

HOUSE BILL NO. 736

2/09 Introduced
2/09 Referred to Local Government
2/16 Hearing
2/18 Committee Report-Bill Pass As Amended
2/20 2nd Reading Pass
2/21 3rd Reading Pass

Transmitted to Senate

2/22 Referred to Local Government
3/26 Hearing
3/29 Adverse Committee Report
3/29 Bill Killed

1 HOUSE BILL NO. 736
2 INTRODUCED BY Joy

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE
5 GOVERNING BODY OF A MUNICIPALITY OR A COUNTY TO REQUIRE
6 FINANCIAL SECURITY FROM AN OWNER OF 25 PERCENT OR MORE OF
7 THE LOTS WITHIN AN IMPROVEMENT DISTRICT FOR REIMBURSEMENT OF
8 A REVOLVING FUND; AMENDING SECTIONS 7-12-2181, 7-12-2182,
9 7-12-4221, AND 7-12-4222, MCA."

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

12 Section 1. Section 7-12-4221, MCA, is amended to read:

13 "7-12-4221. Creation of special improvement district
14 revolving fund. (1) The council or commission of any city
15 or town which has heretofore created or may hereafter create
16 any special improvement district or districts for any
17 purpose may in its discretion create, establish, and
18 maintain by ordinance a fund to be known and designated as
19 the special improvement district revolving fund in order to
20 secure prompt payment of any special improvement district
21 bonds or sidewalk, curb, and alley approach warrants issued
22 in payment of improvements made therein and the interest
23 thereon as it becomes due. Nothing herein shall authorize or
24 permit the elimination of a revolving fund until all bonds
25 and warrants secured thereby and interest thereon have been

1 fully paid and discharged.

2 (2) Whenever a person holds title or contract interest
3 in 25% or more of the lots, parcels, or tracts of land
4 within a special improvement district, the governing body of
5 the municipality may require that person to post an
6 irrevocable letter of credit, a bond, or other financial
7 security acceptable to the governing body, in order that
8 money may be available to reimburse the revolving fund if
9 lot owners within the district default or are delinquent in
10 payment of assessments for the improvement district."

11 Section 2. Section 7-12-2182, MCA, is amended to read:

12 "7-12-2182. Sources of money for revolving fund. (1)
13 For the purpose of providing funds for such revolving fund,
14 the board of county commissioners:

15 (a) may, in its discretion and from time to time,
16 transfer to the revolving fund from the general fund of the
17 county such amount or amounts as may be deemed necessary,
18 which amount or amounts so transferred shall be considered
19 and shall be loans from such general fund to the revolving
20 fund; and

21 (b) may reimburse the revolving fund with security
22 held by the governing body under 7-12-4221(2); and

23 (b)(c) shall, in addition to such transfer or
24 transfers from the general fund or in lieu thereof, levy and
25 collect for such revolving fund such a tax, hereby declared



-2- INTRODUCED BILL
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1 to be for a public purpose, on all the taxable property in
 2 such county as shall be necessary to meet the financial
 3 requirements of such fund. However, a tax may not be levied
 4 if the balance in the revolving fund exceeds 5% of the
 5 principal amount of the then-outstanding rural special
 6 improvement district bonds and warrants secured thereby. If
 7 a tax is levied, the tax may not be an amount that would
 8 increase the balance in the revolving fund above 5% of the
 9 then-outstanding rural special improvement district bonds
 10 and warrants secured thereby.

11 (2) Whenever there shall be money in the district fund
 12 which is not required for payment of any bond or warrant of
 13 such district secured by the revolving fund or of interest
 14 thereon, so much of such money as may be necessary to pay
 15 the loan provided for in 7-12-2183 shall, by order of the
 16 board, be transferred to the revolving fund. After all the
 17 bonds and warrants secured by the revolving fund issued on
 18 any rural special improvement district have been fully paid,
 19 all money remaining in such district fund shall by the order
 20 of the board be transferred to and become part of the
 21 revolving fund."

