

HOUSE BILL NO. 885

INTRODUCED BY SALES

BY REQUEST OF THE LIEUTENANT GOVERNOR

IN THE HOUSE

February 19, 1985	Introduced and referred to Committee on State Administration.
February 20, 1985	Rereferred to Committee on Local Government.
February 25, 1985	Committee recommend bill do pass as amended. Report adopted. Bill printed and placed on members' desks.
February 26, 1985	Second reading, pass consideration.
February 27, 1985	Second reading, do pass as amended. On motion, rules suspended and bill placed on third reading this day. Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 6, 1985	Introduced and referred to Committee on Local Government.
March 29, 1985	Committee recommend bill be concurred in as amended. Report adopted.

March 29, 1985

On motion, rules temporarily suspended in order that all bills considered on second reading on the 70th Legislative Day advance to third reading that same day.

April 1, 1985

Second reading, concurred in as amended.

Third reading, concurred in.
Ayes, 50; Noes, 0.
Returned to House with amendments.

IN THE HOUSE

April 2, 1985

Received from Senate.

April 8, 1985

Second reading, amendments not concurred in.

On motion, Conference Committee requested.

April 9, 1985

Conference Committee appointed.

April 19, 1985

Conference Committee reported.

Conference Committee report adopted by Senate.

April 20, 1985

Second reading, Conference Committee report adopted.

Third reading, Conference Committee report adopted.

Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 885

INTRODUCED BY

SALES

BY REQUEST OF THE LIEUTENANT GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND AND CLARIFY THE LAWS RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICTS AND SPECIAL IMPROVEMENT DISTRICTS; AMENDING PROVISIONS RELATING TO INCIDENTAL COSTS, PROTESTS, ASSESSMENT OPTIONS, ACQUISITION OF IMPROVEMENTS, NOTICE, DEFINITIONS OF BONDS, REDEMPTION OF BONDS, REVOLVING FUNDS, AND REFUNDING BONDS; AMENDING SECTIONS 7-12-2101 THROUGH 7-12-2103, 7-12-2105, 7-12-2108, 7-12-2109, 7-12-2112, 7-12-2119, 7-12-2151 THROUGH 7-12-2153, 7-12-2158, 7-12-2159, 7-12-2167, 7-12-2169, 7-12-2171 THROUGH 7-12-2174, 7-12-2182, 7-12-2186, 7-12-4101, 7-12-4102, 7-12-4104, 7-12-4106, 7-12-4109, 7-12-4110, 7-12-4113, 7-12-4123, 7-12-4145, 7-12-4161 THROUGH 7-12-4165, 7-12-4169, 7-12-4176, 7-12-4177, 7-12-4179, 7-12-4188 THROUGH 7-12-4190, 7-12-4201, 7-12-4203 THROUGH 7-12-4206, AND 7-12-4222, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-12-2101, MCA, is amended to read:

"7-12-2101. Definitions. (1) The term "board of county commissioners" includes any body or board which under the

law is the legislative department of the government of the county.

(2) The word "blocks", shall mean such blocks, whether regular or irregular, as are bounded by main streets or partially by a boundary line of the city.

(3) The word "city" and the word "municipality", as used in this part, shall be understood and so construed as to include all corporations heretofore organized and now existing and hereafter organized for municipal purposes.

(4) The terms "clerk" and "county clerk", as used in this part, include any person or officer who shall be clerk of the board of county commissioners.

(5) The term "county treasurer", as used in this part, means and includes any person who, under whatever name or title, is the custodian of the funds of the county.

(6) The term "engineer", ~~designated-in-the-petition~~ as used in this part, means the person, firm, or corporation ~~whose-name who~~ is designated ~~and-approved~~ by the board of county commissioners as the engineer ~~in--the--original petition-asking~~ for the improvement.

(7) The term "incidental expenses", as used in this part, ~~shall-include~~ includes:

(a) the compensation of the engineer ~~selected--as hereinbefore-provided~~ for work done by him;

(b) the cost of printing and advertising, as provided

1 in this part, ~~the expenses of making the assessment for any~~
2 ~~work authorized by this part;~~

3 (c) interest on warrants of the county issued to pay
4 costs of improvements as provided in this part;

5 (d) costs of issuance of the bonds or warrants of the
6 special improvement district, including costs of printing
7 the bonds, bond registration fees, attorneys' fees and
8 financial consultants' fees, a premium for bond insurance,
9 any price paid by the original purchaser of the bonds that
10 is less than the face amount thereof, and interest to accrue
11 on bonds or warrants of the special improvement district
12 before assessments levied by the district are collected in
13 amounts and at times sufficient to pay such interest; and

14 (e) a reasonable administrative fee payable to the
15 county for the creation and administration of the district
16 by the county, its officers, and its employees.

17 (8) The term "main street" means such actually opened
18 street or streets as bound a block.

19 (9) The words "paved" or "repaved", as used in this
20 part, shall be held to mean and include pavement of stone,
21 whether paving blocks or macadam; of bituminous rock or
22 asphalt; or of wood, brick, or other material, whether
23 patented or not, which the board of county commissioners by
24 rule or resolution shall adopt.

25 (10) The term "quarter block", as used in this part as

1 to irregular blocks, includes all lots or portions of lots
2 having any frontage on either intersecting street halfway
3 from such intersection to the next main street or when no
4 main street intervenes, all the way to the boundary line of
5 any city.

6 (11) The word "street", as used in this part, includes
7 avenues, highways, lanes, alleys, crossings or
8 intersections, courts, and places which have been dedicated
9 and accepted according to the law or in common and
10 undisputed use by the public for a period of not less than 5
11 years next preceding.

12 (12) The term "street intersection", wherever used in
13 this part, means that parcel of land at the point of
14 juncture or crossing of intersecting streets, which lies
15 between lines drawn from corner to corner of all lot lines
16 immediately cornering at such juncture.

17 (13) The words "work", "improved", and "improvements",
18 as used in this part, shall include all work or the securing
19 of property, by purchase or otherwise, mentioned in this
20 part and also the construction, reconstruction, maintenance,
21 and repair of all or any portion of said work."

22 Section 2. Section 7-12-2102, MCA, is amended to read:

23 "7-12-2102. Authorization to create rural improvement
24 districts ~~upon petition~~. (1) Whenever the public interest
25 or convenience may require ~~and upon the petition of 60% of~~

1 ~~the--freeholders--affected--thereby,~~ the board of county
 2 commissioners is hereby authorized and empowered to order
 3 and create special improvement districts ~~in---thickly~~
 4 ~~populated--localities~~ outside of the limits of incorporated
 5 towns and cities for the purpose of building, constructing,
 6 or acquiring by purchase ~~devices-intended-to-protect-the~~
 7 ~~safety-of-the-public-from-open-ditches--carrying--irrigation~~
 8 ~~or--other--water--and-maintaining-sanitary-and-storm-sewers,~~
 9 ~~light-systems, waterworks-plants, water-systems,--sidewalks,~~
 10 ~~and-such-other-special-improvements-as-may-be-petitioned-for~~
 11 one or more of the improvements of the kind described in
 12 7-12-4102, in or for the benefit of the special improvement
 13 district.

14 (2) The board of county commissioners may upon
 15 ~~compliance-with-subsection--(1)~~ order and create special
 16 improvement districts covering projects abutting the city
 17 limits and include properties inside the city where the
 18 rural improvement district abuts and benefits that property.
 19 Property owners within the proposed district boundaries
 20 inside the city may not be included in the rural special
 21 improvement district only if ~~60%~~ 40% of those property
 22 owners approve protest the creation of the rural special
 23 improvement district. The property inside the city must be
 24 treated in a similar manner as to improvements, notices, and
 25 assessments as the property outside the city limits. A joint

1 resolution of the city and county must be passed agreeing to
 2 the terms of the rural special improvement district prior to
 3 passing the resolution of intention or resolution creating
 4 the rural special improvement district. A copy of the
 5 resolution of intention and the resolution creating the
 6 rural special improvement district must be provided to the
 7 city clerk upon the passage of the respective resolutions."

8 Section 3. Section 7-12-2103, MCA, is amended to read:
 9 "7-12-2103. Resolution of intention to create rural
 10 improvement district. (1) Before creating any special
 11 improvement district for the purpose of making any of the
 12 improvements or acquiring any private property for any
 13 purpose authorized by this part, the board of county
 14 commissioners shall pass a resolution of intention to do so.

15 (2) The resolution shall:
 16 (a) designate the number of such district;
 17 (b) describe the boundaries thereof;
 18 (c) state therein the general character of the
 19 improvements which are to be made; ~~and~~
 20 (d) designate the name of the engineer who is to have
 21 charge of the work and an approximate estimate of the cost
 22 thereof; ~~and~~
 23 (e) specify the method or methods by which the costs
 24 of the improvements will be assessed against property in the
 25 district."

1 Section 4. Section 7-12-2105, MCA, is amended to read:

2 "7-12-2105. Notice of resolution of intention to
3 create district -- hearing. (1) Upon having passed the
4 resolution of intention pursuant to 7-12-2103, the board of
5 county commissioners must give notice of the passage of such
6 resolution of intention.

7 (2) The notice must be published for 10 consecutive
8 days in a daily newspaper or in two issues of a weekly
9 newspaper published nearest to the place where such
10 improvement district is to be created. The board shall also
11 cause a copy of such notice to be posted in three public
12 places within the boundaries of such special improvement
13 district. A copy of such notice shall be mailed to every
14 person, firm, or corporation or the agent of such person,
15 firm, or corporation owning real property within the
16 proposed district listed in his name upon the last completed
17 assessment roll for state, county, and school district
18 taxes, at his last known place of residence, upon the same
19 day such notice is first published or posted.

20 (3) Such notice must describe the general character of
21 the improvement or improvements so proposed to be made or
22 acquired by purchase, state the estimated cost thereof,
23 describe generally the method or methods by which the costs
24 of the improvements will be assessed, and designate the time
25 when and the place where the board will hear and pass upon

1 all protests that may be made against the making or
2 maintenance of such improvements or the creation of such
3 district. The notice shall refer to the resolution on file
4 in the office of the county clerk for the description of the
5 boundaries. If the proposal is for the purchase of an
6 existing improvement, the notice shall state the exact
7 purchase price of such existing improvement."

8 Section 5. Section 7-12-2108, MCA, is amended to read:

9 "7-12-2108. Extension of proposed district. Whenever a
10 contemplated work or improvement, in the opinion of the
11 board of county commissioners, is of more than local or
12 ordinary public benefit or whenever, according to the
13 estimates furnished by the county surveyor or ~~an~~ the
14 ~~engineer approved--by--the--board--and--designated--in--the~~
15 ~~petition,~~ the total estimated cost and expenses thereof
16 would exceed one-half of the total assessed value of the
17 lots and lands assessed (if assessed upon the lots and lands
18 fronting upon such proposed work or improvement according to
19 the valuation fixed by the last assessment roll whereon it
20 was assessed for taxes), the board may make the expense of
21 such work chargeable upon ~~the extended district, which may~~
22 include the lots and lands fronting upon such proposed
23 improvement and upon other lots and lands not fronting on
24 the improvement and which the board shall declare, in its
25 resolution of intention, to be the district property

1 benefited by said work or improvement and to be assessed to
2 pay the cost and expense thereof."

3 NEW SECTION. Section 6. Multiple improvements in
4 single proceeding. The board of county commissioners may
5 include, in one proceeding under one resolution of intention
6 and in one contract, any of the different kinds of
7 improvements or work provided for in this part and may
8 include any number of streets and rights-of-way or portions
9 thereof, and it may exempt any of the work already done upon
10 a street to the official grade.

11 Section 7. Section 7-12-2109, MCA, is amended to read:

12 "7-12-2109. Right to protest creation or extension of
13 district. At any time within 15 days after the date of the
14 first publication of the notice of the passage of the
15 resolution of intention, any owner of property liable to be
16 assessed for said work may make written protest against the
17 proposed work or against the extending or creation of the
18 district to be assessed, or both. Such protest must be in
19 writing and, identify the property in the district owned by
20 the protestor, and be signed by all owners of the property.
21 The protest must be delivered to the county clerk, who shall
22 endorse thereon the date of its receipt by him."

23 Section 8. Section 7-12-2112, MCA, is amended to read:

24 "7-12-2112. Sufficient protest to bar proceedings --
25 exception. (1) Except as provided in subsection (2), no

1 further proceedings shall be taken for a period of 6 months
2 from the date when said protest was received by the county
3 clerk when:

4 ~~{a)--the-protest-is-against-the-proposed-work--and--the~~
5 ~~cost--thereof--is--to-be-assessed-upon-the-property-fronting~~
6 ~~thereon-and the board of county commissioners finds that~~
7 ~~such protest is made by the owners of property in the~~
8 ~~district to be assessed for more than 50% of the--area~~
9 ~~fronting-on the cost of the proposed work--or, in accordance~~
10 ~~with the method or methods of assessment described in the~~
11 ~~resolution of intention.~~

12 ~~{b)--the-protest-is-against-the-proposed-work--and--the~~
13 ~~cost--thereof-is-to-be-assessed-upon-the-property-within-the~~
14 ~~extended-district-and-the-board-finds-that-such--protest--is~~
15 ~~made--by-the-owners-of-more-than-one-half-of-the-area-of-the~~
16 ~~property-to-be-assessed-for-such-improvements.~~

17 (2) In case the improvements are the construction of
18 sanitary sewers, the protests may be overruled by a
19 unanimous vote of the board."

20 Section 9. Section 7-12-2119, MCA, is amended to read:

21 "7-12-2119. Manner of making demands for incidental
22 expenses. All demands for incidental expenses in
23 7-12-2101(7), except for the administrative fee of the
24 county and interest payable on warrants or bonds of the
25 district, shall be presented to the county clerk by itemized

1 bill, duly verified by oath of the demandant."

2 Section 10. Section 7-12-2151, MCA, is amended to
3 read:

4 "7-12-2151. Assessment of costs. (1) To defray the
5 cost of making or acquiring any of the improvements provided
6 for in this part, including incidental expenses, the board
7 of county commissioners shall assess the entire cost of the
8 improvements against benefited lots, tracts, or parcels of
9 land in the district, based upon the benefits received, and
10 shall adopt one or any combination of the following method
11 methods of assessment for each improvement made or acquired
12 for the benefit of the district:

13 (1)(a) ~~The board shall assess the entire cost of such~~
14 ~~improvements against the entire district.~~ Each lot, tract,
15 or parcel of land assessed in such district shall may be
16 assessed with that part of the whole cost which its
17 assessable area bears to the assessable area of all the
18 entire benefited lots, tracts, or parcels in the district,
19 exclusive of streets, avenues, alleys, and public places.
20 For the purposes of this subsection (1)(a), "assessable
21 area" means an area of a lot, tract, or parcel of land
22 representing the benefit conferred upon the lot, tract, or
23 parcel by the improvement. Assessable area may be less than
24 but may not exceed the actual area of the lot, tract, or
25 parcel.

1 (2)(b) ~~Where said rural improvement district is~~
2 ~~located more than 5 miles from the boundary of an~~
3 ~~incorporated city or town, said assessment may, at the~~
4 ~~option of the board, be~~ Each lot, tract, or parcel of land
5 assessed in the district may be assessed with that part of
6 the whole cost of the improvement based upon the assessed
7 value of the benefited lots or pieces of land within said
8 district.

9 (c) Each lot, tract, or parcel of land in the district
10 abutting upon the street where the improvement has been made
11 may be assessed in proportion to its lineal feet abutting
12 the street.

13 (d) Each lot, tract, or parcel of land in the district
14 served by a utility connection may be assessed an equitable
15 lump sum for the connection based on the bid price in the
16 applicable contract.

17 (e) Each lot, tract, or parcel of land may be assessed
18 for the cost of the improvement on the basis of such other
19 method as the board determines to be equitable in proportion
20 to and not exceeding the benefits received from the
21 improvement by the lot, tract, or parcel.

22 (2) The board may use one or any combination of
23 methods of assessment in a single special improvement
24 district and, if more than one improvement is undertaken,
25 need not assess each lot, tract, or parcel in the district

1 for the cost of all the improvements.

2 (3) The board in its discretion shall have the power
3 to pay the whole or any part of the cost of any street,
4 avenue, or alley intersection out of any funds in its hands
5 available for that purpose or to include the whole or any
6 part of such costs within the amount of the assessment to be
7 paid by the benefited property in the district."

8 Section 11. Section 7-12-2152, MCA, is amended to
9 read:

10 "7-12-2152. Exception for owners of water ditches
11 under certain circumstances. The owner or owners of open
12 ditches carrying irrigation or other water shall not be
13 included in any rural improvement district under this part
14 for the purpose of assessment to support the rural
15 improvement district for the installation, repair, or
16 maintenance of any protective devices ~~referred--to--in~~
17 7-12-2102 intended to protect the safety of the public from
18 open ditches carrying irrigation or other water. Such
19 devices or improvements shall provide access to and shall
20 not be constructed so as to hinder the operation and
21 maintenance of the ditch."

22 Section 12. Section 7-12-2153, MCA, is amended to
23 read:

24 "7-12-2153. Incidental expenses considered as cost of
25 improvements. (1) The cost and expense connected with and

1 incidental to the formation of any special improvement
2 district, including the cost of preparation of plans,
3 specifications, maps, or plats; engineering,
4 superintendence, and inspection; and preparation of
5 assessment rolls; and the other incidental expenses
6 described in 7-12-2101(7) shall be considered a part of the
7 cost and expenses of making the improvements within such
8 special improvement district.

9 (2) The original costs of any improvement may, at the
10 option of the ~~local--governing--body~~ board of county
11 commissioners, include an amount not to exceed ~~3%~~ 5% of the
12 principal amount of any bonds or warrants to be issued,
13 which shall be deposited in the revolving fund created in
14 ~~7-12-2181 or deposited in the county general fund.~~"

15 Section 13. Section 7-12-2158, MCA, is amended to
16 read:

17 "7-12-2158. Resolution for levy and assessment of tax.
18 (1) To defray the cost of making or acquiring improvements
19 in any special improvement district, the board of county
20 commissioners shall by resolution levy and assess a tax upon
21 all benefited property in the district created for such
22 purpose, by using for a basis for such assessment the method
23 or methods provided for by this part and described in the
24 resolution of intention.

25 (2) Such resolution shall contain a description of

1 each lot or parcel of land, with the name of the owner if
 2 known, and the amount of each partial payment, when made,
 3 and the day when the same shall become delinquent.

4 (3) Such resolution, signed by the chairman of the
 5 board, shall be kept on file in the office of the county
 6 clerk."

7 Section 14. Section 7-12-2159, MCA, is amended to
 8 read:

9 "7-12-2159. Notice of resolution for levy and
 10 assessment of tax -- protest and hearing. (1) A notice,
 11 signed by the county clerk and stating that the resolution
 12 levying a special assessment to defray the cost of making
 13 the improvements is on file in the office of the county
 14 clerk and is subject to inspection, shall be:

15 (a) published at least once in a newspaper published
 16 nearest to where the special improvement is to be made;

17 (b) mailed to the owner of each lot, tract, or parcel
 18 of land to be assessed (such lands must be identified and
 19 the mailing address determined from the last completed
 20 assessment roll for state, county, and school district
 21 taxes); and

22 (c) mailed to such other persons known to the clerk to
 23 have an ownership interest in the property.

24 (2) The notice shall state the time at and place in
 25 which objections to the final adoption of the resolution

1 will be heard by the board of county commissioners. The time
 2 for the hearing may not be less than 5 10 days after the
 3 publication and mailing of the notice."

4 Section 15. Section 7-12-2167, MCA, is amended to
 5 read:

6 "7-12-2167. Term of payment of assessments. (1) Except
 7 as provided in subsection (2), the payment of the assessment
 8 to defray the cost of constructing any improvements in
 9 special improvement districts may be spread over a term of
 10 not to exceed 30 years, ~~payment-to-be-made-in--equal--annual~~
 11 ~~installments.~~

12 (2) If federal loans are available, payments may be
 13 spread over a term of not to exceed 40 years.

14 (3) If the bonds of the special improvement district
 15 are issued as serial bonds, the assessments must be payable
 16 in equal annual installments. If the bonds are issued as
 17 amortization bonds, the assessments must be payable in equal
 18 annual installments of principal and interest, each in the
 19 amount required to pay the principal over the term of
 20 payment, with interest at the rate then borne by the
 21 assessment.

22 (4) Any assessment that is not delinquent may be
 23 prepaid, in whole but not in part, at any time after the
 24 assessment is levied, by the payment of the assessment, with
 25 interest accrued and to accrue thereon through the next date

1 on which interest on bonds of the special improvement
2 district is payable."

