving fund purposes.

LOCAL IMPACT:

The current alternatives for funding R.I.D. revolving funds are by special levy or by a cash transfer out of the entity's general fund. If all counties currently imposing a tax levy opt to utilize the provisions of the proposed bill, a statewide local savings of approximately 2 mills or \$124,783 could be realized.

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. Franzy*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/9/79

Approved by Committee  
on Taxation

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 2 INTRODUCED BY THOMAS  
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 6 COSTS OF AN IMPROVEMENT; CLARIFYING THE MANNER OF PAYMENT OF  
 7 SPECIAL ASSESSMENTS AND THE TIME FOR BRINGING ACTIONS TO  
 8 CHALLENGE SPECIAL ASSESSMENTS; ~~AUTHORIZING--ADDITIONAL~~  
 9 ~~DEPOSIT--IN--THE--REVOLVING--FUND~~ REVISING THE PROVISIONS WITH  
 10 RESPECT TO REVOLVING FUNDS; AMENDING SECTIONS 7-12-2153,  
 11 7-12-2167, 7-12-2182, 7-12-2183, AND 7-12-2185, MCA."  
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 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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 15 "7-12-2153. Incidental expenses considered as cost of  
 16 improvements. (1) The cost and expense connected with and  
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 18 district, including the cost of preparation of plans,  
 19 specifications, maps, or plats; engineering,  
 20 superintendence, and inspection; and preparation of  
 21 assessment rolls, shall be considered a part of the cost and  
 22 expenses of making the improvements within such special  
 23 improvement district.  
 24 (2) ~~The EXCEPT FOR IMPROVEMENTS IN DISTRICTS DEFINED~~  
 25 ~~IN [SECTION 6], THE cost of an improvement may-at-the-option~~

1 ~~of-the-county-governing-body~~ SHALL include:  
 2 (a) ~~an amount not-to-exceed EQUAL TO 5% of the~~  
 3 ~~principal amount of the bonds or warrants issued to be~~  
 4 ~~deposited in the revolving fund created pursuant to~~  
 5 ~~7-12-2181; and~~  
 6 (b) ~~an amount sufficient to provide for the payment of~~  
 7 ~~interest on the bonds or warrants prior to the collection of~~  
 8 ~~special assessments pledged to the payments of those bonds~~  
 9 ~~or warrants."~~  
 10 Section 2. Section 7-12-2167, MCA, is amended to read:  
 11 "7-12-2167. Term of payment of assessments. (1) Except  
 12 as provided in subsection (2) (1), the payment of the  
 13 assessment to defray the cost of constructing any  
 14 improvements in special improvement districts may be spread  
 15 over a term of not to exceed 30 years; ~~payment-to-be-made-in~~  
 16 ~~equal-annual-installments.~~  
 17 (2) ~~The unpaid amount of the assessments shall bear~~  
 18 ~~interest at the rate set by the county governing body~~  
 19 ~~subject to the limitations of 17-5-103. The governing body~~  
 20 ~~may provide that the principal of the assessments may be~~  
 21 ~~payable in equal annual installments or in annual~~  
 22 ~~installments calculated to produce approximately equal~~  
 23 ~~annual payments of principal and interest.~~  
 24 (2)(1) If federal loans are available, payments may be  
 25 spread over a term of not to exceed 40 years."

1 Section 3. Section 7-12-2182, MCA, is amended to read:

2 "7-12-2182. Sources of money for revolving fund.  
3 (1) ~~(A)~~ For the purpose of providing funds for such  
4 revolving fund the board of county commissioners ~~SHALL~~  
5 ~~DEPOSIT THE FUNDS REQUIRED IN 7-12-2153(2).~~

6 ~~(B) IF AT ANY TIME THE AMOUNT IN THE REVOLVING FUND~~  
7 ~~IS LESS THAN 5% OF THE PRINCIPAL AMOUNT OF THE OUTSTANDING~~  
8 ~~RURAL IMPROVEMENT DISTRICT BONDS OR WARRANTS, THE BOARD OF~~  
9 ~~COUNTY COMMISSIONERS:~~

10 ~~(a)(I) may, in its discretion and from time to time,~~  
11 ~~transfer to the revolving fund from the general fund of the~~  
12 ~~county such amount or amounts as may be deemed necessary,~~  
13 ~~which amount or amounts so transferred shall be considered~~  
14 ~~and shall be loans from such general fund to the revolving~~  
15 ~~fund; and shall deposit in the revolving fund all amounts~~  
16 ~~authorized by 7-12-2153(2)(a); and~~

17 ~~(b)(III) shall, in addition to such transfer or~~  
18 ~~transfers from the general fund or in lieu thereof, levy and~~  
19 ~~collect for such revolving fund such a tax, hereby declared~~  
20 ~~to be for a public purpose, on all the taxable property in~~  
21 ~~such county as shall be necessary to meet the financial~~  
22 ~~requirements of such fund; such levy, together with such~~  
23 ~~transfers, not to exceed in any one year 5% of the aggregate~~  
24 ~~original principal amount of all series of the~~  
25 ~~then-outstanding rural special improvement district bonds~~