22 Section 3. Section 7-12-2181, MCA, is amended to read:

23 "7-12-2181. Creation of rural improvement district
 24 revolving fund. (1) The board of county commissioners of
 25 any county in the state which may create any rural special

1 improvement district or districts for any purpose may (in
 2 order to secure prompt payment of any special improvement
 3 district bonds or warrants issued in payment of improvements
 4 made therein and the interest thereon as it becomes due)
 5 create, establish, and maintain by resolution a fund to be
 6 known and designated as the rural special improvement
 7 district revolving fund. Nothing herein shall authorize or
 8 permit the elimination of a revolving fund until all bonds
 9 and warrants secured thereby and the interest thereon have
 10 been fully paid and discharged.

11 (2) Whenever a person holds title or contract interest
 12 in 25% or more of the lots, parcels, or tracts of land
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 17 money may be available to reimburse the revolving fund if
 18 lot owners within the district default or are delinquent in
 19 payment of assessments for the improvement district."

20 Section 4. Section 7-12-4222, MCA, is amended to read:

21 "7-12-4222. Sources of money for revolving fund. (1)
 22 For the purpose of providing funds for such revolving fund,
 23 the city or town council:

24 (a) (i) may, in its discretion and from time to time,
 25 transfer to the revolving fund from the general fund of the

1 city or town such amount or amounts as may be deemed
2 necessary, which amount or amounts so transferred shall be
3 deemed and considered and shall be loans from such general
4 fund to the revolving fund; and

5 (ii) may include in the cost of the improvement to be
6 defrayed from the proceeds of the bonds or warrants an
7 amount up to 5% of the principal amount of the bonds or
8 warrants and deposit it in the revolving fund upon receipt
9 of such proceeds; and

10 (iii) may reimburse the revolving fund with security
11 held by the council under 7-12-4221(2); and

12 (b) shall, in addition to such transfer or transfers
13 from the general fund or in lieu thereof, levy and collect
14 for such revolving fund such a tax, hereby declared to be
15 for a public purpose, on all the taxable property in such
16 city or town as shall be necessary to meet the financial
17 requirements of such fund. However, a tax may not be levied
18 if the balance in the revolving fund exceeds 5% of the
19 principal amount of the then-outstanding special improvement
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21 levied, the tax may not be an amount that would increase the
22 balance in the revolving fund above 5% of the
23 then-outstanding special improvement district bonds and
24 warrants secured thereby.

25 (2) Whenever there shall be money in the district fund

1 which is not required for payment of any bond or warrant of
2 such district secured by the revolving fund or of interest
3 thereon, so much of such money as may be necessary to pay
4 the loan provided for in 7-12-4223 shall by order of the
5 council be transferred to the revolving fund. After all the
6 bonds and warrants issued on any special improvement
7 district or sidewalk, curb, and alley approach warrants
8 secured by the revolving fund have been fully paid, all
9 money remaining in such district fund shall by order of the
10 council be transferred to and become part of the revolving
11 fund."

-End-

APPROVED BY COMM.
ON LOCAL GOVERNMENT

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1 fully paid and discharged.
 2 (2) Whenever a person holds title or contract interest
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 10 payment of assessments for the improvement district."

11 Section 2. Section 7-12-2182, MCA, is amended to read:
 12 "7-12-2182. Sources of money for revolving fund. (1)
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15 (a) may, in its discretion and from time to time,
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 17 county such amount or amounts as may be deemed necessary,
 18 which amount or amounts so transferred shall be considered
 19 and shall be loans from such general fund to the revolving
 20 fund; and

21 (b) may reimburse the revolving fund with security
 22 held by the governing body under ~~7-12-4221(2)~~ 7-12-2181(2);
 23 and

24 (b)(c) shall, in addition to such transfer or
 25 transfers from the general fund or in lieu thereof, levy and



1 collect for such revolving fund such a tax, hereby declared
 2 to be for a public purpose, on all the taxable property in
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 12 held by the council under 7-12-4221(2); and

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-End-