3 NEW SECTION. Section 16. Interest rate on delinquent
4 assessments. The installments of assessments remaining
5 unpaid bear simple interest at an annual rate of the sum of
6 1/2 of 1% a year plus the average interest rate payable on
7 the outstanding bonds or warrants of the special improvement
8 district.

9 NEW SECTION. Section 17. Change in outstanding
10 principal of district -- relevy of assessments. If proceeds
11 of the bonds or warrants of the special improvement
12 district, including investment income thereon, are applied
13 to the redemption and prepayment of such bonds or warrants,
14 as provided in 7-12-2173 and 7-12-2174, or if refunding
15 bonds are issued pursuant to [section 28] and the principal
16 amount of the outstanding bonds of the district is decreased
17 or increased, the assessments levied in the district and
18 then outstanding must be reduced or increased, respectively,
19 pro rata by the principal amount of such prepayment or the
20 increment above or below the outstanding principal amount
21 of bonds represented by the refunding bonds. The board shall
22 reassess and relevy such assessments, with the same effect
23 as an original levy, in such reduced or increased amounts,
24 in accordance with the provisions of 7-12-2158 through
25 7-12-2160.

1 Section 18. Section 7-12-2169, MCA, is amended to
2 read:

3 "7-12-2169. Use of bonds and warrants. All costs and
4 expenses incurred in any improvement district in the
5 acquisition, construction, or maintenance of any improvement
6 specified in this part or incurred in the issuance of bonds
7 or warrants of the district, including incidental expenses,
8 shall be paid for by special improvement district bonds or
9 warrants. The board of county commissioners shall provide
10 for making payments for maintenance or improvements in any
11 rural improvement district by the method provided in
12 7-12-2172 and 7-12-2173."

13 Section 19. Section 7-12-2171, MCA, is amended to
14 read:

15 "7-12-2171. Details relating to rural improvement
16 district bonds and warrants. (1) The bonds and warrants
17 shall be drawn against the special improvement district fund
18 created for the district (that is, either the construction
19 or maintenance fund, as the case may be) and shall bear
20 interest from the date of registration until called for
21 redemption or paid in full. The interest shall be payable
22 annually on January 1 of each year unless or semiannually,
23 at the discretion of the board of county commissioners, on
24 such dates as the board prescribes another--date. Such
25 warrants {or bonds} shall bear the signatures of the

1 chairman of the board and the county clerk and shall bear
 2 the corporate seal of the county. They shall be registered
 3 in the office of the county clerk and the county treasurer,
 4 and if interest coupons be attached thereto, they shall also
 5 be so registered and shall bear the signatures of the
 6 chairman of the board and the county clerk. Said coupons may
 7 bear the facsimile signatures of said officers in the
 8 discretion of the board.

9 (2) Said bonds shall be in denominations of \$100 or
 10 fractions or multiples thereof, may be issued in
 11 installments, and may extend over a period of not to exceed
 12 30 years; except that if federal loans are available for
 13 improvements, repayment may extend over a period not to
 14 exceed 40 years.

15 (3) All special improvement district bonds must be
 16 amortization bonds unless, in the judgment of the board,
 17 serial bonds will be more advantageous to the district and
 18 can be sold at a comparatively reasonable rate or rates of
 19 interest."

20 NEW SECTION. Section 20. Definitions of forms of
 21 bonds. As used in this part, unless the context clearly
 22 indicates otherwise, the following definitions apply:

23 (1) "Amortization bonds" means the form of bonds on
 24 which:

25 (a) a part of the principal must be paid each time

1 interest becomes payable;

2 (b) the part payment of principal increases at each
 3 installment in the same amount that the interest decreases;

4 (c) the combined interest and principal due on each
 5 due date remains the same until the bonds are paid;

6 (d) the final payment may vary from prior payments in
 7 the amount resulting from disregarding fractional costs in
 8 prior payments; and

9 (e) the initial payment may be larger than subsequent
 10 payments if such increase represents interest accrued over
 11 an additional period not greater than 6 months.

12 (2) "Serial bonds" means the form of bonds that are
 13 payable in annual installments and on which the amount
 14 maturing each year may not be more than three times the
 15 principal amount of bonds maturing in any previous year.

16 Section 21. Section 7-12-2172, MCA, is amended to
 17 read:

18 "7-12-2172. Procedure to issue bonds and warrants. (1)
 19 The board of county commissioners shall sell bonds or
 20 warrants issued under the provisions of 7-12-2169 through
 21 7-12-2174, in an amount sufficient to pay that part of the
 22 total cost and expense of making the improvement
 23 improvements which is to be assessed against the benefited
 24 property within the district, to the highest and best bidder
 25 therefor for cash ~~and-for-not-less-than-the-face-value-of~~

1 ~~such--bonds--or--warrants, at a price, including interest~~
 2 ~~thereon; to date of delivery, not less than that prescribed~~
 3 ~~by the board in the resolution calling for the sale of the~~
 4 ~~bonds or warrants. The board may fix the minimum price for~~
 5 ~~the bonds or warrants in an amount less than the face value~~
 6 ~~thereof if it determines that such sale is in the best~~
 7 ~~interests of the district and the county.~~

8 (2) The bonds or warrants may be sold at a private
 9 negotiated sale to the United States or the state of
 10 Montana, or an agency, instrumentality, corporation, or
 11 department thereof.

12 ~~{2}{3} The In all other cases, the provisions of~~
 13 ~~7-7-4251 through 7-7-4254 which relate to the notice of~~
 14 ~~sale, publication of notice, and manner and method of~~
 15 ~~selling bonds by cities and towns, insofar as the same are~~
 16 ~~applicable thereto and not in conflict with the provisions~~
 17 ~~of this section and 7-12-2173, shall apply to, govern, and~~
 18 ~~control the form of notice of sale, publication of notice,~~
 19 ~~and manner and method of selling such bonds or warrants."~~

20 NEW SECTION. Section 22. Pooling of bonds of
 21 districts in county. (1) If the board of county
 22 commissioners determines by resolution that the pooling of
 23 bonds of more than one special improvement district of the
 24 county is in the best interest of the county and the
 25 respective districts and will facilitate the sale of the

1 bonds under more advantageous terms or with lower interest
 2 rates, the county may issue bonds of the districts combined
 3 in a single offering. Such bonds must be secured by the
 4 rural special improvement district revolving fund of the
 5 county.

6 (2) The title of the bonds issued pursuant to this
 7 section shall denote that bonds of different special
 8 improvement districts have been pooled and shall refer to
 9 the numbers of the districts. The bonds must be drawn
 10 against a sinking fund that has separate accounts for each
 11 special improvement district combined for financing
 12 purposes, into which must be payable the assessments levied
 13 in each of the districts.

14 Section 23. Section 7-12-2173, MCA, is amended to
 15 read:

16 "7-12-2173. Disposition of bond or warrant proceeds.
 17 (1) The board of county commissioners shall use the proceeds
 18 of such sale in making payment ~~to--the--contractor--or~~
 19 ~~contractors for the cost of the improvements. Such-payment~~
 20 Payments to contractors may be made either from time to
 21 time, on estimates made by the engineer in charge of such
 22 improvements for the county, or upon the entire completion
 23 of the improvements and the acceptance thereof by the board.

24 (2) All interest earned on the investment of bond or
 25 warrant proceeds during the construction of improvements

1 must be credited to the construction account of the
 2 improvement district fund from which the proceeds were
 3 withdrawn.

4 (3) Any proceeds of the bonds or warrants, including
 5 investment income thereon, remaining after payment of all
 6 costs of the improvements must be transferred to the sinking
 7 fund in the improvement district fund and applied, to the
 8 extent possible, to the prepayment and redemption of bonds
 9 or warrants on the next succeeding redemption date for which
 10 notice of redemption may properly be given."

11 Section 24. Section 7-12-2174, MCA, is amended to
 12 read:

13 "7-12-2174. Redemption of bonds and warrants. (1) The
 14 county treasurer shall first pay out of the proper special
 15 improvement district fund, annually on each interest payment
 16 date, the interest on all outstanding warrants (or bonds) on
 17 presentation of the coupons belonging thereto, or otherwise
 18 then payable and any the principal, if any, then payable on
 19 the warrants or bonds. Any funds remaining in the proper
 20 fund shall be applied to the payment of the principal and
 21 the redemption of the warrants (or bonds) in order of their
 22 registration as provided in subsection (2).

23 (2) Such Special improvement district warrants (or
 24 bonds) shall be redeemed by the county treasurer when there
 25 are funds available therefor in the special improvement

1 district fund against which said (or bonds) are
 2 issued. Whenever there are any funds in any special
 3 improvement district fund after paying the interest on such
 4 warrants (or bonds) drawn against said fund, the county
 5 treasurer shall call in for payment outstanding warrants (or
 6 bonds) which, together with the interest thereon to the date
 7 of redemption, will equal the amount of said fund on that
 8 date. on any interest payment date from the proceeds of the
 9 bonds or warrants remaining after payment of all costs of
 10 the improvements, as provided in 7-12-2173, or from the
 11 prepayment of assessments levied in the district. Special
 12 improvement district bonds or warrants are subject to
 13 redemption and prepayment at the option of the county on
 14 any interest payment date after one-half of the term for
 15 which they were issued has expired.

16 (3) The date of redemption shall be fixed by the
 17 county treasurer and shall not be less than 10 days after
 18 the date of publication or of service mailing of notice. The
 19 county treasurer shall give notice by publication once in a
 20 newspaper published in the city or, at the option of the
 21 county treasurer, by written notice to the holders of such
 22 the warrants (or bonds) to be redeemed, if their addresses
 23 be are known, of the number of warrants (or bonds) to be
 24 redeemed and the date on which payment will be made. If the
 25 addresses of the holders of all bonds or warrants to be

1 redeemed are not known, the county treasurer shall publish
 2 notice of redemption once in a newspaper published in the
 3 county. On the date fixed for redemption interest shall
 4 cease."

5 Section 25. Section 7-12-2182, MCA, is amended to
 6 read:

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

10 (a) 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

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

1 increase the balance in the revolving fund above 5% 15% of
 2 the then-outstanding rural special improvement district
 3 bonds and warrants secured thereby.

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

15 Section 26. Section 7-12-2186, MCA, is amended to
 16 read:

17 "7-12-2186. Utilization of excess money in revolving
 18 fund. Whenever there is in the revolving fund an amount in
 19 excess of 5% 15% of the then-outstanding rural special
 20 improvement district bonds and warrants secured thereby and
 21 the board considers any part of the excess to be greater
 22 than the amount necessary for payment or redemption of
 23 maturing bonds or warrants secured thereby or interest
 24 thereon, the board may order the amount the board considers
 25 greater than the amount necessary or any part thereof:

1 (1) transferred to the general fund of the county, if
2 approved by a unanimous vote of the board at a meeting
3 called for that purpose; or

4 (2) if there are outstanding special improvement
5 district bonds or warrants of the county, applied to the
6 purchase of property:

7 (a) that is being sold because of delinquent taxes or
8 assessments, or both; and

9 (b) that has against it unpaid assessments for special
10 improvements."

11 NEW SECTION. Section 27. Sale of tax certificates --
12 proceeds. (1) The board may sell any tax certificates
13 issued on any sale or sales referred to in 7-12-2186. After
14 acquiring title to property referred to in 7-12-2186, the
15 county may lease such property or sell it at public or
16 private sale and make conveyance thereof, or the board may
17 otherwise dispose of it as the interest of the county may
18 require.

19 (2) All proceeds from such sales of tax certificates
20 and from such leasing, sale, or other disposition of the
21 property must be paid into the revolving fund and is subject
22 to transfer in whole or in part to the general fund by a
23 unanimous vote of all the members of the board at a meeting
24 called for that purpose.

25 NEW SECTION. Section 28. Refunding bonds. (1) A

1 county may issue special improvement district bonds for the
2 purpose of providing the money needed to pay principal of
3 and interest on outstanding special improvement district
4 bonds. To issue bonds for such purpose, the board of county
5 commissioners, at a regular meeting or a duly called special
6 meeting, shall adopt a resolution setting forth:

7 (a) the facts regarding the outstanding bonds that are
8 to be refunded;

9 (b) the reasons for issuing refunding bonds; and

10 (c) the term and details of the refunding bonds.

11 (2) If the refunding bonds are proposed to be issued
12 in an amount greater than the amount of outstanding bonds to
13 be refunded, the board may not authorize the issuance of
14 such bonds until it has conducted a public hearing on the
15 desirability of issuing the bonds, after published and
16 mailed notice as provided in 7-12-2105(2), and found by
17 resolution that such an issuance of refunding bonds is in
18 the best interest of the special improvement district.

19 (3) After the adoption of the required resolution or
20 resolutions, the board may:

21 (a) sell the refunding bonds at a private negotiated
22 sale; or

23 (b) at its option, give notice of the sale and sell
24 the refunding bonds in the same manner that other special
25 improvement district bonds are sold.

1 (4) Bonds may not be refunded by the issuance of
2 refunding bonds unless the rate of interest offered on the
3 refunding bonds is at least 1/2 of 1% a year less than the
4 rate of interest on the bonds to be refunded.

5 (5) (a) Refunding bonds issued pursuant to this
6 section may be issued to refund outstanding bonds in advance
7 of the date on which such bonds mature or are subject to
8 redemption, but the proceeds of the refunding bonds, less
9 any accrued interest or premium received upon the sale
10 thereof, must be deposited with other funds appropriated for
11 the payment of the outstanding bonds in escrow with a
12 suitable banking institution or trust company, which may be
13 located either in or out of the state.

14 (b) Funds so deposited must be invested in securities
15 that are general obligations of the United States or
16 securities the principal of and interest on which are
17 guaranteed by the United States. Such securities must mature
18 or be callable at the option of the holder on such dates and
19 bear interest at such rates and be payable on such dates as
20 may be required to provide funds sufficient, with any cash
21 deposited in the escrow account, to pay when due:

22 (i) the interest to accrue on each refunded bond to
23 its maturity or redemption date, if called for redemption;

24 (ii) the principal on each refunded bond at maturity or
25 upon such redemption date; and

1 (iii) any redemption premium.

2 (c) The escrow account must be irrevocably
3 appropriated to the payment of the principal of an interest
4 and redemption premium, if any, on the refunded bonds.

5 (d) Funds to the credit of the debt service fund for
6 the payment of the refunded bonds and not required for the
7 payment of principal thereof or interest thereon due prior
8 to issuance of the refunding bonds may be appropriated by
9 the board to the escrow account.

10 (e) The county may pay the reasonable costs and
11 expenses of issuing the refunding bonds and of establishing
12 and maintaining the escrow account.

13 (6) Refunding bonds may be issued under this section
14 to pay principal of or interest on special improvement
15 district bonds outstanding on [the effective date of this
16 act] only if:

17 (a) one-half or more of the term for which such bonds
18 were issued has expired; or

19 (b) there is a deficiency in the bond account or
20 interest account of the special improvement district fund
21 from which such bonds are payable.

22 Section 29. Section 7-12-4101, MCA, is amended to
23 read:

24 "7-12-4101. Definitions. Unless the context indicates
25 otherwise, as used in this part and part 42, the following

1 definitions apply:

2 (1) "Blocks" means blocks, whether regular or
3 irregular, that are bounded by main streets or by main
4 streets and a boundary line of the city.

5 (2) "City" or "municipality" means all corporations
6 organized for municipal purposes.

7 (3) "City clerk" or "clerk" means any person or
8 officer who is clerk of the council.

9 (4) "City council" means any body or board that is the
10 legislative department of the government of the city.

11 (5) "City engineer" means any person or officer who is
12 responsible for the maintenance and improvement of the
13 streets in a city.

14 (6) "City treasurer" means any person who, under
15 whatever name or title, is the custodian of the funds of the
16 municipality.

17 (7) "Incidental expenses" means:

18 (a) the compensation of the city engineer for work
19 done by him;

20 (b) the cost of printing and advertising as provided
21 in this part and part 42;

22 (c) the compensation of persons appointed by the city
23 engineer to take charge of and superintend any of the work
24 mentioned in this part;

25 (d) the expenses of making the assessment for any work

1 authorized by this part;

2 (e) interest on warrants of the city issued to pay
3 costs of improvements;

4 (f) costs of issuance of bonds or warrants of the
5 special improvement district, including costs of printing
6 the bonds, bond registration fees, attorneys' and financial
7 consultants' fees, a premium for bond insurance, and any
8 price paid by the original purchaser of the bonds that is
9 less than the face amount thereof;

10 (g) interest to accrue on bonds or warrants of the
11 special improvement district before assessments levied in
12 the district are collected in amounts and at times
13 sufficient to pay such interest; and

14 (h) a reasonable administrative fee payable to the
15 city for the creation and administration of the district by
16 the city, its officers, and employees.

17 (8) "Main street" means such actually opened street as
18 bounds a block.

19 (9) "Paved" or "repaved" means pavement of stone
20 (whether paving blocks or macadam), of bituminous rock or
21 asphalt, or of wood, brick, or other material (whether
22 patented or not) which the city council adopts by ordinance
23 or resolution.

24 (10) "Quarter-block", when used in reference to
25 irregular blocks, means all lots or portions of lots having

1 any frontage on either of two intersecting streets halfway
 2 from the intersection to the next main street or, when no
 3 main street intervenes, all the way to a boundary line of
 4 the city.

5 (11) "Street" means avenues, highways, lanes, alleys,
 6 crossings or intersections, courts, and places which have
 7 been dedicated and accepted according to the law or in
 8 common and undisputed use by the public for a period of not
 9 less than 5 years.

10 (12) "Street intersection" means that parcel of land at
 11 the point of juncture or crossing of intersecting streets
 12 which lies between lines drawn from corner to corner of all
 13 lot lines immediately cornering at such juncture.

14 (13) "Work", "improved", or "improvement" means all
 15 work or the securing of property mentioned in this part and
 16 part 42 and also the construction, reconstruction, and
 17 repair of all or any portion of work."

18 Section 30. Section 7-12-4102, MCA, is amended to
 19 read:

20 "7-12-4102. Authorization for creation of special
 21 improvement districts. (1) The city or town council has
 22 power to create special improvement districts, designating
 23 the same by number; to extend the time for payment of
 24 assessments levied upon such districts for the improvements
 25 thereon for a period not exceeding 20 years; to make such

1 assessments payable in installments; and to pay all expenses
 2 of whatever character incurred in making such improvements
 3 with special improvement warrants or bonds.

4 (2) Whenever the public interest or convenience may
 5 require, the city council is hereby authorized and empowered
 6 to:

7 (a) create special improvement districts for acquiring
 8 by purchase, building, constructing, and or maintaining
 9 devices intended to protect the safety of the public from
 10 open ditches carrying irrigation or other water;

11 (b) create special improvement districts for acquiring
 12 by purchase or building and constructing municipal swimming
 13 pools and other recreation facilities;

14 (c) create special improvement districts and order the
 15 whole or any portion or portions, either in length or width,
 16 of any one or more of the streets, avenues, alleys, or
 17 places or public ways of any such city:

18 (i) graded or regraded to the official grade;

19 (ii) planked or replanked;

20 (iii) paved or repaved;

21 (iv) macadamized or remacadamized;

22 (v) graveled or regraveled;

23 (vi) piled or repiled;

24 (vii) capped or recapped;

25 (viii) surfaced or resurfaced;

1 (ix) oiled or reoiled;

2 (d) create special improvement districts and order the

3 acquisition, construction, or reconstruction therein of:

4 (i) sidewalks, crosswalks, culverts, bridges, gutters,

5 curbs, steps, parkings (including the planting of grassplots

6 and setting out of trees);

7 (ii) sewers, ditches, drains, conduits, and channels

8 for sanitary and/or drainage purposes, with outlets,

9 cesspools, manholes, catchbasins, flush tanks, septic tanks,

10 connecting sewers, ditches, drains, conduits, channels, and

11 other appurtenances;

12 (iii) waterworks, water mains, and extensions of water

13 mains;

14 (iv) pipes, hydrants, hose connections for irrigating

15 purposes;

16 (v) appliances for fire protection;

17 (vi) tunnels, viaducts, conduits, subways, breakwaters,

18 levees, retaining walls, bulkheads, and walls of rock or

19 other material to protect the same from overflow or injury

20 by water;

21 (vii) the opening of streets, avenues, and alleys and

22 the planting of trees thereon;

23 (e) create special improvement districts and order the

24 construction or reconstruction in, over, or through property

25 or rights-of-way owned by such city of:

1 (i) tunnels, sewers, ditches, drains, conduits, and

2 channels for sanitary and/or drainage purposes, with

3 necessary outlets, cesspools, manholes, catchbasins, flush

4 tanks, septic tanks, connection sewers, ditches, drains,

5 conduits, channels, and other appurtenances;

6 (ii) pipes, hose connections for irrigating; hydrants

7 and appliances for fire protection;

8 (iii) breakwaters, levees, retaining walls, and

9 bulkheads; and

10 (iv) walls of rock or other material to protect the

11 streets, avenues, lanes, alleys, courts, places, public

12 ways, and other property in any such city from overflow by

13 water;

14 (f) create special improvement districts and order any

15 work to be done which shall be deemed necessary to improve

16 the whole or any portion of such streets, avenues,

17 sidewalks, alleys, places, or public ways, property, or

18 right-of-way of such city; and

19 (g) maintain, preserve, and care for any and all of

20 the improvements herein mentioned.