1 ~~and warrants.~~

2 (2) Whenever there shall be money in the district fund  
3 which is not required for payment of any bond or warrant of  
4 such district or of interest thereon, so much of such money  
5 as may be necessary to pay the loan provided for in  
6 7-12-2183 shall, by order of the board, be transferred to  
7 the revolving fund. After all the bonds and warrants issued  
8 on any rural special improvement district have been fully  
9 paid, all money remaining in such district fund shall by the  
10 order of the board be transferred to and become part of the  
11 revolving fund."

12 Section 4. Section 7-12-2183, MCA, is amended to read:

13 "7-12-2183. Loan from revolving fund to meet payments  
14 on bonds and warrants. Whenever ~~EXCEPT AS PROVIDED IN~~  
15 ~~[SECTION 6], WHENEVER~~ any rural special improvement district  
16 ~~bond or warrant or any interest thereon shall become due and~~  
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18 ~~sufficient money in the appropriate district fund with which~~  
19 ~~to pay the same, the balance in any rural special~~  
20 ~~improvement district fund (excluding any balance~~  
21 ~~attributable to prepayments of special assessments) is on~~  
22 ~~any interest payment date insufficient to pay the principal~~  
23 ~~and interest then due on all outstanding bonds or warrants~~  
24 ~~in a principal amount equal to the principal amount of~~  
25 ~~installments of special assessments with respect to the~~

1 ~~district due in the preceding 12 months,~~ an amount  
 2 sufficient to make up the deficiency may, by order of the  
 3 board of county commissioners, be loaned by the revolving  
 4 fund to such district fund. Thereupon, such bond or warrant  
 5 or such interest thereon shall be paid from the money so  
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 14 advances from the revolving fund to the district fund  
 15 involved in amounts sufficient to make good any deficiency  
 16 in the bond and interest accounts thereof, to the extent  
 17 that funds are available; and

18 (b) to provide funds for such revolving fund pursuant  
 19 to the provisions of 7-12-2182 by annually making such tax  
 20 levy (or, in lieu thereof, such loan from the general fund)  
 21 as the board may so agree to and undertake, subject to the  
 22 maximum limitations imposed by 7-12-2182.

23 (2) The undertakings and agreements shall be binding  
 24 upon said county so long as any of said special improvement  
 25 district bonds or warrants so offered or any interest

1 thereon remain unpaid.

2 ~~(3) Any such levy may not be subject to or be~~  
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 4 ~~charter, or other limitation applicable to county taxes."~~

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

6 Special provisions for districts composed of unimproved  
 7 land. (1) (a) The owners of land in a rural improvement  
 8 district encompassing unimproved land as defined below must  
 9 place an amount equal to 5% of the estimated total cost of  
 10 the proposed project in the district fund prior to the issue  
 11 of any district bonds or warrants.

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

15 (2) "Unimproved land" means land that at the time the  
 16 district is proposed:

17 (i) is or has been divided into parcels and offered  
 18 for sale for residential or commercial purposes; and

19 (ii) fewer than 50% of the parcels have been improved.

20 (3) (a) If the amount in the district fund of a  
 21 district encompassing unimproved land is insufficient 30  
 22 days prior to an interest payment date to pay the principal  
 23 and interest due on outstanding bonds or warrants, the  
 24 owners of land in the district just within 25 days place in  
 25 the fund an amount sufficient to:



- 1           (i) pay the principal and interest due on the interest  
2 payment date; and  
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4 bonds or warrants in the fund.  
5           (b) Each owner must contribute to this amount in the  
6 proportion that his land bears to the land area of the total  
7 district.  
8           (4) The county governing body may not transfer or loan  
9 any funds from any source to the district fund.

-End-

SENATE BILL NO. 354  
INTRODUCED BY THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE LAWS RELATING TO RURAL IMPROVEMENT DISTRICTS; REDEFINING THE COSTS OF AN IMPROVEMENT; CLARIFYING THE MANNER OF PAYMENT OF SPECIAL ASSESSMENTS AND THE TIME FOR BRINGING ACTIONS TO CHALLENGE SPECIAL ASSESSMENTS; ~~AUTHORIZING ADDITIONAL DEPOSIT IN THE REVOLVING FUND~~ REVISING THE PROVISIONS WITH RESPECT TO REVOLVING FUNDS; AMENDING SECTIONS 7-12-2153, 7-12-2167, 7-12-2182, 7-12-2183, AND 7-12-2185, MCA."

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(2) The EXCEPT FOR IMPROVEMENTS IN DISTRICTS DEFINED IN [SECTION 6], THE cost of an improvement may-at-the-option

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-End-