21 (3) The city governing body may order and create

22 special improvement districts covering projects abutting the

23 city limits and include properties outside the city where

24 the special improvement district abuts and benefits that

25 property. Property owners within the proposed district

1 boundaries outside the city may not be included in the
 2 special improvement district only if 60% 40% of those
 3 property owners approve protest the creation of the special
 4 improvement district. The property outside the city must be
 5 treated in a similar manner as to improvements, notices, and
 6 assessments as the property inside the city limits. A joint
 7 resolution of the city and county must be passed agreeing to
 8 the terms of the special improvement district prior to
 9 passing the resolution of intention or the resolution
 10 creating the special improvement district. A copy of the
 11 resolution of intention and the resolution creating the
 12 special improvement district must be provided to the county
 13 commissioners upon the passage of the respective
 14 resolutions."

15 Section 31. Section 7-12-4104, MCA, is amended to
 16 read:

17 "7-12-4104. Resolution of intention to create special
 18 improvement district. (1) Before creating any special
 19 improvement district for the purpose of making any of the
 20 improvements or acquiring any private property for any
 21 purpose authorized by this part, the city council shall pass
 22 a resolution of intention to do so.

- 23 (2) The resolution shall:
 24 (a) designate the number of such district₇;
 25 (b) describe the boundaries thereof₇-and;

1 (c) state therein the general character of the
 2 improvement or improvements which are to be made and an
 3 approximate estimate of the cost thereof; and

4 (d) specify the method or methods by which the costs
 5 of the improvements will be assessed against property in the
 6 district.

7 (3) When any improvement is to be made in paving, the
 8 city or town council may, in describing the general
 9 character of ~~the same~~ it in the resolution, describe several
 10 kinds of paving."

11 Section 32. Section 7-12-4106, MCA, is amended to
 12 read:

13 "7-12-4106. Notice of passage of resolution of
 14 intention. (1) Upon having passed such resolution, the
 15 council must give notice of the passage of such resolution
 16 of intention.

17 (2) The notice must be published for 5 days in a daily
 18 newspaper or in some one issue of a weekly paper published
 19 in the city or town or, in case no newspaper be published in
 20 such city, then by posting for 5 days in three public places
 21 in the city or town. A copy of such notice shall be mailed
 22 to every person, firm, or corporation or the agent of such
 23 person, firm, or corporation having real property within the
 24 proposed district listed in his name upon the last completed
 25 assessment roll for state, county, and school district

1 taxes, at his last-known address, upon the same day such
2 notice is first published or posted.

3 (3) Such notice must describe the general character of
4 the improvement or the improvements so proposed to be made,
5 state the estimated cost thereof, describe generally the
6 method or methods by which the costs of the improvements
7 will be assessed, and designate the time when and the place
8 where the council will hear and pass upon all written
9 protests that may be made against the making or acquisition
10 of such improvements or the creation of such district. Said
11 The notice shall refer to the resolution on file in the
12 office of the city clerk for the description of the
13 boundaries. If the proposal is for the purchase of an
14 existing improvement, the notice must state the exact
15 purchase price of the existing improvement."

16 Section 33. Section 7-12-4109, MCA, is amended to
17 read:

18 "7-12-4109. Extension of proposed district. The city
19 council may charge the expenses of the work or improvement
20 to ~~an extended district that may include other~~ lots not
21 fronting on the improvement and which the council in its
22 resolution of intention declares to be, together with the
23 lots abutting the improvement, the district property
24 benefited by the work or improvements whenever:

25 (1) the contemplated work of improvement, in the

1 opinion of the council, is of more than local or ordinary
2 public benefit; or

3 (2) the total estimated costs and expenses thereof,
4 according to estimates furnished by the city engineer, would
5 exceed one-fifth of the total taxable value of the lots and
6 lands fronting upon said proposed work or improvement
7 according to the valuation fixed by the last assessment
8 roll."

9 Section 34. Section 7-12-4110, MCA, is amended to
10 read:

11 "7-12-4110. Protest against proposed work or district.
12 (1) At any time within 15 days after the date of the first
13 publication of the notice of the passage of the resolution
14 of intention, any owner of property liable to be assessed
15 for said work may make written protest against the proposed
16 work or against the extent or creation of the district to be
17 assessed or both.

18 (2) Such protest must be in writing and, identify the
19 property in the district owned by the protestor, and be
20 signed by all the owners of the property. The protest must
21 be delivered to the clerk of the city or town council or
22 commission not later than 5 p.m. of the last day within said
23 15-day period. Said clerk shall endorse thereon the date and
24 hour of its receipt by him."

25 Section 35. Section 7-12-4113, MCA, is amended to

1 read:

2 "7-12-4113. Sufficient protest to bar proceedings --
3 exceptions. (1) Except as provided in subsections (2) and
4 (3), no further proceedings shall be taken for a period of 6
5 months from the date when said sufficient protest shall have
6 been received by said clerk of the city or town council or
7 commission when ~~the protest is against the proposed work~~
8 and:

9 (a) ~~the cost thereof is to be assessed against~~
10 ~~property fronting thereon and~~ the council or commission
11 finds that such protest is made by the owners of property in
12 the district to be assessed for more than 50% of the
13 property fronting on cost of the proposed work, in
14 accordance with the method or methods of assessment
15 described in the resolution of intention; or

16 (b) the cost thereof is to be assessed upon the
17 property within an extended district and the council or
18 commission finds that such protest is made by the owners of
19 more than 50% of the area of the property to be assessed for
20 said improvements.

21 (2) The council or commission shall have the right to
22 overrule any and all objections and pave the proposed block
23 with gravel and oil surface when the improvement proposed is
24 the paving, with necessary incidentals, of not more than one
25 cross block to connect with streets or avenues already paved

1 for a continuous distance of three blocks or more running at
2 a right angle (or substantially so) with the single cross
3 block so proposed to be paved.

4 (3) In case the improvement is the construction of a
5 sanitary sewer, such protest may be overruled by an
6 affirmative vote of a majority of the members of the council
7 or commission unless such protest is made by the owners of
8 property in the district to be assessed for more than 75% of
9 the property affected, as herein provided cost of the
10 district, in accordance with the methods of assessment
11 described in the resolution of intention, in which event the
12 protest must be sustained as to the construction of such
13 sanitary sewer."

14 Section 36. Section 7-12-4123, MCA, is amended to
15 read:

16 "7-12-4123. Manner of making demands for incidental
17 expenses. All demands for incidental expenses mentioned in
18 7-12-4101(7), except the administrative fee of the city and
19 interest payable on warrants or bonds of the district, shall
20 be presented to the city clerk by itemized bill, duly
21 verified by oath of the demandant."

22 Section 37. Section 7-12-4145, MCA, is amended to
23 read:

24 "7-12-4145. Procedure for dealing with bid securities.
25 (1) If bids are rejected, the city council shall thereupon

1 return to the proper parties the bid securities
2 corresponding to the bids so rejected.

3 (2) The bid securities accompanying such accepted
4 proposals or bids shall be held by the city clerk of said
5 city until the contract for doing said work, as hereinafter
6 provided, has been entered into either by said lowest bidder
7 or by the owners of over 50% 75% of the frontage, whereupon
8 said bid security shall be returned to said bidder.

9 (3) If said bidder fails, neglects, or refuses to
10 enter into the contract to perform said work or improvements
11 as hereinafter provided, then the bid securities
12 accompanying his bid and the amount therein mentioned shall
13 be declared to be forfeited to said city and shall be
14 collected by it and paid into the general fund."

15 NEW SECTION. Section 38. Purchase of existing
16 improvement. If the proposed improvement consists of the
17 purchase of an existing improvement, the city council may,
18 after the creation of the special improvement district and
19 after ordering the proposed improvement, enter into a
20 contract for the purchase of the improvement, upon such
21 terms as it considers just, without advertising for bids or
22 proposals. However, the total purchase price of the existing
23 improvement may not exceed the amount set forth in the
24 notice required by 7-12-4106.

25 Section 39. Section 7-12-4161, MCA, is amended to

1 read:

2 "7-12-4161. Choice in manner of assessing costs. (1)
3 Except as provided in subsection (2), to defray the cost of
4 the making of or acquiring any of the improvements provided
5 for in this part, including incidental expenses, the city
6 council or commission shall adopt one of the methods of
7 assessment, where applicable, provided in 7-12-4162 through
8 7-12-4165 or [section 44] for each improvement to be made or
9 acquired for the benefit of the district.

10 (2) ~~The method of assessment provided for in 7-12-4163~~
11 ~~shall not apply to assessments in improvement districts~~
12 ~~created under the provisions of 7-12-4109. The city council~~
13 may use one or any combination of methods of assessment in a
14 single special improvement district, and if more than one
15 improvement is undertaken, each lot or parcel of land in the
16 district need not be assessed for the cost of all the
17 improvements."

18 Section 40. Section 7-12-4162, MCA, is amended to
19 read:

20 "7-12-4162. Assessment of costs -- area option. (1)
21 The city council or commission shall assess the entire cost
22 of ~~such improvements~~ an improvement against benefited
23 property in the entire district, each lot or parcel of land
24 assessed within such district to be assessed for that part
25 of the whole cost which its assessable area bears to the

1 assessable area of all benefited lots or parcels in the
 2 entire district, exclusive of streets, avenues, alleys, and
 3 public places. For the purposes of this subsection,
 4 "assessable area" means an area of a lot or parcel of land
 5 representing the benefit conferred on the lot or parcel by
 6 the improvement. Assessable area may be less than but may
 7 not exceed the actual area of the lot or parcel.

8 (2) The council or commission, in its discretion,
 9 shall have the power to pay the whole or any part of the
 10 cost of any street, avenue, or alley intersection out of any
 11 funds in its hands available for that purpose or to include
 12 the whole or any part of such costs within the amount of the
 13 assessment to be paid by the benefited property in the
 14 district.

15 (3) In order to equitably apportion the cost of any of
 16 the improvements herein provided for between that land
 17 within the district which lies within 25 feet of the line of
 18 the street on which the improvement is to be made and all
 19 other benefited land within the district, the council or
 20 commission may, in the resolution creating any improvement
 21 district, provide that the amount of the assessment against
 22 the property in such district to defray the cost of such
 23 improvements shall be so assessed that each square foot of
 24 land within the district lying within 25 feet of the line of
 25 the street on which the improvements therein provided for

1 are made shall bear double the amount of cost of such
 2 improvements per square foot of such land that each square
 3 foot of any other benefited land within the district shall
 4 bear."

5 Section 41. Section 7-12-4163, MCA, is amended to
 6 read:

7 "7-12-4163. Assessment of costs -- frontage option.

8 (1) The city council or commission shall assess the cost of
 9 ~~such improvements~~ an improvement against benefited lots or
 10 parcels in the entire district, each lot or parcel of land
 11 within such district bordering or abutting upon a street or
 12 streets whereon or wherein the improvement has been made to
 13 be assessed in proportion to the lineal feet abutting or
 14 bordering the same.

15 (2) The council or commission, in its discretion,
 16 shall have the power to pay the whole or any part of the
 17 cost of any street, avenue, or alley intersections out of
 18 any funds in its hands available for that purpose or to
 19 include the whole or any part of such costs within the
 20 amount of the assessment to be paid by the benefited
 21 property in the district."

22 Section 42. Section 7-12-4164, MCA, is amended to
 23 read:

24 "7-12-4164. Assessment of costs -- combined
 25 area-frontage utility service connections -- option. Where

1 curbs, gutters, alley approaches, streets, crossings, and
 2 utility service connections are an integral part of the
 3 creation of storm sewer districts, sanitary sewer districts,
 4 or street pavement districts; the The city council or
 5 commission may assess a portion of the improvements upon the
 6 area basis as set forth under 7-12-4162, other portions of
 7 the improvements upon a linear feet basis as set forth under
 8 7-12-4163, and utility service connections upon a lump sum
 9 based on the bid price in the improvement district contract
 10 and assessed assess only against the lots, tracts, or
 11 parcels of land served by the utility connection or
 12 connections; all within the same special improvement
 13 district, so long as such assessment is equitable."

14 Section 43. Section 7-12-4165, MCA, is amended to
 15 read:

16 "7-12-4165. Assessment of costs -- offstreet parking
 17 option. (1) When the purpose of the assessment is for the
 18 establishment and/or improvement of offstreet parking as
 19 provided in this section, the city council or commission
 20 shall assess, against the real property specifically
 21 benefited by the offstreet parking facilities, the cost of
 22 the developments involved in proportion to the benefits
 23 received by each benefited tract of land within said
 24 district.

25 (2) In determining the benefit to be received by each

1 parcel of land, the council or commission shall consider:

2 (a) the relative distance of the parking facility from
 3 each parcel of land within the area of the special
 4 improvement district;

5 (b) the relative needs of parking spaces for each
 6 parcel of land located within the boundaries of said
 7 district, either as established by the city zoning
 8 ordinance, if any, or otherwise, with relation to the use of
 9 said parcel;

10 (c) the assessed value of each parcel within said
 11 district;

12 (d) the square footage of each parcel within said
 13 district as it relates to the whole;

14 (e) the square footage of floorspace in any
 15 improvements on the parcel and the various uses of such
 16 floorspace;

17 (f) the availability of existing on-site parking space
 18 on any parcel of land within the district."

19 NEW SECTION. Section 44. Other equitable methods of
 20 assessment. The city council may assess the cost of an
 21 improvement against benefited lots, tracts, or parcels in a
 22 special improvement district on the basis of such other
 23 method as it determines to be equitable in proportion to the
 24 benefits received by the lot, tract, or parcel from the
 25 improvement.

1 Section 45. Section 7-12-4169, MCA, is amended to
2 read:

3 "7-12-4169. Incidental expenses considered as cost of
4 improvements. (1) The costs and expenses connected with and
5 incidental to the formation of any special improvement
6 district, including costs of preparation of plans,
7 specifications, maps, and plats; engineering,
8 superintendence, and inspection; and preparation of
9 assessment rolls; and the other incidental expenses
10 described in 7-12-4101(7) shall be considered a part of the
11 cost and expenses of making the improvements within such
12 special improvement district.

13 (2) The costs of any improvement may, at the option of
14 the municipal governing body, include an amount not to
15 exceed 5% of the principal amount of any bonds or warrants
16 to be issued, which shall be deposited in the revolving fund
17 created in 7-12-4221."

18 Section 46. Section 7-12-4176, MCA, is amended to
19 read:

20 "7-12-4176. Resolution for tax levy upon district
21 property. (1) To defray the cost of making or acquiring
22 improvements in any special improvement district or of
23 acquiring property for opening, widening, or extending any
24 street or alley or to defray the cost and expense of
25 changing any grade of any street, avenue, or alley, the city

1 council shall by resolution levy and assess a tax upon all
2 benefited property in any district created for such purpose,
3 using for a basis for assessment ~~one--of~~ the method or
4 methods set forth in 7-12-4161 through 7-12-4165 or [section
5 44] and described in the resolution of intention.

6 (2) Such resolutions shall contain a description of
7 each lot and parcel of land, with the name of the owner, if
8 known, the amount of each partial payment to be made, and
9 the day when the same shall become delinquent.

10 (3) Such resolution, signed by the mayor and clerk,
11 shall be kept on file in the office of the city clerk."

12 Section 47. Section 7-12-4177, MCA, is amended to
13 read:

14 "7-12-4177. Notice of resolution for tax levy --
15 protest and hearing. (1) A notice signed by the city clerk,
16 stating that the resolution levying the special assessment
17 to defray the cost of such improvements is on file in his
18 office and subject to inspection for a period of 5 10 days,
19 shall be:

20 (a) published at least once in a newspaper published
21 in the city or town;

22 (b) mailed to the owner of each lot, tract, or parcel
23 of land to be assessed (such lands must be identified and
24 the mailing address determined from the last completed
25 assessment roll for state, county, and school district

1 taxes); and

2 (c) mailed to such other persons known to the clerk to
3 have an ownership interest in the property.

4 (2) Such notice shall state the time and place at
5 which objections to the final adoption of such resolution
6 will be heard by the council. The time for such hearing
7 shall not be less than 5 10 days after the publication and
8 mailing of such notice."

9 Section 48. Section 7-12-4179, MCA, is amended to
10 read:

11 "7-12-4179. Payment of maintenance costs -- resolution
12 for assessment. (1) The cost of maintaining each of the
13 improvements shall be paid by assessing the benefited
14 properties of the entire district under a permissible
15 assessment option as provided in 7-12-4162 through 7-12-4165
16 and [section 44].

17 (2) It is the duty of the council to estimate, as
18 nearly as practicable, the cost of maintaining the
19 improvements in each district for the season. Before the
20 first Monday in September of each year, the council shall
21 pass and finally adopt a resolution levying and assessing
22 all the property within the several districts with an amount
23 equal to the whole cost of maintaining the improvements
24 within the several districts.

25 (3) The resolution levying assessments to defray the

1 cost of maintenance of the improvement shall be prepared and
2 certified in the same manner as a resolution levying
3 assessments for making improvements in the special
4 improvement district.

5 (4) The council may change by resolution, not more
6 than once a year, the boundaries of any maintenance
7 district, but the change of boundaries may not affect
8 indebtedness existing at the time of the change."

9 Section 49. Section 7-12-4188, MCA, is amended to
10 read:

11 "7-12-4188. Due date for district assessments. (1) All
12 special assessments or installments of special assessments
13 in cities and towns, duly and regularly levied by resolution
14 according to law, shall be payable in installments as
15 follows:

16 (a) one-half of the payment on or before 5 p.m. on
17 November 30 of each year ~~except-as-provided-in-subsection~~
18 ~~(2); and~~

19 ~~(2)(b) The governing body of a municipality may~~
20 ~~provide by resolution that~~ one-half of the payment on
21 ~~special assessments or installments of special assessments~~
22 ~~may be deferred to no later than~~ or before 5 p.m. on May 31
23 of the following year.

24 ~~(3)(2)~~ In the event the same are not paid on or before
25 said date dates, the same shall be subject to the same

1 interest and penalties for nonpayment as delinquent property
2 taxes under 15-16-102."

3 Section 50. Section 7-12-4189, MCA, is amended to
4 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 at an annual rate not exceeding
9 the sum of 1/2 of 1% a year plus the average interest rate
10 payable on the outstanding bonds or warrants of the special
11 improvement district.

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

22 Section 51. Section 7-12-4190, MCA, is amended to
23 read:

24 "7-12-4190. Payment of assessments in installments.
25 (1) The payment of assessments to defray the cost of

1 acquiring or constructing any improvements in special
2 improvement districts may be spread over a term of not to
3 exceed 20 years,--payments--to--be--made--in--equal--annual
4 installments.

5 (2) If the bonds of the special improvement district
6 are issued as serial bonds, the assessments must be payable
7 in equal annual installments. If the bonds are issued as
8 amortization bonds, the assessments must be payable in equal
9 annual installments of principal and interest, each in the
10 amount required to pay the principal over the term of
11 payment, with interest at the rate then borne by the
12 assessment.

13 (3) Any assessment that is not delinquent may be
14 prepaid, in whole but not in part, at any time after the
15 assessment is levied, by the payment of the assessment, with
16 interest accrued and to accrue thereon through the next date
17 on which interest on bonds of the special improvement
18 district is payable."

19 NEW SECTION. Section 52. Change in outstanding
20 principal of district -- relevy of assessments. If proceeds
21 of the bonds or warrants of the special improvement
22 district, including investment income thereon, are applied
23 to the redemption and prepayment of such bonds or warrants,
24 as provided in 7-12-4205 and 7-12-4206, or if refunding
25 bonds are issued pursuant to [section 61] and the principal

1 amount of the outstanding bonds of the district is decreased
 2 or increased, the assessments levied in the district and
 3 then outstanding must be reduced or increased, respectively,
 4 pro rata by the principal amount of such prepayment or the
 5 increment above or below the outstanding principal amount of
 6 bonds represented by the refunding bonds. The city council
 7 shall reassess and relevel such assessments, with the same
 8 effect as an original levy, in such reduced or increased
 9 amounts in accordance with the provisions of 7-12-4176
 10 through 7-12-4178.

11 Section 53. Section 7-12-4201, MCA, is amended to
 12 read:

13 "7-12-4201. Use of bonds and warrants. All costs and
 14 expenses incurred in the acquisition or construction of any
 15 improvements specified in part 41 in any improvement
 16 district or incurred in the issuance of the bonds or
 17 warrants of the district, including incidental expenses,
 18 shall be paid for by special improvement district bonds or
 19 warrants. The city or town council shall provide for making
 20 payments for improvements in any special improvement
 21 district by the method provided in 7-12-4204 and 7-12-4205."

22 Section 54. Section 7-12-4203, MCA, is amended to
 23 read:

24 "7-12-4203. Details relating to special improvement
 25 district bonds and warrants. (1) The bonds and warrants

1 shall be drawn against the special improvement district fund
 2 created for the district and shall bear interest from the
 3 date of registration until called for redemption or paid in
 4 full. The interest shall be payable annually or
 5 semiannually, at the discretion of the governing body of the
 6 municipality, on such dates as the governing body
 7 prescribes. Such warrants (or bonds) shall bear the
 8 signatures of the mayor and clerk and shall bear the
 9 corporate seal of the city. They shall be registered in the
 10 office of the clerk and treasurer, and if interest coupons
 11 be attached thereto, they shall also be so registered and
 12 shall bear the signatures of the mayor and clerk.

13 (2) Said bonds shall be in denominations of \$100 or
 14 fractions or multiples thereof, may be issued in
 15 installments, and may extend over a period not to exceed 20
 16 years.

17 (3) All special improvement district bonds must be
 18 amortization bonds unless, in the judgment of the city
 19 council, serial bonds will be more advantageous to the
 20 district and can be sold at a comparatively reasonable rate
 21 or rates of interest."

22 NEW SECTION. Section 55. Definition of forms of
 23 bonds. As used in part 41 and this part, unless the context
 24 clearly indicates otherwise, the following definitions
 25 apply:

1 (1) "Amortization bonds" means the form of bonds on
2 which:

3 (a) a part of the principal must be paid each time
4 interest becomes payable;

5 (b) the part payment of principal increases at each
6 installment in the same amount that the interest decreases;

7 (c) the combined interest and principal due on each
8 due date remains the same until the bonds are paid;

9 (d) the final payment may vary from prior payments in
10 the amount resulting from disregarding fractional costs in
11 prior payments; and

12 (e) the initial payment may be larger than subsequent
13 payments if such increase represents interest accrued over
14 an additional period not greater than 6 months.

15 (2) "Serial bonds" means the form of bonds that are
16 payable in annual installments and on which the amount
17 maturing each year may not be more than three times the
18 principal amount of bonds maturing in any previous year.

19 Section 56. Section 7-12-4204, MCA, is amended to
20 read:

21 "7-12-4204. Procedure to issue bonds and warrants. (1)
22 The city or town council shall sell bonds or warrants issued
23 under the provisions of 7-12-4201, in an amount sufficient
24 to pay that part of the total cost and expense of making the
25 improvement improvements which is to be assessed against the

1 benefited property within the district, to the highest and
2 best bidder therefor for cash ~~and-for-not-less-than-the-face~~
3 ~~value--of--such--bonds--or--warrants,~~ at a price, including
4 interest thereon, to date of delivery, not less than that
5 prescribed by the city council in the resolution calling for
6 the sale of the bonds or warrants. The city council may fix
7 the minimum price for the bonds or warrants in an amount
8 less than the face value thereof if it determines that such
9 sale is in the best interests of the district and the city.

10 (2) The bonds or warrants may be sold at a private
11 negotiated sale to the United States or the state of
12 Montana, or an agency, instrumentality, corporation, or
13 department thereof.

14 ~~(2)(3)~~ The In all other cases, the provisions of
15 7-7-4251 through 7-7-4254 with regard to the notice of sale,
16 publication of notice, and manner and method of selling
17 bonds by cities and towns, insofar as the same are
18 applicable thereto and not in conflict with the provisions
19 of this section and 7-12-4205, shall apply to, govern, and
20 control the form of notice of sale, publication of notice,
21 and manner and method of selling such bonds or warrants."

22 NEW SECTION. Section 57. Pooling of bonds of
23 districts in city. (1) If the city council determines by
24 resolution that the pooling of bonds of more than one
25 special improvement district of the city is in the best

1 interest of the city and the respective districts and will
 2 facilitate the sale of the bonds under more advantageous
 3 terms or with lower interest rates, the city may issue bonds
 4 of the districts combined in a single offering. Such bonds
 5 must be secured by the special improvement district
 6 revolving fund of the city.

7 (2) The title of the bonds issued pursuant to this
 8 section shall denote that bonds of different special
 9 improvement districts have been pooled and shall refer to
 10 the numbers of the districts. The bonds must be drawn
 11 against a sinking fund that has separate accounts for each
 12 special improvement district combined for financing
 13 purposes, into which accounts must be payable the
 14 assessments levied in each of the districts.

15 Section 58. Section 7-12-4205, MCA, is amended to
 16 read:

17 "7-12-4205. Disposition of bond or warrant proceeds.

18 (1) The city or town council shall use the proceeds of such
 19 sale in making payment ~~to the contractor or contractors~~ for
 20 the cost of the improvements. ~~Such payment~~ Payments to
 21 contractors may be made either from time to time, on
 22 estimates made by the engineer in charge of such
 23 improvements for the city or town, or upon the entire
 24 completion of the improvements and the acceptance thereof by
 25 the city or town council.

1 (2) All During the construction of the improvements,
 2 all interest earned on the investment of bond or warrant
 3 proceeds must be credited to the construction account of the
 4 improvement district fund from which the proceeds were
 5 withdrawn.

6 (3) Any proceeds of the bonds or warrants, including
 7 investment income thereon, remaining after payment of all
 8 costs of the improvements must be transferred to the sinking
 9 fund in the improvement district fund and applied, to the
 10 extent possible, to the prepayment and redemption of bonds
 11 or warrants on the next succeeding redemption date for which
 12 notice of redemption may properly be given."

13 Section 59. Section 7-12-4206, MCA, is amended to
 14 read:

15 "7-12-4206. Redemption of bonds and warrants. (1) The
 16 Special improvement district warrants or bonds shall be
 17 redeemed by the treasurer when there is money in the special
 18 improvement--district--fund--against--which--the--warrants--or
 19 bonds--are--drawn,--on--presentation--of--the--coupons--belonging
 20 thereto,--and--any--money--remaining--shall--be--applied--to--the
 21 payment--of--the--principal--and--the--redemption--of--the--warrants
 22 or--bonds--in--the--order--of--their--registration, on any interest
 23 payment date from the proceeds of the bonds or warrants
 24 remaining after payment of all costs of the improvements, as
 25 provided in 7-12-4205, or from the prepayment of assessments

1 levied in the district. Special improvement district bonds
2 or warrants are subject to redemption and prepayment at the
3 option of the city, in order of registration, on any
4 interest payment date after one-half of the term for which
5 they were issued has expired.

6 (2) ~~Whenever there is any money in any special~~
7 ~~improvement district fund after paying the interest on the~~
8 ~~warrants or bonds drawn against the fund, the treasurer~~
9 ~~shall call in for payment outstanding warrants or bonds~~
10 ~~which, together with the interest thereon to the date of~~
11 ~~redemption, will equal the amount of the fund on that date.~~
12 The date of redemption shall be fixed by the treasurer and
13 may not be less than 10 days after the date of publication
14 or ~~of service mailing~~ of notice, and on the date so fixed,
15 interest ceases. The treasurer shall give notice ~~by~~
16 ~~publication once in a newspaper published in the city or, at~~
17 ~~the option of the treasurer, by~~ written notice to the
18 holders of the warrants or bonds to be redeemed, if their
19 addresses are known, of the number of warrants or bonds to
20 be redeemed and the date on which payment will be made. If
21 the addresses of the holders of all bonds or warrants to be
22 redeemed are not known, the treasurer shall publish notice
23 of redemption once in a newspaper published in the city."

24 Section 60. Section 7-12-4222, MCA, is amended to
25 read:

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

4 (a) (i) may, in its discretion and from time to time,
5 transfer to the revolving fund from the general fund of the
6 city or town such amount or amounts as may be deemed
7 necessary, which amount or amounts so transferred shall be
8 deemed and considered and shall be loans from such general
9 fund to the revolving fund; and

10 (ii) may include in the cost of the improvement to be
11 defrayed from the proceeds of the bonds or warrants an
12 amount up to ~~5%~~ 15% of the principal amount of the bonds or
13 warrants and deposit it in the revolving fund upon receipt
14 of such proceeds; and

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

1 then-outstanding special improvement district bonds and
2 warrants secured thereby.

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

15 NEW SECTION. Section 61. Refunding bonds. (1) A city
16 may issue special improvement district bonds for the purpose
17 of providing the money needed to pay principal of and
18 interest on outstanding special improvement district bonds.
19 To issue bonds for such purpose, the city council, at a
20 regular meeting or a duly called special meeting, shall
21 adopt a resolution setting forth:

22 (a) the facts regarding the outstanding bonds that are
23 to be refunded;

24 (b) the reasons for issuing refunding bonds; and

25 (c) the term and details of the refunding bonds.

1 (2) If the refunding bonds are proposed to be issued
2 in an amount greater than the amount of outstanding bonds to
3 be refunded, the city council may not authorize the issuance
4 of such bonds until it has conducted a public hearing on the
5 desirability of issuing the bonds, after published and
6 mailed notice as provided in 7-12-4106(2), and found by
7 resolution that such an issuance of refunding bonds is in
8 the best interest of the special improvement district.

9 (3) After the adoption of the required resolution or
10 resolutions, the council may:

11 (a) sell the refunding bonds at a private negotiated
12 sale; or

13 (b) at its option, give notice of the sale and sell
14 the refunding bonds in the same manner that other special
15 improvement district bonds are sold.

16 (4) Bonds may not be refunded by the issuance of
17 refunding bonds unless the rate of interest offered on the
18 refunding bonds is at least 1/2 of 1% a year less than the
19 rate of interest on the bonds to be refunded.

20 (5) (a) Refunding bonds issued pursuant to this
21 section may be issued to refund outstanding bonds in advance
22 of the date on which such bonds mature or are subject to
23 redemption, but the proceeds of the refunding bonds, less
24 any accrued interest or premium received upon the sale
25 thereof, must be deposited with other funds appropriated for

1 the payment of the outstanding bonds in escrow with a
2 suitable banking institution or trust company, which may be
3 located either in or out of the state.

4 (b) Funds so deposited must be invested in securities
5 that are general obligations of the United States or
6 securities the principal of and interest on which are
7 guaranteed by the United States. Such securities must mature
8 or be callable at the option of the holder on such dates and
9 bear interest at such rates and be payable on such dates as
10 may be required to provide funds sufficient, with any cash
11 deposited in the escrow account, to pay when due:

12 (i) the interest to accrue on each refunded bond to
13 its maturity or redemption date, if called for redemption;

14 (ii) the principal on each refunded bond at maturity or
15 upon such redemption date; and

16 (iii) any redemption premium.

17 (c) The escrow account must be irrevocably
18 appropriated to the payment of the principal of an interest
19 and redemption premium, if any, on the refunded bonds.

20 (d) Funds to the credit of the debt service fund for
21 the payment of the refunded bonds and not required for the
22 payment of principal thereof or interest thereon due prior
23 to issuance of the refunding bonds may be appropriated by
24 the council to the escrow account.

25 (e) The city may pay the reasonable costs and expenses

1 of printing the refunding bonds and of establishing and
2 maintaining the escrow account.

3 (6) Refunding bonds may be issued under this section
4 to pay principal of or interest on special improvement
5 district bonds outstanding on [the effective date of this
6 act] only if:

7 (a) one-half or more of the term for which such bonds
8 were issued has expired; or

9 (b) there is a deficiency in the bond account or
10 interest account of the special improvement district fund
11 from which such bonds are payable.

12 NEW SECTION. Section 62. Codification instruction.

13 (1) Sections 6, 16, 17, 20, 22, 27, and 28 are intended to
14 be codified as an integral part of Title 7, chapter 12, part
15 21, and the provisions of Title 7, chapter 12, part 21,
16 apply to sections 6, 16, 17, 20, 22, 27, and 28.

17 (2) Sections 38, 44, 52, 55, 57, and 61 are intended
18 to be codified as an integral part of Title 7, chapter 12,
19 parts 41 and 42, and the provisions of Title 7, chapter 12,
20 parts 41 and 42, apply to sections 38, 44, 52, 55, 57, and
21 61.

22 NEW SECTION. Section 63. Effective date. This act is
23 effective on passage and approval.

-End-

RE-REFERRED AND
APPROVED BY COMM.
ON LOCAL GOVERNMENT

1 HOUSE BILL NO. 885
2 INTRODUCED BY SALES
3 BY REQUEST OF THE LIEUTENANT GOVERNOR
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND AND CLARIFY
6 THE LAWS RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICTS AND
7 SPECIAL IMPROVEMENT DISTRICTS; AMENDING PROVISIONS RELATING
8 TO INCIDENTAL COSTS, PROTESTS, ASSESSMENT OPTIONS,
9 ACQUISITION OF IMPROVEMENTS, NOTICE, DEFINITIONS OF BONDS,
10 REDEMPTION OF BONDS, REVOLVING FUNDS, AND REFUNDING BONDS;
11 AMENDING SECTIONS 7-12-2101 THROUGH 7-12-2103, 7-12-2105,
12 7-12-2108, 7-12-2109, 7-12-2112, 7-12-2119, 7-12-2151
13 THROUGH 7-12-2153, 7-12-2158, 7-12-2159, 7-12-2167,
14 7-12-2169, 7-12-2171 THROUGH 7-12-2174, ~~7-12-2182,~~
15 ~~7-12-2186,~~ 7-12-4101, 7-12-4102, 7-12-4104, 7-12-4106,
16 7-12-4109, 7-12-4110, 7-12-4113, 7-12-4123, 7-12-4145,
17 7-12-4161 THROUGH 7-12-4165, 7-12-4169, 7-12-4176,
18 7-12-4177, 7-12-4179, 7-12-4188 THROUGH 7-12-4190,
19 7-12-4201, AND 7-12-4203 THROUGH 7-12-4206, ~~AND 7-12-4222,~~
20 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
21
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
23 Section 1. Section 7-12-2101, MCA, is amended to read:
24 "7-12-2101. Definitions. (1) The term "board of county
25 commissioners" includes any body or board which under the

1 law is the legislative department of the government of the
2 county.
3 (2) The word "blocks", shall mean such blocks, whether
4 regular or irregular, as are bounded by main streets or
5 partially by a boundary line of the city.
6 (3) The word "city" and the word "municipality", as
7 used in this part, shall be understood and so construed as
8 to include all corporations heretofore organized and now
9 existing and hereafter organized for municipal purposes.
10 (4) The terms "clerk" and "county clerk", as used in
11 this part, include any person or officer who shall be clerk
12 of the board of county commissioners.
13 (5) The term "county treasurer", as used in this part,
14 means and includes any person who, under whatever name or
15 title, is the custodian of the funds of the county.
16 (6) The term "engineer", ~~designated-in-the-petition~~ as
17 used in this part, means the person, firm, or corporation
18 ~~whose name who~~ is designated ~~and-approved~~ by the board of
19 county commissioners as the engineer ~~in--the--original~~
20 ~~petition-asking~~ for the improvement.
21 (7) The term "incidental expenses", as used in this
22 part, ~~shall-include~~ includes:
23 (a) the compensation of the engineer ~~selected--as~~
24 ~~hereinbefore-provided~~ for work done by him;
25 (b) the cost of printing and advertising, as provided

1 in this part, ~~the expenses of making the assessment for any~~
2 ~~work authorized by this part;~~

3 (c) interest on warrants of the county issued to pay
4 costs of improvements as provided in this part;

5 (d) costs of issuance of the bonds or warrants of the
6 special improvement district, including costs of printing
7 the bonds, bond registration fees, attorneys' fees and
8 financial consultants' fees, a premium for bond insurance,
9 any price paid by the original purchaser of the bonds that
10 is less than the face amount thereof, and interest to accrue
11 on bonds or warrants of the special improvement district
12 before assessments levied by the district are collected in
13 amounts and at times sufficient to pay such interest; and

14 (e) a reasonable administrative fee payable to the
15 county for the creation and administration of the district
16 by the county, its officers, and its employees.

17 (8) The term "main street" means such actually opened
18 street or streets as bound a block.

19 (9) The words "paved" or "repaved", as used in this
20 part, shall be held to mean and include pavement of stone,
21 whether paving blocks or macadam; of bituminous rock or
22 asphalt; or of wood, brick, or other material, whether
23 patented or not, which the board of county commissioners by
24 rule or resolution shall adopt.

25 (10) The term "quarter block", as used in this part as

1 to irregular blocks, includes all lots or portions of lots
2 having any frontage on either intersecting street halfway
3 from such intersection to the next main street or when no
4 main street intervenes, all the way to the boundary line of
5 any city.

6 (11) The word "street", as used in this part, includes
7 avenues, highways, lanes, alleys, crossings or
8 intersections, courts, and places which have been dedicated
9 and accepted according to the law or in common and
10 undisputed use by the public for a period of not less than 5
11 years next preceding.

12 (12) The term "street intersection", wherever used in
13 this part, means that parcel of land at the point of
14 juncture or crossing of intersecting streets, which lies
15 between lines drawn from corner to corner of all lot lines
16 immediately cornering at such juncture.

17 (13) The words "work", "improved", and "improvements",
18 as used in this part, shall include all work or the securing
19 of property, by purchase or otherwise, mentioned in this
20 part and also the construction, reconstruction, maintenance,
21 and repair of all or any portion of said work."

22 Section 2. Section 7-12-2102, MCA, is amended to read:

23 "7-12-2102. Authorization to create rural improvement
24 districts upon petition. (1) Whenever the public interest
25 or convenience may require ~~and upon the petition of 60% of~~

1 ~~the freeholders affected thereby~~, the board of county
 2 commissioners is hereby authorized and empowered to order
 3 and create special improvement districts in ~~thickly~~
 4 ~~populated localities~~ outside of the limits of incorporated
 5 towns and cities for the purpose of building, constructing,
 6 or acquiring by purchase ~~devices intended to protect the~~
 7 ~~safety of the public from open ditches carrying irrigation~~
 8 ~~or other water and maintaining sanitary and storm sewers,~~
 9 ~~light systems, waterworks plants, water systems, sidewalks,~~
 10 ~~and such other special improvements as may be petitioned for~~
 11 one or more of the improvements of the kind described in
 12 7-12-4102, in or for the benefit of the special improvement
 13 district.

14 (2) The board of county commissioners may upon
 15 ~~compliance with subsection (1)~~ order and create special
 16 improvement districts covering projects abutting the city
 17 limits and include properties inside the city where the
 18 rural improvement district abuts and benefits that property.
 19 Property owners within the proposed district boundaries
 20 inside the city may not be included in the rural special
 21 improvement district only if ~~60%~~ 40% of those property
 22 owners approve protest the creation of the rural special
 23 improvement district. The property inside the city must be
 24 treated in a similar manner as to improvements, notices, and
 25 assessments as the property outside the city limits. A joint

1 resolution of the city and county must be passed agreeing to
 2 the terms of the rural special improvement district prior to
 3 passing the resolution of intention or resolution creating
 4 the rural special improvement district. A copy of the
 5 resolution of intention and the resolution creating the
 6 rural special improvement district must be provided to the
 7 city clerk upon the passage of the respective resolutions."

8 Section 3. Section 7-12-2103, MCA, is amended to read:
 9 "7-12-2103. Resolution of intention to create rural
 10 improvement district. (1) Before creating any special
 11 improvement district for the purpose of making any of the
 12 improvements or acquiring any private property for any
 13 purpose authorized by this part, the board of county
 14 commissioners shall pass a resolution of intention to do so.

15 (2) The resolution shall:
 16 (a) designate the number of such district;
 17 (b) describe the boundaries thereof;
 18 (c) state therein the general character of the
 19 improvements which are to be made; and

20 (d) designate the name of the engineer who is to have
 21 charge of the work and an approximate estimate of the cost
 22 thereof; and

23 (e) specify the method or methods by which the costs
 24 of the improvements will be assessed against property in the
 25 district."

1 Section 4. Section 7-12-2105, MCA, is amended to read:

2 "7-12-2105. Notice of resolution of intention to
3 create district -- hearing. (1) Upon having passed the
4 resolution of intention pursuant to 7-12-2103, the board of
5 county commissioners must give notice of the passage of such
6 resolution of intention.

7 (2) The notice must be published for 10 consecutive
8 days in a daily newspaper or in two issues of a weekly
9 newspaper published nearest to the place where such
10 improvement district is to be created. The board shall also
11 cause a copy of such notice to be posted in three public
12 places within the boundaries of such special improvement
13 district. A copy of such notice shall be mailed to every
14 person, firm, or corporation or the agent of such person,
15 firm, or corporation owning real property within the
16 proposed district listed in his name upon the last completed
17 assessment roll for state, county, and school district
18 taxes, at his last known place of residence, upon the same
19 day such notice is first published or posted.

20 (3) Such notice must describe the general character of
21 the improvement or improvements so proposed to be made or
22 acquired by purchase, state the estimated cost thereof,
23 describe generally the method or methods by which the costs
24 of the improvements will be assessed, and designate the time
25 when and the place where the board will hear and pass upon

1 all protests that may be made against the making or
2 maintenance of such improvements or the creation of such
3 district. The notice shall refer to the resolution on file
4 in the office of the county clerk for the description of the
5 boundaries. If the proposal is for the purchase of an
6 existing improvement, the notice shall state the exact
7 purchase price of such existing improvement."

8 Section 5. Section 7-12-2108, MCA, is amended to read:

9 "7-12-2108. Extension of proposed district. Whenever a
10 contemplated work or improvement, in the opinion of the
11 board of county commissioners, is of more than local or
12 ordinary public benefit or whenever, according to the
13 estimates furnished by the county surveyor or an the
14 engineer approved--by--the--board--and--designated--in--the
15 petition, the total estimated cost and expenses thereof
16 would exceed one-half of the total assessed value of the
17 lots and lands assessed (if assessed upon the lots and lands
18 fronting upon such proposed work or improvement according to
19 the valuation fixed by the last assessment roll whereon it
20 was assessed for taxes), the board may make the expense of
21 such work chargeable upon the-extended-district,--which--may
22 include the lots and lands fronting upon such proposed
23 improvement and upon other lots and lands not fronting on
24 the improvement and which the board shall declare, in its
25 resolution of intention, to be the district property

1 benefited by said work or improvement and to be assessed to
 2 pay the cost and expense thereof."

3 NEW SECTION. Section 6. Multiple improvements in
 4 single proceeding. The board of county commissioners may
 5 include, in one proceeding under one resolution of intention
 6 and in one contract, any of the different kinds of
 7 improvements or work provided for in this part and may
 8 include any number of streets and rights-of-way or portions
 9 thereof, and it may exempt any of the work already done upon
 10 a street to the official grade.

11 Section 7. Section 7-12-2109, MCA, is amended to read:

12 "7-12-2109. Right to protest creation or extension of
 13 district. At any time within 15 days after the date of the
 14 first publication of the notice of the passage of the
 15 resolution of intention, any owner of property liable to be
 16 assessed for said work may make written protest against the
 17 proposed work or against the extending or creation of the
 18 district to be assessed, or both. Such protest must be in
 19 writing and, identify the property in the district owned by
 20 the protestor, and be signed by all owners of the property.
 21 The protest must be delivered to the county clerk, who shall
 22 endorse thereon the date of its receipt by him."

23 Section 8. Section 7-12-2112, MCA, is amended to read:

24 "7-12-2112. Sufficient protest to bar proceedings --
 25 exception. (1) Except as provided in subsection (2), no

1 further proceedings shall be taken for a period of 6 months
 2 from the date when said protest was received by the county
 3 clerk when:

4 ~~(a) the protest is against the proposed work and the~~
 5 ~~cost thereof is to be assessed upon the property fronting~~
 6 ~~thereon and the board of county commissioners finds that~~
 7 ~~such protest is made by the owners of property in the~~
 8 ~~district to be assessed for more than 50% of the area~~
 9 ~~fronting on the cost of the proposed work, or, in accordance~~
 10 ~~with the method or methods of assessment described in the~~
 11 ~~resolution of intention.~~

12 ~~(b) the protest is against the proposed work and the~~
 13 ~~cost thereof is to be assessed upon the property within the~~
 14 ~~extended district and the board finds that such protest is~~
 15 ~~made by the owners of more than one-half of the area of the~~
 16 ~~property to be assessed for such improvements.~~

17 (2) In case the improvements are the construction of
 18 sanitary sewers, the protests may be overruled by a
 19 unanimous vote of the board."

20 Section 9. Section 7-12-2119, MCA, is amended to read:

21 "7-12-2119. Manner of making demands for incidental
 22 expenses. All demands for incidental expenses in
 23 7-12-2101(7), except for the administrative fee of the
 24 county and interest payable on warrants or bonds of the
 25 district, shall be presented to the county clerk by itemized

1 bill, duly verified by oath of the demandant."

2 Section 10. Section 7-12-2151, MCA, is amended to
3 read:

4 "7-12-2151. Assessment of costs. (1) To defray the
5 cost of making or acquiring any of the improvements provided
6 for in this part, including incidental expenses, the board
7 of county commissioners shall assess the entire cost of the
8 improvements against benefited lots, tracts, or parcels of
9 land in the district, based upon the benefits received, and
10 shall adopt one or any combination of the following method
11 methods of assessment for each improvement made or acquired
12 for the benefit of the district:

13 ~~(1)(a) The board shall assess the entire cost of such~~
14 ~~improvements against the entire district.~~ Each lot, tract,
15 or parcel of land assessed in such district shall may be
16 assessed with that part of the whole cost which its
17 assessable area bears to the assessable area of all the
18 entire benefited lots, tracts, or parcels in the district,
19 exclusive of streets, avenues, alleys, and public places.
20 For the purposes of this subsection (1)(a), "assessable
21 area" means an area of a lot, tract, or parcel of land
22 representing the benefit conferred upon the lot, tract, or
23 parcel by the improvement. Assessable area may be less than
24 but may not exceed the actual area of the lot, tract, or
25 parcel.

1 ~~(2)(b) Where said rural improvement district is~~
2 ~~located more than 5 miles from the boundary of an~~
3 ~~incorporated city or town, said assessment may, at the~~
4 ~~option of the board, be~~ Each lot, tract, or parcel of land
5 assessed in the district may be assessed with that part of
6 the whole cost of the improvement based upon the assessed
7 value of the benefited lots or pieces of land within said
8 district.

9 (c) Each lot, tract, or parcel of land in the district
10 abutting upon the street where the improvement has been made
11 may be assessed in proportion to its lineal feet abutting
12 the street.

13 (d) Each lot, tract, or parcel of land in the district
14 served by a utility connection may be assessed an equitable
15 lump sum for the connection based on the bid price in the
16 applicable contract.

17 (e) Each lot, tract, or parcel of land may be assessed
18 for the cost of the improvement on the basis of such other
19 method as the board determines to be equitable in proportion
20 to and not exceeding the benefits received from the
21 improvement by the lot, tract, or parcel.

22 (2) The board may use one or any combination of
23 methods of assessment in a single special improvement
24 district and, if more than one improvement is undertaken,
25 need not assess each lot, tract, or parcel in the district

1 for the cost of all the improvements.

2 (3) The board in its discretion shall have the power
3 to pay the whole or any part of the cost of any street,
4 avenue, or alley intersection out of any funds in its hands
5 available for that purpose or to include the whole or any
6 part of such costs within the amount of the assessment to be
7 paid by the benefited property in the district."

8 Section 11. Section 7-12-2152, MCA, is amended to
9 read:

10 "7-12-2152. Exception for owners of water ditches
11 under certain circumstances. The owner or owners of open
12 ditches carrying irrigation or other water shall not be
13 included in any rural improvement district under this part
14 for the purpose of assessment to support the rural
15 improvement district for the installation, repair, or
16 maintenance of any protective devices ~~referred--to--in~~
17 7-12-2102 intended to protect the safety of the public from
18 open ditches carrying irrigation or other water. Such
19 devices or improvements shall provide access to and shall
20 not be constructed so as to hinder the operation and
21 maintenance of the ditch."

22 Section 12. Section 7-12-2153, MCA, is amended to
23 read:

24 "7-12-2153. Incidental expenses considered as cost of
25 improvements. (1) The cost and expense connected with and

1 incidental to the formation of any special improvement
2 district, including the cost of preparation of plans,
3 specifications, maps, or plats; engineering,
4 superintendence, and inspection; and preparation of
5 assessment rolls; and the other incidental expenses
6 described in 7-12-2101(7) shall be considered a part of the
7 cost and expenses of making the improvements within such
8 special improvement district.

9 (2) The original costs of any improvement may, at the
10 option of the ~~local--governing--body~~ board of county
11 commissioners, include an amount not to exceed ~~3%~~ 5% of the
12 principal amount of any bonds or warrants to be issued,
13 which shall be deposited in the revolving fund created in
14 7-12-2181 ~~or deposited in the county general fund.~~"

15 Section 13. Section 7-12-2158, MCA, is amended to
16 read:

17 "7-12-2158. Resolution for levy and assessment of tax.

18 (1) To defray the cost of making or acquiring improvements
19 in any special improvement district, the board of county
20 commissioners shall by resolution levy and assess a tax upon
21 all benefited property in the district created for such
22 purpose, by using for a basis for such assessment the method
23 or methods provided for by this part and described in the
24 resolution of intention.

25 (2) Such resolution shall contain a description of

1 each lot or parcel of land, with the name of the owner if
 2 known, and the amount of each partial payment, when made,
 3 and the day when the same shall become delinquent.

4 (3) Such resolution, signed by the chairman of the
 5 board, shall be kept on file in the office of the county
 6 clerk."

7 Section 14. Section 7-12-2159, MCA, is amended to
 8 read:

9 "7-12-2159. Notice of resolution for levy and
 10 assessment of tax -- protest and hearing. (1) A notice,
 11 signed by the county clerk and stating that the resolution
 12 levying a special assessment to defray the cost of making
 13 the improvements is on file in the office of the county
 14 clerk and is subject to inspection, shall be:

15 (a) published at least once in a newspaper published
 16 nearest to where the special improvement is to be made;

17 (b) mailed to the owner of each lot, tract, or parcel
 18 of land to be assessed (such lands must be identified and
 19 the mailing address determined from the last completed
 20 assessment roll for state, county, and school district
 21 taxes); and

22 (c) mailed to such other persons known to the clerk to
 23 have an ownership interest in the property.

24 (2) The notice shall state the time at and place in
 25 which objections to the final adoption of the resolution

1 will be heard by the board of county commissioners. The time
 2 for the hearing may not be less than 5 10 days after the
 3 publication and mailing of the notice."

4 Section 15. Section 7-12-2167, MCA, is amended to
 5 read:

6 "7-12-2167. Term of payment of assessments. (1) Except
 7 as provided in subsection (2), the payment of the assessment
 8 to defray the cost of constructing any improvements in
 9 special improvement districts may be spread over a term of
 10 not to exceed 30 years; ~~payment-to-be-made-in--equal--annual~~
 11 ~~installments.~~

12 (2) If federal loans are available, payments may be
 13 spread over a term of not to exceed 40 years.

14 (3) If the bonds of the special improvement district
 15 are issued as serial bonds, the assessments must be payable
 16 in equal annual installments. If the bonds are issued as
 17 amortization bonds, the assessments must be payable in equal
 18 annual installments of principal and interest, each in the
 19 amount required to pay the principal over the term of
 20 payment, with interest at the rate then borne by the
 21 assessment.

22 (4) Any assessment that is not delinquent may be
 23 prepaid, in whole but not in part, at any time after the
 24 assessment is levied, by the payment of the assessment, with
 25 interest accrued and to accrue thereon through the next date

1 on which interest on bonds of the special improvement
2 district is payable."

3 NEW SECTION. Section 16. Interest rate on delinquent
4 assessments. The installments of assessments remaining
5 unpaid bear simple interest at an annual rate of the sum of
6 1/2 of 1% a year plus the average interest rate payable on
7 the outstanding bonds or warrants of the special improvement
8 district.

9 NEW SECTION. Section 17. Change in outstanding
10 principal of district -- relevy of assessments. If proceeds
11 of the bonds or warrants of the special improvement
12 district, including investment income thereon, are applied
13 to the redemption and prepayment of such bonds or warrants,
14 as provided in 7-12-2173 and 7-12-2174, or if refunding
15 bonds are issued pursuant to [section 28 26] and the
16 principal amount of the outstanding bonds of the district is
17 decreased or increased, the assessments levied in the
18 district and then outstanding must be reduced or increased,
19 respectively, pro rata by the principal amount of such
20 prepayment or the increment above or below the outstanding
21 principal amount of bonds represented by the refunding
22 bonds. The board shall reassess and relevy such assessments,
23 with the same effect as an original levy, in such reduced or
24 increased amounts, in accordance with the provisions of
25 7-12-2158 through 7-12-2160.

1 Section 18. Section 7-12-2169, MCA, is amended to
2 read:

3 "7-12-2169. Use of bonds and warrants. All costs and
4 expenses incurred in any improvement district in the
5 acquisition, construction, or maintenance of any improvement
6 specified in this part or incurred in the issuance of bonds
7 or warrants of the district, including incidental expenses,
8 shall be paid for by special improvement district bonds or
9 warrants. The board of county commissioners shall provide
10 for making payments for maintenance or improvements in any
11 rural improvement district by the method provided in
12 7-12-2172 and 7-12-2173."

13 Section 19. Section 7-12-2171, MCA, is amended to
14 read:

15 "7-12-2171. Details relating to rural improvement
16 district bonds and warrants. (1) The bonds and warrants
17 shall be drawn against the special improvement district fund
18 created for the district (that is, either the construction
19 or maintenance fund, as the case may be) and shall bear
20 interest from the date of registration until called for
21 redemption or paid in full. The interest shall be payable
22 annually on January 1 of each year unless or semiannually,
23 at the discretion of the board of county commissioners, on
24 such dates as the board prescribes another--date. Such
25 warrants (or bonds) shall bear the signatures of the

1 chairman of the board and the county clerk and shall bear
 2 the corporate seal of the county. They shall be registered
 3 in the office of the county clerk and the county treasurer,
 4 and if interest coupons be attached thereto, they shall also
 5 be so registered and shall bear the signatures of the
 6 chairman of the board and the county clerk. Said coupons may
 7 bear the facsimile signatures of said officers in the
 8 discretion of the board.

9 (2) Said bonds shall be in denominations of \$100 or
 10 fractions or multiples thereof, may be issued in
 11 installments, and may extend over a period of not to exceed
 12 30 years; except that if federal loans are available for
 13 improvements, repayment may extend over a period not to
 14 exceed 40 years.

15 (3) All special improvement district bonds must be
 16 amortization bonds unless, in the judgment of the board,
 17 serial bonds will be more advantageous to the district and
 18 can be sold at a comparatively reasonable rate or rates of
 19 interest."

20 NEW SECTION. Section 20. Definitions of forms of
 21 bonds. As used in this part, unless the context clearly
 22 indicates otherwise, the following definitions apply:

23 (1) "Amortization bonds" means the form of bonds on
 24 which:

25 (a) a part of the principal must be paid each time

1 interest becomes payable;

2 (b) the part payment of principal increases at each
 3 installment in the same amount that the interest decreases;

4 (c) the combined interest and principal due on each
 5 due date remains the same until the bonds are paid;

6 (d) the final payment may vary from prior payments in
 7 the amount resulting from disregarding fractional costs in
 8 prior payments; and

9 (e) the initial payment may be larger than subsequent
 10 payments if such increase represents interest accrued over
 11 an additional period not greater than 6 months.

12 (2) "Serial bonds" means the form of bonds that are
 13 payable in annual installments and on which the amount
 14 maturing each year may not be more than three times the
 15 principal amount of bonds maturing in any previous year.

16 Section 21. Section 7-12-2172, MCA, is amended to
 17 read:

18 "7-12-2172. Procedure to issue bonds and warrants. (1)
 19 The board of county commissioners shall sell bonds or
 20 warrants issued under the provisions of 7-12-2169 through
 21 7-12-2174, in an amount sufficient to pay that part of the
 22 total cost and expense of making the improvement
 23 improvements which is to be assessed against the benefited
 24 property within the district, to the highest and best bidder
 25 therefor for cash ~~and-for-not-less-than-the-face-value-of~~

1 ~~such bonds or warrants, at a price, including interest~~
2 ~~thereon to date of delivery, not less than that prescribed~~
3 ~~by the board in the resolution calling for the sale of the~~
4 ~~bonds or warrants. The board may fix the minimum price for~~
5 ~~the bonds or warrants in an amount less than the face value~~
6 ~~thereof if it determines that such sale is in the best~~
7 ~~interests of the district and the county.~~

8 (2) The bonds or warrants may be sold at a private
9 negotiated sale to the United States or the state of
10 Montana, or an agency, instrumentality, corporation, or
11 department thereof.

12 ~~(2)(3) The In all other cases, the provisions of~~
13 ~~7-7-4251 through 7-7-4254 which relate to the notice of~~
14 ~~sale, publication of notice, and manner and method of~~
15 ~~selling bonds by cities and towns, insofar as the same are~~
16 ~~applicable thereto and not in conflict with the provisions~~
17 ~~of this section and 7-12-2173, shall apply to, govern, and~~
18 ~~control the form of notice of sale, publication of notice,~~
19 ~~and manner and method of selling such bonds or warrants."~~

20 NEW SECTION. Section 22. Pooling of bonds of
21 districts in county. (1) If the board of county
22 commissioners determines by resolution that the pooling of
23 bonds of more than one special improvement district of the
24 county is in the best interest of the county and the
25 respective districts and will facilitate the sale of the

1 bonds under more advantageous terms or with lower interest
2 rates, the county may issue bonds of the districts combined
3 in a single offering. Such bonds must be secured by the
4 rural special improvement district revolving fund of the
5 county.

6 (2) The title of the bonds issued pursuant to this
7 section shall denote that bonds of different special
8 improvement districts have been pooled and shall refer to
9 the numbers of the districts. The bonds must be drawn
10 against a sinking fund that has separate accounts for each
11 special improvement district combined for financing
12 purposes, into which must be payable the assessments levied
13 in each of the districts.

14 Section 23. Section 7-12-2173, MCA, is amended to
15 read:

16 "7-12-2173. Disposition of bond or warrant proceeds.
17 (1) The board of county commissioners shall use the proceeds
18 of such sale in making payment ~~to the contractor or~~
19 contractors for the cost of the improvements. Such payment
20 payments to contractors may be made either from time to
21 time, on estimates made by the engineer in charge of such
22 improvements for the county, or upon the entire completion
23 of the improvements and the acceptance thereof by the board.

24 (2) All interest earned on the investment of bond or
25 warrant proceeds during the construction of improvements

1 must be credited to the construction account of the
 2 improvement district fund from which the proceeds were
 3 withdrawn.

4 (3) Any proceeds of the bonds or warrants, including
 5 investment income thereon, remaining after payment of all
 6 costs of the improvements must be transferred to the sinking
 7 fund in the improvement district fund and applied, to the
 8 extent possible, to the prepayment and redemption of bonds
 9 or warrants on the next succeeding redemption date for which
 10 notice of redemption may properly be given."

11 Section 24. Section 7-12-2174, MCA, is amended to
 12 read:

13 "7-12-2174. Redemption of bonds and warrants. (1) The
 14 county treasurer shall first pay out of the proper special
 15 improvement district fund, annually on each interest payment
 16 date, the interest on all outstanding warrants {or bonds} on
 17 presentation of the coupons belonging thereto, or otherwise
 18 then payable and any the principal, if any, then payable on
 19 the warrants or bonds. Any funds remaining in the proper
 20 fund shall be applied to the payment of the principal and
 21 the redemption of the warrants {or bonds} in order of their
 22 registration as provided in subsection (2).

23 (2) Such Special improvement district warrants {or
 24 bonds} shall be redeemed by the county treasurer when there
 25 are funds available therefor in the special improvement

1 district fund against which said warrants {or bonds} are
 2 issued. Whenever there are any funds in any special
 3 improvement district fund after paying the interest on such
 4 warrants {or bonds} drawn against said fund, the county
 5 treasurer shall call in for payment outstanding warrants {or
 6 bonds} which together with the interest thereon to the date
 7 of redemption, will equal the amount of said fund on that
 8 date. on any interest payment date from the proceeds of the
 9 bonds or warrants remaining after payment of all costs of
 10 the improvements, as provided in 7-12-2173, or from the
 11 prepayment of assessments levied in the district. Special
 12 improvement district bonds or warrants are subject to
 13 redemption and prepayment at the option of the county on
 14 any interest payment date after one-half of the term for
 15 which they were issued has expired.

16 (3) The date of redemption shall be fixed by the
 17 county treasurer and shall not be less than 10 days after
 18 the date of publication or of service mailing of notice. The
 19 county treasurer shall give notice by publication once in a
 20 newspaper published in the city or, at the option of the
 21 county treasurer, by written notice to the holders of such
 22 the warrants {or bonds} to be redeemed, if their addresses
 23 be are known, of the number of warrants {or bonds} to be
 24 redeemed and the date on which payment will be made. If the
 25 addresses of the holders of all bonds or warrants to be

1 redeemed are not known, the county treasurer shall publish
 2 notice of redemption once in a newspaper published in the
 3 county. On the date fixed for redemption interest shall
 4 cease."

5 Section 25, Section 7-12-2182, MCA, is amended to
 6 read:

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

10 (a) 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

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

1 increase the balance in the revolving fund above 5% 15% of
 2 the then outstanding rural special improvement district
 3 bonds and warrants secured thereby;

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

15 Section 26, Section 7-12-2186, MCA, is amended to
 16 read:

17 "7-12-2186. Utilization of excess money in revolving
 18 fund. Whenever there is in the revolving fund an amount in
 19 excess of 5% 15% of the then outstanding rural special
 20 improvement district bonds and warrants secured thereby and
 21 the board considers any part of the excess to be greater
 22 than the amount necessary for payment or redemption of
 23 maturing bonds or warrants secured thereby or interest
 24 thereon, the board may order the amount the board considers
 25 greater than the amount necessary or any part thereof;

~~(1) transferred to the general fund of the county, if approved by a unanimous vote of the board at a meeting called for that purpose; or~~

~~(2) if there are outstanding special improvement district bonds or warrants of the county applied to the purchase of property;~~

~~(a) that is being sold because of delinquent taxes or assessments; or both; and~~

~~(b) that has against it unpaid assessments for special improvements.~~

NEW SECTION. Section 25. Sale of tax certificates -- proceeds. (1) The board may sell any tax certificates issued on any sale or sales referred to in 7-12-2186. After acquiring title to property referred to in 7-12-2186, the county may lease such property or sell it at public or private sale and make conveyance thereof, or the board may otherwise dispose of it as the interest of the county may require.

(2) All proceeds from such sales of tax certificates and from such leasing, sale, or other disposition of the property must be paid into the revolving fund and is subject to transfer in whole or in part to the general fund by a unanimous vote of all the members of the board at a meeting called for that purpose.

NEW SECTION. Section 26. Refunding bonds. (1) A

county may issue special improvement district bonds for the purpose of providing the money needed to pay principal of and interest on outstanding special improvement district bonds. To issue bonds for such purpose, the board of county commissioners, at a regular meeting or a duly called special meeting, shall adopt a resolution setting forth:

(a) the facts regarding the outstanding bonds that are to be refunded;

(b) the reasons for issuing refunding bonds; and

(c) the term and details of the refunding bonds.

(2) If the refunding bonds are proposed to be issued in an amount greater than the amount of outstanding bonds to be refunded, the board may not authorize the issuance of such bonds until it has conducted a public hearing on the desirability of issuing the bonds, after published and mailed notice as provided in 7-12-2105(2), and found by resolution that such an issuance of refunding bonds is in the best interest of the special improvement district.

(3) After the adoption of the required resolution or resolutions, the board may:

(a) sell the refunding bonds at a private negotiated sale; or

(b) at its option, give notice of the sale and sell the refunding bonds in the same manner that other special improvement district bonds are sold.

1 (4) Bonds may not be refunded by the issuance of
 2 refunding bonds unless the rate of interest offered on the
 3 refunding bonds is at least 1/2 of 1% a year less than the
 4 rate of interest on the bonds to be refunded.

5 (5) (a) Refunding bonds issued pursuant to this
 6 section may be issued to refund outstanding bonds in advance
 7 of the date on which such bonds mature or are subject to
 8 redemption, but the proceeds of the refunding bonds, less
 9 any accrued interest or premium received upon the sale
 10 thereof, must be deposited with other funds appropriated for
 11 the payment of the outstanding bonds in escrow with a
 12 suitable banking institution or trust company, which may be
 13 located either in or out of the state.

14 (b) Funds so deposited must be invested in securities
 15 that are general obligations of the United States or
 16 securities the principal of and interest on which are
 17 guaranteed by the United States. Such securities must mature
 18 or be callable at the option of the holder on such dates and
 19 bear interest at such rates and be payable on such dates as
 20 may be required to provide funds sufficient, with any cash
 21 deposited in the escrow account, to pay when due:

22 (i) the interest to accrue on each refunded bond to
 23 its maturity or redemption date, if called for redemption;

24 (ii) the principal on each refunded bond at maturity or
 25 upon such redemption date; and

1 (iii) any redemption premium.

2 (c) The escrow account must be irrevocably
 3 appropriated to the payment of the principal of an interest
 4 and redemption premium, if any, on the refunded bonds.

5 (d) Funds to the credit of the debt service fund for
 6 the payment of the refunded bonds and not required for the
 7 payment of principal thereof or interest thereon due prior
 8 to issuance of the refunding bonds may be appropriated by
 9 the board to the escrow account.

10 (e) The county may pay the reasonable costs and
 11 expenses of issuing the refunding bonds and of establishing
 12 and maintaining the escrow account.

13 (6) Refunding bonds may be issued under this section
 14 to pay principal of or interest on special improvement
 15 district bonds outstanding on [the effective date of this
 16 act] only if:

17 (a) one-half or more of the term for which such bonds
 18 were issued has expired; or

19 (b) there is a deficiency in the bond account or
 20 interest account of the special improvement district fund
 21 from which such bonds are payable.

22 Section 27. Section 7-12-4101, MCA, is amended to
 23 read:

24 "7-12-4101. Definitions. Unless the context indicates
 25 otherwise, as used in this part and part 42, the following

1 definitions apply:

2 (1) "Blocks" means blocks, whether regular or
3 irregular, that are bounded by main streets or by main
4 streets and a boundary line of the city.

5 (2) "City" or "municipality" means all corporations
6 organized for municipal purposes.

7 (3) "City clerk" or "clerk" means any person or
8 officer who is clerk of the council.

9 (4) "City council" means any body or board that is the
10 legislative department of the government of the city.

11 (5) "City engineer" means any person or officer who is
12 responsible for the maintenance and improvement of the
13 streets in a city.

14 (6) "City treasurer" means any person who, under
15 whatever name or title, is the custodian of the funds of the
16 municipality.

17 (7) "Incidental expenses" means:

18 (a) the compensation of the city engineer for work
19 done by him;

20 (b) the cost of printing and advertising as provided
21 in this part and part 42;

22 (c) the compensation of persons appointed by the city
23 engineer to take charge of and superintend any of the work
24 mentioned in this part;

25 (d) the expenses of making the assessment for any work

1 authorized by this part;

2 (e) interest on warrants of the city issued to pay
3 costs of improvements;

4 (f) costs of issuance of bonds or warrants of the
5 special improvement district, including costs of printing
6 the bonds, bond registration fees, attorneys' and financial
7 consultants' fees, a premium for bond insurance, and any
8 price paid by the original purchaser of the bonds that is
9 less than the face amount thereof;

10 (g) interest to accrue on bonds or warrants of the
11 special improvement district before assessments levied in
12 the district are collected in amounts and at times
13 sufficient to pay such interest; and

14 (h) a reasonable administrative fee payable to the
15 city for the creation and administration of the district by
16 the city, its officers, and employees.

17 (8) "Main street" means such actually opened street as
18 bounds a block.

19 (9) "Paved" or "repaved" means pavement of stone
20 (whether paving blocks or macadam), of bituminous rock or
21 asphalt, or of wood, brick, or other material (whether
22 patented or not) which the city council adopts by ordinance
23 or resolution.

24 (10) "Quarter-block", when used in reference to
25 irregular blocks, means all lots or portions of lots having

1 any frontage on either of two intersecting streets halfway
2 from the intersection to the next main street or, when no
3 main street intervenes, all the way to a boundary line of
4 the city.

5 (11) "Street" means avenues, highways, lanes, alleys,
6 crossings or intersections, courts, and places which have
7 been dedicated and accepted according to the law or in
8 common and undisputed use by the public for a period of not
9 less than 5 years.

10 (12) "Street intersection" means that parcel of land at
11 the point of juncture or crossing of intersecting streets
12 which lies between lines drawn from corner to corner of all
13 lot lines immediately cornering at such juncture.

14 (13) "Work", "improved", or "improvement" means all
15 work or the securing of property mentioned in this part and
16 part 42 and also the construction, reconstruction, and
17 repair of all or any portion of work."

18 Section 28. Section 7-12-4102, MCA, is amended to
19 read:

20 "7-12-4102. Authorization for creation of special
21 improvement districts. (1) The city or town council has
22 power to create special improvement districts, designating
23 the same by number; to extend the time for payment of
24 assessments levied upon such districts for the improvements
25 thereon for a period not exceeding 20 years; to make such

1 assessments payable in installments; and to pay all expenses
2 of whatever character incurred in making such improvements
3 with special improvement warrants or bonds.

4 (2) Whenever the public interest or convenience may
5 require, the city council is hereby authorized and empowered
6 to:

7 (a) create special improvement districts for acquiring
8 by purchase, building, constructing, and or maintaining
9 devices intended to protect the safety of the public from
10 open ditches carrying irrigation or other water;

11 (b) create special improvement districts for acquiring
12 by purchase or building and constructing municipal swimming
13 pools and other recreation facilities;

14 (c) create special improvement districts and order the
15 whole or any portion or portions, either in length or width,
16 of any one or more of the streets, avenues, alleys, or
17 places or public ways of any such city:

18 (i) graded or regraded to the official grade;

19 (ii) planked or replanked;

20 (iii) paved or repaved;

21 (iv) macadamized or remacadamized;

22 (v) graveled or regraveled;

23 (vi) piled or repiled;

24 (vii) capped or recapped;

25 (viii) surfaced or resurfaced;

1 (ix) oiled or recoiled;

2 (d) create special improvement districts and order the

3 acquisition, construction, or reconstruction therein of:

4 (i) sidewalks, crosswalks, culverts, bridges, gutters,

5 curbs, steps, parkings (including the planting of grassplots

6 and setting out of trees);

7 (ii) sewers, ditches, drains, conduits, and channels

8 for sanitary and/or drainage purposes, with outlets,

9 cesspools, manholes, catchbasins, flush tanks, septic tanks,

10 connecting sewers, ditches, drains, conduits, channels, and

11 other appurtenances;

12 (iii) waterworks, water mains, and extensions of water

13 mains;

14 (iv) pipes, hydrants, hose connections for irrigating

15 purposes;

16 (v) appliances for fire protection;

17 (vi) tunnels, viaducts, conduits, subways, breakwaters,

18 levees, retaining walls, bulkheads, and walls of rock or

19 other material to protect the same from overflow or injury

20 by water;

21 (vii) the opening of streets, avenues, and alleys and

22 the planting of trees thereon;

23 (e) create special improvement districts and order the

24 construction or reconstruction in, over, or through property

25 or rights-of-way owned by such city of:

1 (i) tunnels, sewers, ditches, drains, conduits, and

2 channels for sanitary and/or drainage purposes, with

3 necessary outlets, cesspools, manholes, catchbasins, flush

4 tanks, septic tanks, connection sewers, ditches, drains,

5 conduits, channels, and other appurtenances;

6 (ii) pipes, hose connections for irrigating; hydrants

7 and appliances for fire protection;

8 (iii) breakwaters, levees, retaining walls, and

9 bulkheads; and

10 (iv) walls of rock or other material to protect the

11 streets, avenues, lanes, alleys, courts, places, public

12 ways, and other property in any such city from overflow by

13 water;

14 (f) create special improvement districts and order any

15 work to be done which shall be deemed necessary to improve

16 the whole or any portion of such streets, avenues,

17 sidewalks, alleys, places, or public ways, property, or

18 right-of-way of such city; and

19 (g) maintain, preserve, and care for any and all of

20 the improvements herein mentioned.

21 (3) The city governing body may order and create

22 special improvement districts covering projects abutting the

23 city limits and include properties outside the city where

24 the special improvement district abuts and benefits that

25 property. Property owners within the proposed district

1 boundaries outside the city may not be included in the
 2 special improvement district only if ~~60%~~ 40% of those
 3 property owners approve ~~protest the creation~~ of the special
 4 improvement district. The property outside the city must be
 5 treated in a similar manner as to improvements, notices, and
 6 assessments as the property inside the city limits. A joint
 7 resolution of the city and county must be passed agreeing to
 8 the terms of the special improvement district prior to
 9 passing the resolution of intention or the resolution
 10 creating the special improvement district. A copy of the
 11 resolution of intention and the resolution creating the
 12 special improvement district must be provided to the county
 13 commissioners upon the passage of the respective
 14 resolutions."

15 Section 29. Section 7-12-4104, MCA, is amended to
 16 read:

17 "7-12-4104. Resolution of intention to create special
 18 improvement district. (1) Before creating any special
 19 improvement district for the purpose of making any of the
 20 improvements or acquiring any private property for any
 21 purpose authorized by this part, the city council shall pass
 22 a resolution of intention to do so.

23 (2) The resolution shall:

24 (a) designate the number of such district~~s~~;

25 (b) describe the boundaries thereof~~-and~~;

1 (c) state therein the general character of the
 2 improvement or improvements which are to be made and an
 3 approximate estimate of the cost thereof; and

4 (d) specify the method or methods by which the costs
 5 of the improvements will be assessed against property in the
 6 district.

7 (3) When any improvement is to be made in paving, the
 8 city or town council may, in describing the general
 9 character of ~~the same~~ it in the resolution, describe several
 10 kinds of paving."

11 Section 30. Section 7-12-4106, MCA, is amended to
 12 read:

13 "7-12-4106. Notice of passage of resolution of
 14 intention. (1) Upon having passed such resolution, the
 15 council must give notice of the passage of such resolution
 16 of intention.

17 (2) The notice must be published for 5 days in a daily
 18 newspaper or in some one issue of a weekly paper published
 19 in the city or town or, in case no newspaper be published in
 20 such city, then by posting for 5 days in three public places
 21 in the city or town. A copy of such notice shall be mailed
 22 to every person, firm, or corporation or the agent of such
 23 person, firm, or corporation having real property within the
 24 proposed district listed in his name upon the last completed
 25 assessment roll for state, county, and school district

1 taxes, at his last-known address, upon the same day such
2 notice is first published or posted.

3 (3) Such notice must describe the general character of
4 the improvement or the improvements so proposed to be made,
5 state the estimated cost thereof, describe generally the
6 method or methods by which the costs of the improvements
7 will be assessed, and designate the time when and the place
8 where the council will hear and pass upon all written
9 protests that may be made against the making or acquisition
10 of such improvements or the creation of such district. Said
11 The notice shall refer to the resolution on file in the
12 office of the city clerk for the description of the
13 boundaries. If the proposal is for the purchase of an
14 existing improvement, the notice must state the exact
15 purchase price of the existing improvement."

16 Section 31. Section 7-12-4109, MCA, is amended to
17 read:

18 "7-12-4109. Extension of proposed district. The city
19 council may charge the expenses of the work or improvement
20 to ~~an--extended--district--that--may--include--other~~ lots not
21 fronting on the improvement and which the council in its
22 resolution of intention declares to be, together with the
23 lots abutting the improvement, the district property
24 benefited by the work or improvements whenever:

25 (1) the contemplated work of improvement, in the

1 opinion of the council, is of more than local or ordinary
2 public benefit; or

3 (2) the total estimated costs and expenses thereof,
4 according to estimates furnished by the city engineer, would
5 exceed one-fifth of the total taxable value of the lots and
6 lands fronting upon said proposed work or improvement
7 according to the valuation fixed by the last assessment
8 roll."

9 Section 32. Section 7-12-4110, MCA, is amended to
10 read:

11 "7-12-4110. Protest against proposed work or district.

12 (1) At any time within 15 days after the date of the first
13 publication of the notice of the passage of the resolution
14 of intention, any owner of property liable to be assessed
15 for said work may make written protest against the proposed
16 work or against the extent or creation of the district to be
17 assessed or both.

18 (2) Such protest must be in writing and, identify the
19 property in the district owned by the protestor, and be
20 signed by all the owners of the property. The protest must
21 be delivered to the clerk of the city or town council or
22 commission not later than 5 p.m. of the last day within said
23 15-day period. Said clerk shall endorse thereon the date and
24 hour of its receipt by him."

25 Section 33. Section 7-12-4113, MCA, is amended to

1 read:

2 "7-12-4113. Sufficient protest to bar proceedings --
3 exceptions. (1) Except as provided in subsections (2) and
4 (3), no further proceedings shall be taken for a period of 6
5 months from the date when said sufficient protest shall have
6 been received by said clerk of the city or town council or
7 commission when the protest is against the proposed work
8 and:

9 (a) ~~the cost thereof is to be assessed against~~
10 ~~property fronting thereon and~~ the council or commission
11 finds that such protest is made by the owners of property in
12 the district to be assessed for more than 50% of the
13 property fronting on cost of the proposed work, in
14 accordance with the method or methods of assessment
15 described in the resolution of intention; or

16 (b) the cost thereof is to be assessed upon the
17 property within an extended district and the council or
18 commission finds that such protest is made by the owners of
19 more than 50% of the area of the property to be assessed for
20 said improvements.

21 (2) The council or commission shall have the right to
22 overrule any and all objections and pave the proposed block
23 with gravel and oil surface when the improvement proposed is
24 the paving, with necessary incidentals, of not more than one
25 cross block to connect with streets or avenues already paved

1 for a continuous distance of three blocks or more running at
2 a right angle (or substantially so) with the single cross
3 block so proposed to be paved.

4 (3) In case the improvement is the construction of a
5 sanitary sewer, such protest may be overruled by an
6 affirmative vote of a majority of the members of the council
7 or commission unless such protest is made by the owners of
8 property in the district to be assessed for more than 75% of
9 the property affected, as herein provided cost of the
10 district, in accordance with the methods of assessment
11 described in the resolution of intention, in which event the
12 protest must be sustained as to the construction of such
13 sanitary sewer."

14 Section 34. Section 7-12-4123, MCA, is amended to
15 read:

16 "7-12-4123. Manner of making demands for incidental
17 expenses. All demands for incidental expenses mentioned in
18 7-12-4101(7), except the administrative fee of the city and
19 interest payable on warrants or bonds of the district, shall
20 be presented to the city clerk by itemized bill, duly
21 verified by oath of the demandant."

22 Section 35. Section 7-12-4145, MCA, is amended to
23 read:

24 "7-12-4145. Procedure for dealing with bid securities.
25 (1) If bids are rejected, the city council shall thereupon

1 return to the proper parties the bid securities
2 corresponding to the bids so rejected.

3 (2) The bid securities accompanying such accepted
4 proposals or bids shall be held by the city clerk of said
5 city until the contract for doing said work, as hereinafter
6 provided, has been entered into either by said lowest bidder
7 or by the owners of over 50% 75% of the frontage, whereupon
8 said bid security shall be returned to said bidder.

9 (3) If said bidder fails, neglects, or refuses to
10 enter into the contract to perform said work or improvements
11 as hereinafter provided, then the bid securities
12 accompanying his bid and the amount therein mentioned shall
13 be declared to be forfeited to said city and shall be
14 collected by it and paid into the general fund."

15 NEW SECTION. Section 36. Purchase of existing
16 improvement. If the proposed improvement consists of the
17 purchase of an existing improvement, the city council may,
18 after the creation of the special improvement district and
19 after ordering the proposed improvement, enter into a
20 contract for the purchase of the improvement, upon such
21 terms as it considers just, without advertising for bids or
22 proposals. However, the total purchase price of the existing
23 improvement may not exceed the amount set forth in the
24 notice required by 7-12-4106.

25 Section 37. Section 7-12-4161, MCA, is amended to

1 read:

2 "7-12-4161. Choice in manner of assessing costs. (1)
3 Except as provided in subsection (2), to defray the cost of
4 the making of or acquiring any of the improvements provided
5 for in this part, including incidental expenses, the city
6 council or commission shall adopt one of the methods of
7 assessment, where applicable, provided in 7-12-4162 through
8 7-12-4165 or [section 44 42] for each improvement to be made
9 or acquired for the benefit of the district.

10 ~~(2) The method of assessment provided for in 7-12-4163~~
11 ~~shall not apply to assessments in improvement districts~~
12 ~~created under the provisions of 7-12-4109. The city council~~
13 ~~may use one or any combination of methods of assessment in a~~
14 ~~single special improvement district, and if more than one~~
15 ~~improvement is undertaken, each lot or parcel of land in the~~
16 ~~district need not be assessed for the cost of all the~~
17 ~~improvements."~~

18 Section 38. Section 7-12-4162, MCA, is amended to
19 read:

20 "7-12-4162. Assessment of costs -- area option. (1)
21 The city council or commission shall assess the entire cost
22 of ~~such improvements~~ an improvement against benefited
23 property in the entire district, each lot or parcel of land
24 assessed within such district to be assessed for that part
25 of the whole cost which its assessable area bears to the

1 assessable area of all benefited lots or parcels in the
 2 entire district, exclusive of streets, avenues, alleys, and
 3 public places. For the purposes of this subsection,
 4 "assessable area" means an area of a lot or parcel of land
 5 representing the benefit conferred on the lot or parcel by
 6 the improvement. Assessable area may be less than but may
 7 not exceed the actual area of the lot or parcel.

8 (2) The council or commission, in its discretion,
 9 shall have the power to pay the whole or any part of the
 10 cost of any street, avenue, or alley intersection out of any
 11 funds in its hands available for that purpose or to include
 12 the whole or any part of such costs within the amount of the
 13 assessment to be paid by the benefited property in the
 14 district.

15 (3) In order to equitably apportion the cost of any of
 16 the improvements herein provided for between that land
 17 within the district which lies within 25 feet of the line of
 18 the street on which the improvement is to be made and all
 19 other benefited land within the district, the council or
 20 commission may, in the resolution creating any improvement
 21 district, provide that the amount of the assessment against
 22 the property in such district to defray the cost of such
 23 improvements shall be so assessed that each square foot of
 24 land within the district lying within 25 feet of the line of
 25 the street on which the improvements therein provided for

1 are made shall bear double the amount of cost of such
 2 improvements per square foot of such land that each square
 3 foot of any other benefited land within the district shall
 4 bear."

5 Section 39. Section 7-12-4163, MCA, is amended to
 6 read:

7 "7-12-4163. Assessment of costs -- frontage option.
 8 (1) The city council or commission shall assess the cost of
 9 such-improvements an improvement against benefited lots or
 10 parcels in the entire district, each lot or parcel of land
 11 within such district bordering or abutting upon a street or
 12 streets whereon or wherein the improvement has been made to
 13 be assessed in proportion to the lineal feet abutting or
 14 bordering the same.

15 (2) The council or commission, in its discretion,
 16 shall have the power to pay the whole or any part of the
 17 cost of any street, avenue, or alley intersections out of
 18 any funds in its hands available for that purpose or to
 19 include the whole or any part of such costs within the
 20 amount of the assessment to be paid by the benefited
 21 property in the district."

22 Section 40. Section 7-12-4164, MCA, is amended to
 23 read:

24 "7-12-4164. Assessment of costs -- combined
 25 area-frontage utility service connections -- option. Where

1 curbs, gutters, alley approaches, streets, crossings, and
 2 utility service connections are an integral part of the
 3 creation of storm sewer districts, sanitary sewer districts,
 4 or street pavement districts, the The city council or
 5 commission may assess a portion of the improvements upon the
 6 area basis as set forth under 7-12-4162, other portions of
 7 the improvements upon a lineal feet basis as set forth under
 8 7-12-4163, and utility service connections upon a lump sum
 9 based on the bid price in the improvement district contract
 10 and assessed assess only against the lots, tracts, or
 11 parcels of land served by the utility connection or
 12 connections, all within the same special improvement
 13 district, so long as such assessment is equitable."

14 Section 41. Section 7-12-4165, MCA, is amended to
 15 read:

16 "7-12-4165. Assessment of costs -- offstreet parking
 17 option. (1) When the purpose of the assessment is for the
 18 establishment and/or improvement of offstreet parking as
 19 provided in this section, the city council or commission
 20 shall assess, against the real property specifically
 21 benefited by the offstreet parking facilities, the cost of
 22 the developments involved in proportion to the benefits
 23 received by each benefited tract of land within said
 24 district.

25 (2) In determining the benefit to be received by each

1 parcel of land, the council or commission shall consider:

2 (a) the relative distance of the parking facility from
 3 each parcel of land within the area of the special
 4 improvement district;

5 (b) the relative needs of parking spaces for each
 6 parcel of land located within the boundaries of said
 7 district, either as established by the city zoning
 8 ordinance, if any, or otherwise, with relation to the use of
 9 said parcel;

10 (c) the assessed value of each parcel within said
 11 district;

12 (d) the square footage of each parcel within said
 13 district as it relates to the whole;

14 (e) the square footage of floorspace in any
 15 improvements on the parcel and the various uses of such
 16 floorspace;

17 (f) the availability of existing on-site parking space
 18 on any parcel of land within the district."

19 NEW SECTION. Section 42. Other equitable methods of
 20 assessment. The city council may assess the cost of an
 21 improvement against benefited lots, tracts, or parcels in a
 22 special improvement district on the basis of such other
 23 method as it determines to be equitable in proportion to the
 24 benefits received by the lot, tract, or parcel from the
 25 improvement.

1 Section 43. Section 7-12-4169, MCA, is amended to
2 read:

3 "7-12-4169. Incidental expenses considered as cost of
4 improvements. (1) The costs and expenses connected with and
5 incidental to the formation of any special improvement
6 district, including costs of preparation of plans,
7 specifications, maps, and plats; engineering,
8 superintendence, and inspection; ~~and~~ preparation of
9 assessment rolls; and the other incidental expenses
10 described in 7-12-4101(7) shall be considered a part of the
11 cost and expenses of making the improvements within such
12 special improvement district. .

13 (2) The costs of any improvement may, at the option of
14 the municipal governing body, include an amount not to
15 exceed 5% of the principal amount of any bonds or warrants
16 to be issued, which shall be deposited in the revolving fund
17 created in 7-12-4221."

18 Section 44. Section 7-12-4176, MCA, is amended to
19 read:

20 "7-12-4176. Resolution for tax levy upon district
21 property. (1) To defray the cost of making or acquiring
22 improvements in any special improvement district or of
23 acquiring property for opening, widening, or extending any
24 street or alley or to defray the cost and expense of
25 changing any grade of any street, avenue, or alley, the city

1 council shall by resolution levy and assess a tax upon all
2 benefited property in any district created for such purpose,
3 using for a basis for assessment ~~one--of~~ the method or
4 methods set forth in 7-12-4161 through 7-12-4165 or [section
5 44 42] and described in the resolution of intention.

6 (2) Such resolutions shall contain a description of
7 each lot and parcel of land, with the name of the owner, if
8 known, the amount of each partial payment to be made, and
9 the day when the same shall become delinquent.

10 (3) Such resolution, signed by the mayor and clerk,
11 shall be kept on file in the office of the city clerk."

12 Section 45. Section 7-12-4177, MCA, is amended to
13 read:

14 "7-12-4177. Notice of resolution for tax levy --
15 protest and hearing. (1) A notice signed by the city clerk,
16 stating that the resolution levying the special assessment
17 to defray the cost of such improvements is on file in his
18 office and subject to inspection for a period of 5 10 days,
19 shall be:

20 (a) published at least once in a newspaper published
21 in the city or town;

22 (b) mailed to the owner of each lot, tract, or parcel
23 of land to be assessed (such lands must be identified and
24 the mailing address determined from the last completed
25 assessment roll for state, county, and school district

1 taxes); and

2 (c) mailed to such other persons known to the clerk to
3 have an ownership interest in the property.

4 (2) Such notice shall state the time and place at
5 which objections to the final adoption of such resolution
6 will be heard by the council. The time for such hearing
7 shall not be less than 5 10 days after the publication and
8 mailing of such notice."

9 Section 46. Section 7-12-4179, MCA, is amended to
10 read:

11 "7-12-4179. Payment of maintenance costs -- resolution
12 for assessment. (1) The cost of maintaining each of the
13 improvements shall be paid by assessing the benefited
14 properties of the entire district under a permissible
15 assessment option as provided in 7-12-4162 through 7-12-4165
16 and [section 44 42].

17 (2) It is the duty of the council to estimate, as
18 nearly as practicable, the cost of maintaining the
19 improvements in each district for the season. Before the
20 first Monday in September of each year, the council shall
21 pass and finally adopt a resolution levying and assessing
22 all the property within the several districts with an amount
23 equal to the whole cost of maintaining the improvements
24 within the several districts.

25 (3) The resolution levying assessments to defray the

1 cost of maintenance of the improvement shall be prepared and
2 certified in the same manner as a resolution levying
3 assessments for making improvements in the special
4 improvement district.

5 (4) The council may change by resolution, not more
6 than once a year, the boundaries of any maintenance
7 district, but the change of boundaries may not affect
8 indebtedness existing at the time of the change."

9 Section 47. Section 7-12-4188, MCA, is amended to
10 read:

11 "7-12-4188. Due date for district assessments. (1) All
12 special assessments or installments of special assessments
13 in cities and towns, duly and regularly levied by resolution
14 according to law, shall be payable in installments as
15 follows:

16 (a) one-half of the payment on or before 5 p.m. on
17 November 30 of each year except-as-provided-in-subsection
18 (2); and

19 (2)(b) The--governing--body--of--a--municipality--may
20 provide--by--resolution--that one-half of the payment on
21 special-assessments-or-installments-of--special--assessments
22 may--be-deferred-to-no-later-than or before 5 p.m. on May 31
23 of the following year.

24 (3)(2) In the event the same are not paid on or before
25 said date dates, the same shall be subject to the same

1 interest and penalties for nonpayment as delinquent property
2 taxes under 15-16-102."

3 Section 48. Section 7-12-4189, MCA, is amended to
4 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 at an annual rate not exceeding
9 the sum of 1/2 of 1% a year plus the average interest rate
10 payable on the outstanding bonds or warrants of the special
11 improvement district.

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

22 Section 49. Section 7-12-4190, MCA, is amended to
23 read:

24 "7-12-4190. Payment of assessments in installments.
25 (1) The payment of assessments to defray the cost of

1 acquiring or constructing any improvements in special
2 improvement districts may be spread over a term of not to
3 exceed 20 years,--payments--to--be--made--in--equal--annual
4 installments.

5 (2) If the bonds of the special improvement district
6 are issued as serial bonds, the assessments must be payable
7 in equal annual installments. If the bonds are issued as
8 amortization bonds, the assessments must be payable in equal
9 annual installments of principal and interest, each in the
10 amount required to pay the principal over the term of
11 payment, with interest at the rate then borne by the
12 assessment.

13 (3) Any assessment that is not delinquent may be
14 prepaid, in whole but not in part, at any time after the
15 assessment is levied, by the payment of the assessment, with
16 interest accrued and to accrue thereon through the next date
17 on which interest on bonds of the special improvement
18 district is payable."

19 NEW SECTION. Section 50. Change in outstanding
20 principal of district -- relevy of assessments. If proceeds
21 of the bonds or warrants of the special improvement
22 district, including investment income thereon, are applied
23 to the redemption and prepayment of such bonds or warrants,
24 as provided in 7-12-4205 and 7-12-4206, or if refunding
25 bonds are issued pursuant to [section 6~~1~~ 58] and the

1 principal amount of the outstanding bonds of the district is
 2 decreased or increased, the assessments levied in the
 3 district and then outstanding must be reduced or increased,
 4 respectively, pro rata by the principal amount of such
 5 prepayment or the increment above or below the outstanding
 6 principal amount of bonds represented by the refunding
 7 bonds. The city council shall reassess and relevy such
 8 assessments, with the same effect as an original levy, in
 9 such reduced or increased amounts in accordance with the
 10 provisions of 7-12-4176 through 7-12-4178.

11 Section 51. Section 7-12-4201, MCA, is amended to
 12 read:

13 "7-12-4201. Use of bonds and warrants. All costs and
 14 expenses incurred in the acquisition or construction of any
 15 improvements specified in part 41 in any improvement
 16 district or incurred in the issuance of the bonds or
 17 warrants of the district, including incidental expenses,
 18 shall be paid for by special improvement district bonds or
 19 warrants. The city or town council shall provide for making
 20 payments for improvements in any special improvement
 21 district by the method provided in 7-12-4204 and 7-12-4205."

22 Section 52. Section 7-12-4203, MCA, is amended to
 23 read:

24 "7-12-4203. Details relating to special improvement
 25 district bonds and warrants. (1) The bonds and warrants

1 shall be drawn against the special improvement district fund
 2 created for the district and shall bear interest from the
 3 date of registration until called for redemption or paid in
 4 full. The interest shall be payable annually or
 5 semiannually, at the discretion of the governing body of the
 6 municipality, on such dates as the governing body
 7 prescribes. Such warrants ~~for bonds~~ shall bear the
 8 signatures of the mayor and clerk and shall bear the
 9 corporate seal of the city. They shall be registered in the
 10 office of the clerk and treasurer, and if interest coupons
 11 be attached thereto, they shall also be so registered and
 12 shall bear the signatures of the mayor and clerk.

13 (2) Said bonds shall be in denominations of \$100 or
 14 fractions or multiples thereof, may be issued in
 15 installments, and may extend over a period not to exceed 20
 16 years.

17 (3) All special improvement district bonds must be
 18 amortization bonds unless, in the judgment of the city
 19 council, serial bonds will be more advantageous to the
 20 district and can be sold at a comparatively reasonable rate
 21 or rates of interest."

22 NEW SECTION. Section 53. Definition of forms of
 23 bonds. As used in part 41 and this part, unless the context
 24 clearly indicates otherwise, the following definitions
 25 apply:

1 (1) "Amortization bonds" means the form of bonds on
2 which:

3 (a) a part of the principal must be paid each time
4 interest becomes payable;

5 (b) the part payment of principal increases at each
6 installment in the same amount that the interest decreases;

7 (c) the combined interest and principal due on each
8 due date remains the same until the bonds are paid;

9 (d) the final payment may vary from prior payments in
10 the amount resulting from disregarding fractional costs in
11 prior payments; and

12 (e) the initial payment may be larger than subsequent
13 payments if such increase represents interest accrued over
14 an additional period not greater than 6 months.

15 (2) "Serial bonds" means the form of bonds that are
16 payable in annual installments and on which the amount
17 maturing each year may not be more than three times the
18 principal amount of bonds maturing in any previous year.

19 Section 54. Section 7-12-4204, MCA, is amended to
20 read:

21 "7-12-4204. Procedure to issue bonds and warrants. (1)
22 The city or town council shall sell bonds or warrants issued
23 under the provisions of 7-12-4201, in an amount sufficient
24 to pay that part of the total cost and expense of making the
25 improvement improvements which is to be assessed against the

1 benefited property within the district, to the highest and
2 best bidder therefor for cash ~~and-for-not-less-than-the-face~~
3 ~~value--of--such--bonds--or--warrants,~~ at a price, including
4 interest thereon, to date of delivery, not less than that
5 prescribed by the city council in the resolution calling for
6 the sale of the bonds or warrants. The city council may fix
7 the minimum price for the bonds or warrants in an amount
8 less than the face value thereof if it determines that such
9 sale is in the best interests of the district and the city.

10 (2) The bonds or warrants may be sold at a private
11 negotiated sale to the United States or the state of
12 Montana, or an agency, instrumentality, corporation, or
13 department thereof.

14 ~~†2†~~(3) The In all other cases, the provisions of
15 7-7-4251 through 7-7-4254 with regard to the notice of sale,
16 publication of notice, and manner and method of selling
17 bonds by cities and towns, insofar as the same are
18 applicable thereto and not in conflict with the provisions
19 of this section and 7-12-4205, shall apply to, govern, and
20 control the form of notice of sale, publication of notice,
21 and manner and method of selling such bonds or warrants."

22 NEW SECTION. Section 55. Pooling of bonds of
23 districts in city. (1) If the city council determines by
24 resolution that the pooling of bonds of more than one
25 special improvement district of the city is in the best

1 interest of the city and the respective districts and will
 2 facilitate the sale of the bonds under more advantageous
 3 terms or with lower interest rates, the city may issue bonds
 4 of the districts combined in a single offering. Such bonds
 5 must be secured by the special improvement district
 6 revolving fund of the city.

7 (2) The title of the bonds issued pursuant to this
 8 section shall denote that bonds of different special
 9 improvement districts have been pooled and shall refer to
 10 the numbers of the districts. The bonds must be drawn
 11 against a sinking fund that has separate accounts for each
 12 special improvement district combined for financing
 13 purposes, into which accounts must be payable the
 14 assessments levied in each of the districts.

15 Section 56. Section 7-12-4205, MCA, is amended to
 16 read:

17 "7-12-4205. Disposition of bond or warrant proceeds.

18 (1) The city or town council shall use the proceeds of such
 19 sale in making payment ~~to the contractor or contractors~~ for
 20 the cost of the improvements. Such ~~payment~~ payments to
 21 contractors may be made either from time to time, on
 22 estimates made by the engineer in charge of such
 23 improvements for the city or town, or upon the entire
 24 completion of the improvements and the acceptance thereof by
 25 the city or town council.

1 (2) ~~At~~ During the construction of the improvements,
 2 all interest earned on the investment of bond or warrant
 3 proceeds must be credited to the construction account of the
 4 improvement district fund from which the proceeds were
 5 withdrawn.

6 (3) Any proceeds of the bonds or warrants, including
 7 investment income thereon, remaining after payment of all
 8 costs of the improvements must be transferred to the sinking
 9 fund in the improvement district fund and applied, to the
 10 extent possible, to the prepayment and redemption of bonds
 11 or warrants on the next succeeding redemption date for which
 12 notice of redemption may properly be given."

13 Section 57. Section 7-12-4206, MCA, is amended to
 14 read:

15 "7-12-4206. Redemption of bonds and warrants. (1) ~~The~~
 16 Special improvement district warrants or bonds shall be
 17 ~~redeemed by the treasurer when there is money in the special~~
 18 ~~improvement district fund against which the warrants or~~
 19 ~~bonds are drawn, on presentation of the coupons belonging~~
 20 ~~thereto, and any money remaining shall be applied to the~~
 21 ~~payment of the principal and the redemption of the warrants~~
 22 ~~or bonds in the order of their registration; on any interest~~
 23 payment date from the proceeds of the bonds or warrants
 24 remaining after payment of all costs of the improvements, as
 25 provided in 7-12-4205, or from the prepayment of assessments

1 levied in the district. Special improvement district bonds
 2 or warrants are subject to redemption and prepayment at the
 3 option of the city, in order of registration, on any
 4 interest payment date after one-half of the term for which
 5 they were issued has expired.

6 (2) ~~Whenever there is any money in any special~~
 7 ~~improvement district fund after paying the interest on the~~
 8 ~~warrants or bonds drawn against the fund, the treasurer~~
 9 ~~shall call in for payment outstanding warrants or bonds~~
 10 ~~which, together with the interest thereon to the date of~~
 11 ~~redemption, will equal the amount of the fund on that date.~~
 12 The date of redemption shall be fixed by the treasurer and
 13 may not be less than 10 days after the date of publication
 14 or of service mailing of notice, and on the date so fixed,
 15 interest ceases. The treasurer shall give notice ~~by~~
 16 ~~publication once in a newspaper published in the city or, at~~
 17 ~~the option of the treasurer, by~~ written notice to the
 18 holders of the warrants or bonds to be redeemed, if their
 19 addresses are known, of the number of warrants or bonds to
 20 be redeemed and the date on which payment will be made. If
 21 the addresses of the holders of all bonds or warrants to be
 22 redeemed are not known, the treasurer shall publish notice
 23 of redemption once in a newspaper published in the city."

24 Section 60, Section 7-12-4222, MCA, is amended to
 25 read:

1 "7-12-4222, Sources of money for revolving fund, (i)
 2 Per the purpose of providing funds for such revolving fund,
 3 the city or town council:

4 (a) (i) may, in its discretion and from time to time,
 5 transfer to the revolving fund from the general fund of the
 6 city or town such amount or amounts as may be deemed
 7 necessary, which amount or amounts so transferred shall be
 8 deemed and considered and shall be loans from such general
 9 fund to the revolving fund, and

10 (ii) may include in the cost of the improvement to be
 11 defrayed from the proceeds of the bonds or warrants an
 12 amount up to 5% 15% of the principal amount of the bonds or
 13 warrants and deposit it in the revolving fund upon receipt
 14 of such proceeds, and

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

1 then-outstanding--special--improvement--district--bonds--and
 2 warrants-secured-thereby:

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

15 NEW SECTION. Section 58. Refunding bonds. (1) A city
 16 may issue special improvement district bonds for the purpose
 17 of providing the money needed to pay principal of and
 18 interest on outstanding special improvement district bonds.
 19 To issue bonds for such purpose, the city council, at a
 20 regular meeting or a duly called special meeting, shall
 21 adopt a resolution setting forth:

- 22 (a) the facts regarding the outstanding bonds that are
- 23 to be refunded;
- 24 (b) the reasons for issuing refunding bonds; and
- 25 (c) the term and details of the refunding bonds.

1 (2) IF the refunding bonds are proposed to be issued
 2 in an amount greater than the amount of outstanding bonds to
 3 be refunded, the city council may not authorize the issuance
 4 of such bonds until it has conducted a public hearing on the
 5 desirability of issuing the bonds, after published and
 6 mailed notice as provided in 7-12-4106(2), and found by
 7 resolution that such an issuance of refunding bonds is in
 8 the best interest of the special improvement district.

9 (3) After the adoption of the required resolution or
 10 resolutions, the council may:

- 11 (a) sell the refunding bonds at a private negotiated
- 12 sale; or
- 13 (b) at its option, give notice of the sale and sell
- 14 the refunding bonds in the same manner that other special
- 15 improvement district bonds are sold.

16 (4) Bonds may not be refunded by the issuance of
 17 refunding bonds unless the rate of interest offered on the
 18 refunding bonds is at least 1/2 of 1% a year less than the
 19 rate of interest on the bonds to be refunded.

20 (5) (a) Refunding bonds issued pursuant to this
 21 section may be issued to refund outstanding bonds in advance
 22 of the date on which such bonds mature or are subject to
 23 redemption, but the proceeds of the refunding bonds, less
 24 any accrued interest or premium received upon the sale
 25 thereof, must be deposited with other funds appropriated for

1 the payment of the outstanding bonds in escrow with a
2 suitable banking institution or trust company, which may be
3 located either in or out of the state.

4 (b) Funds so deposited must be invested in securities
5 that are general obligations of the United States or
6 securities the principal of and interest on which are
7 guaranteed by the United States. Such securities must mature
8 or be callable at the option of the holder on such dates and
9 bear interest at such rates and be payable on such dates as
10 may be required to provide funds sufficient, with any cash
11 deposited in the escrow account, to pay when due:

12 (i) the interest to accrue on each refunded bond to
13 its maturity or redemption date, if called for redemption;

14 (ii) the principal on each refunded bond at maturity or
15 upon such redemption date; and

16 (iii) any redemption premium.

17 (c) The escrow account must be irrevocably
18 appropriated to the payment of the principal of an interest
19 and redemption premium, if any, on the refunded bonds.

20 (d) Funds to the credit of the debt service fund for
21 the payment of the refunded bonds and not required for the
22 payment of principal thereof or interest thereon due prior
23 to issuance of the refunding bonds may be appropriated by
24 the council to the escrow account.

25 (e) The city may pay the reasonable costs and expenses

1 of printing the refunding bonds and of establishing and
2 maintaining the escrow account.

3 (6) Refunding bonds may be issued under this section
4 to pay principal of or interest on special improvement
5 district bonds outstanding on [the effective date of this
6 act] only if:

7 (a) one-half or more of the term for which such bonds
8 were issued has expired; or

9 (b) there is a deficiency in the bond account or
10 interest account of the special improvement district fund
11 from which such bonds are payable.

12 NEW SECTION. Section 59. Codification instruction.

13 (1) Sections 6, 16, 17, 20, 22, ~~27~~ 25, and ~~28~~ 26 are
14 intended to be codified as an integral part of Title 7,
15 chapter 12, part 21, and the provisions of Title 7, chapter
16 12, part 21, apply to sections 6, 16, 17, 20, 22, ~~27~~ 25, and
17 ~~28~~ 26.

18 (2) Sections ~~387-447-527-557-577-and-61~~ 36, 42, 50,
19 53, 55, AND 58 are intended to be codified as an integral
20 part of Title 7, chapter 12, parts 41 and 42, and the
21 provisions of Title 7, chapter 12, parts 41 and 42, apply to
22 sections ~~387-447-527-557-577-and-61~~ 36, 42, 50, 53, 55, AND
23 58.

24 NEW SECTION. Section 60. Effective date. This act is
25 effective on passage and approval.

-End-

1 HOUSE BILL NO. 885
 2 INTRODUCED BY SALES
 3 BY REQUEST OF THE LIEUTENANT GOVERNOR
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND AND CLARIFY
 6 THE LAWS RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICTS AND
 7 SPECIAL IMPROVEMENT DISTRICTS; AMENDING PROVISIONS RELATING
 8 TO INCIDENTAL COSTS, PROTESTS, ASSESSMENT OPTIONS,
 9 ACQUISITION OF IMPROVEMENTS, NOTICE, DEFINITIONS OF BONDS,
 10 REDEMPTION OF BONDS, REVOLVING FUNDS, AND REFUNDING BONDS;
 11 AMENDING SECTIONS 7-12-2101 THROUGH 7-12-2103, 7-12-2105,
 12 7-12-2108, 7-12-2109, 7-12-2112, 7-12-2119, 7-12-2151
 13 THROUGH 7-12-2153, 7-12-2158, 7-12-2159, 7-12-2167,
 14 7-12-2169, 7-12-2171 THROUGH 7-12-2174, ~~7-12-2182,~~
 15 ~~7-12-2186,~~ 7-12-4101, 7-12-4102, 7-12-4104, 7-12-4106,
 16 7-12-4109, 7-12-4110, 7-12-4113, 7-12-4123, 7-12-4145,
 17 7-12-4161 THROUGH 7-12-4165, 7-12-4169, 7-12-4176,
 18 7-12-4177, 7-12-4179, 7-12-4188 THROUGH 7-12-4190,
 19 7-12-4201, AND 7-12-4203 THROUGH 7-12-4206, ~~AND 7-12-4222,~~
 20 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

21
 22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 23 Section 1. Section 7-12-2101, MCA, is amended to read:
 24 "7-12-2101. Definitions. (1) The term "board of county
 25 commissioners" includes any body or board which under the

1 law is the legislative department of the government of the
 2 county.
 3 (2) The word "blocks", shall mean such blocks, whether
 4 regular or irregular, as are bounded by main streets or
 5 partially by a boundary line of the city.
 6 (3) The word "city" and the word "municipality", as
 7 used in this part, shall be understood and so construed as
 8 to include all corporations heretofore organized and now
 9 existing and hereafter organized for municipal purposes.
 10 (4) The terms "clerk" and "county clerk", as used in
 11 this part, include any person or officer who shall be clerk
 12 of the board of county commissioners.
 13 (5) The term "county treasurer", as used in this part,
 14 means and includes any person who, under whatever name or
 15 title, is the custodian of the funds of the county.
 16 (6) The term "engineer", ~~designated in the petition~~ as
 17 used in this part, means the person, firm, or corporation
 18 ~~whose name who~~ is designated ~~and approved~~ by the board of
 19 county commissioners as the engineer ~~in the original~~
 20 ~~petition asking~~ for the improvement.
 21 (7) The term "incidental expenses", as used in this
 22 part, ~~shall include~~ includes:
 23 (a) the compensation of the engineer ~~selected as~~
 24 ~~hereinbefore provided~~ for work done by him;
 25 (b) the cost of printing and advertising, as provided



1 in this part, ~~the expenses of making the assessment for any~~
 2 ~~work authorized by this part;~~

3 (c) interest on warrants of the county issued to pay
 4 costs of improvements as provided in this part;

5 (d) costs of issuance of the bonds or warrants of the
 6 special improvement district, including costs of printing
 7 the bonds, bond registration fees, attorneys' fees and
 8 financial consultants' fees, a premium for bond insurance,
 9 any price paid by the original purchaser of the bonds that
 10 is less than the face amount thereof, and interest to accrue
 11 on bonds or warrants of the special improvement district
 12 before assessments levied by the district are collected in
 13 amounts and at times sufficient to pay such interest; and

14 (e) a reasonable administrative fee payable to the
 15 county for the creation and administration of the district
 16 by the county, its officers, and its employees.

17 (8) The term "main street" means such actually opened
 18 street or streets as bound a block.

19 (9) The words "paved" or "repaved", as used in this
 20 part, shall be held to mean and include pavement of stone,
 21 whether paving blocks or macadam; of bituminous rock or
 22 asphalt; or of wood, brick, or other material, whether
 23 patented or not, which the board of county commissioners by
 24 rule or resolution shall adopt.

25 (10) The term "quarter block", as used in this part as

1 to irregular blocks, includes all lots or portions of lots
 2 having any frontage on either intersecting street halfway
 3 from such intersection to the next main street or when no
 4 main street intervenes, all the way to the boundary line of
 5 any city.

6 (11) The word "street", as used in this part, includes
 7 avenues, highways, lanes, alleys, crossings or
 8 intersections, courts, and places which have been dedicated
 9 and accepted according to the law or in common and
 10 undisputed use by the public for a period of not less than 5
 11 years next preceding.

12 (12) The term "street intersection", wherever used in
 13 this part, means that parcel of land at the point of
 14 juncture or crossing of intersecting streets, which lies
 15 between lines drawn from corner to corner of all lot lines
 16 immediately cornering at such juncture.

17 (13) The words "work", "improved", and "improvements",
 18 as used in this part, shall include all work or the securing
 19 of property, by purchase or otherwise, mentioned in this
 20 part and also the construction, reconstruction, maintenance,
 21 and repair of all or any portion of said work."

22 Section 2. Section 7-12-2102, MCA, is amended to read:

23 "7-12-2102. Authorization to create rural improvement
 24 districts upon petition. (1) Whenever the public interest
 25 or convenience may require ~~and upon the petition of 60% of~~

1 ~~the--freeholders--affected--thereby,~~ the board of county
 2 commissioners is hereby authorized and empowered to order
 3 and create special improvement districts ~~in---thickly~~
 4 ~~populated--localities~~ outside of the limits of incorporated
 5 towns and cities for the purpose of building, constructing,
 6 or acquiring by purchase ~~devices-intended-to-protect-the~~
 7 ~~safety-of-the-public-from-open-ditches--carrying--irrigation~~
 8 ~~or--other--water--and-maintaining-sanitary-and-storm-sewers,~~
 9 ~~light-systems, waterworks-plants, water-systems, sidewalks,~~
 10 ~~and-such-other-special-improvements-as-may-be-petitioned-for~~
 11 one or more of the improvements of the kind described in
 12 7-12-4102, in or for the benefit of the special improvement
 13 district.

14 (2) The board of county commissioners may upon
 15 ~~compliance-with-subsection--(1)~~ order and create special
 16 improvement districts covering projects abutting the city
 17 limits and include properties inside the city where the
 18 rural improvement district abuts and benefits that property.
 19 Property owners within the proposed district boundaries
 20 inside the city may not be included in the rural special
 21 improvement district only if ~~60%~~ 40% of those property
 22 owners approve ~~protest the creation~~ of the rural special
 23 improvement district. The property inside the city must be
 24 treated in a similar manner as to improvements, notices, and
 25 assessments as the property outside the city limits. A joint

1 resolution of the city and county must be passed agreeing to
 2 the terms of the rural special improvement district prior to
 3 passing the resolution of intention or resolution creating
 4 the rural special improvement district. A copy of the
 5 resolution of intention and the resolution creating the
 6 rural special improvement district must be provided to the
 7 city clerk upon the passage of the respective resolutions."

8 Section 3. Section 7-12-2103, MCA, is amended to read:

9 "7-12-2103. Resolution of intention to create rural
 10 improvement district. (1) Before creating any special
 11 improvement district for the purpose of making any of the
 12 improvements or acquiring any private property for any
 13 purpose authorized by this part, the board of county
 14 commissioners shall pass a resolution of intention to do so.

15 (2) The resolution shall:

16 (a) designate the number of such district;

17 (b) describe the boundaries thereof;

18 (c) state therein the general character of the
 19 improvements which are to be made; and

20 (d) designate the name of the engineer who is to have
 21 charge of the work and an approximate estimate of the cost
 22 thereof; and

23 (e) specify the method or methods by which the costs
 24 of the improvements will be assessed against property in the
 25 district."

1 Section 4. Section 7-12-2105, MCA, is amended to read:

2 "7-12-2105. Notice of resolution of intention to
3 create district -- hearing. (1) Upon having passed the
4 resolution of intention pursuant to 7-12-2103, the board of
5 county commissioners must give notice of the passage of such
6 resolution of intention.

7 (2) The notice must be published for 10 consecutive
8 days in a daily newspaper or in two issues of a weekly
9 newspaper published nearest to the place where such
10 improvement district is to be created. The board shall also
11 cause a copy of such notice to be posted in three public
12 places within the boundaries of such special improvement
13 district. A copy of such notice shall be mailed to every
14 person, firm, or corporation or the agent of such person,
15 firm, or corporation owning real property within the
16 proposed district listed in his name upon the last completed
17 assessment roll for state, county, and school district
18 taxes, at his last known place of residence, upon the same
19 day such notice is first published or posted.

20 (3) Such notice must describe the general character of
21 the improvement or improvements so proposed to be made or
22 acquired by purchase, state the estimated cost thereof,
23 describe generally the method or methods by which the costs
24 of the improvements will be assessed, and designate the time
25 when and the place where the board will hear and pass upon

1 all protests that may be made against the making or
2 maintenance of such improvements or the creation of such
3 district. The notice shall refer to the resolution on file
4 in the office of the county clerk for the description of the
5 boundaries. If the proposal is for the purchase of an
6 existing improvement, the notice shall state the exact
7 purchase price of such existing improvement."

8 Section 5. Section 7-12-2108, MCA, is amended to read:

9 "7-12-2108. Extension of proposed district. Whenever a
10 contemplated work or improvement, in the opinion of the
11 board of county commissioners, is of more than local or
12 ordinary public benefit or whenever, according to the
13 estimates furnished by the county surveyor or an the
14 engineer approved--by--the--board--and--designated--in--the
15 petition, the total estimated cost and expenses thereof
16 would exceed one-half of the total assessed value of the
17 lots and lands assessed (if assessed upon the lots and lands
18 fronting upon such proposed work or improvement according to
19 the valuation fixed by the last assessment roll whereon it
20 was assessed for taxes), the board may make the expense of
21 such work chargeable upon the--extended--district--which--may
22 include the lots and lands fronting upon such proposed
23 improvement and upon other lots and lands not fronting on
24 the improvement and which the board shall declare, in its
25 resolution of intention, to be the district property

1 benefited by said work or improvement and to be assessed to
2 pay the cost and expense thereof."

3 NEW SECTION. Section 6. Multiple improvements in
4 single proceeding. The board of county commissioners may
5 include, in one proceeding under one resolution of intention
6 and in one contract, any of the different kinds of
7 improvements or work provided for in this part and may
8 include any number of streets and rights-of-way or portions
9 thereof, and it may exempt any of the work already done upon
10 a street to the official grade.

11 Section 7. Section 7-12-2109, MCA, is amended to read:

12 "7-12-2109. Right to protest creation or extension of
13 district. At any time within 15 days after the date of the
14 first publication of the notice of the passage of the
15 resolution of intention, any owner of property liable to be
16 assessed for said work may make written protest against the
17 proposed work or against the extending or creation of the
18 district to be assessed, or both. Such protest must be in
19 writing and, identify the property in the district owned by
20 the protestor, and be signed by all owners of the property.
21 The protest must be delivered to the county clerk, who shall
22 endorse thereon the date of its receipt by him."

23 Section 8. Section 7-12-2112, MCA, is amended to read:

24 "7-12-2112. Sufficient protest to bar proceedings --
25 exception. (1) Except as provided in subsection (2), no

1 further proceedings shall be taken for a period of 6 months
2 from the date when said protest was received by the county
3 clerk when:

4 ~~{a)--the protest is against the proposed work--and--the~~
5 ~~cost--thereof--is--to--be--assessed--upon--the--property--fronting~~
6 ~~thereon--and the board of county commissioners finds that~~
7 ~~such protest is made by the owners of property in the~~
8 ~~district to be assessed for more than 50% of the--area~~
9 ~~fronting--on the cost of the proposed work;--or, in accordance~~
10 ~~with the method or methods of assessment described in the~~
11 ~~resolution of intention.~~

12 ~~{b)--the protest is against the proposed work--and--the~~
13 ~~cost--thereof--is--to--be--assessed--upon--the--property--within--the~~
14 ~~extended--district--and--the--board--finds--that--such--protest--is~~
15 ~~made--by--the--owners--of--more--than--one--half--of--the--area--of--the~~
16 ~~property--to--be--assessed--for--such--improvements--~~

17 (2) In case the improvements are the construction of
18 sanitary sewers, the protests may be overruled by a
19 unanimous vote of the board."

20 Section 9. Section 7-12-2119, MCA, is amended to read:

21 "7-12-2119. Manner of making demands for incidental
22 expenses. All demands for incidental expenses in
23 7-12-2101(7), except for the administrative fee of the
24 county and interest payable on warrants or bonds of the
25 district, shall be presented to the county clerk by itemized

1 bill, duly verified by oath of the demandant."

2 Section 10. Section 7-12-2151, MCA, is amended to
3 read:

4 "7-12-2151. Assessment of costs. (1) To defray the
5 cost of making or acquiring any of the improvements provided
6 for in this part, including incidental expenses, the board
7 of county commissioners shall assess the entire cost of the
8 improvements against benefited lots, tracts, or parcels of
9 land in the district, based upon the benefits received, and
10 shall adopt one or any combination of the following method
11 methods of assessment for each improvement made or acquired
12 for the benefit of the district:

13 ~~(1)(a)~~ The board shall assess the entire cost of such
14 improvements against the entire district. Each lot, tract,
15 or parcel of land assessed in such district shall may be
16 assessed with that part of the whole cost which its
17 assessable area bears to the assessable area of all the
18 entire benefited lots, tracts, or parcels in the district,
19 exclusive of streets, avenues, alleys, and public places.
20 For the purposes of this subsection (1)(a), "assessable
21 area" means an area of a lot, tract, or parcel of land
22 representing the benefit conferred upon the lot, tract, or
23 parcel by the improvement. Assessable area may be less than
24 but may not exceed the actual area of the lot, tract, or
25 parcel.

1 ~~(2)(b)~~ Where said rural improvement district is
2 located more than 5 miles from the boundary of an
3 incorporated city or town, said assessment may, at the
4 option of the board, be Each lot, tract, or parcel of land
5 assessed in the district may be assessed with that part of
6 the whole cost of the improvement based upon the assessed
7 value of the benefited lots or pieces of land within said
8 district, IF THE BOARD DETERMINES SUCH ASSESSMENT TO BE
9 EQUITABLE IN PROPORTION TO AND NOT EXCEEDING THE BENEFITS
10 RECEIVED FROM THE IMPROVEMENT BY THE LOT, TRACT, OR PARCEL.

11 (c) Each lot, tract, or parcel of land in the district
12 abutting upon the street where the improvement has been made
13 may be assessed in proportion to its lineal feet abutting
14 the street.

15 (d) Each lot, tract, or parcel of land in the district
16 served by a utility connection may be assessed an equitable
17 lump sum for the connection based on the bid price in the
18 applicable contract.

19 (e) Each lot, tract, or parcel of land may be assessed
20 for the cost of the improvement on the basis of such other
21 method as the board determines to be equitable in proportion
22 to and not exceeding the benefits received from the
23 improvement by the lot, tract, or parcel.

24 (2) The board may use one or any combination of
25 methods of assessment in a single special improvement

1 district and, if more than one improvement is undertaken,
 2 need not assess each lot, tract, or parcel in the district
 3 for the cost of all the improvements.

4 (3) The board in its discretion shall have the power
 5 to pay the whole or any part of the cost of any street,
 6 avenue, or alley intersection out of any funds in its hands
 7 available for that purpose or to include the whole or any
 8 part of such costs within the amount of the assessment to be
 9 paid by the benefited property in the district."

10 Section 11. Section 7-12-2152, MCA, is amended to
 11 read:

12 "7-12-2152. Exception for owners of water ditches
 13 under certain circumstances. The owner or owners of open
 14 ditches carrying irrigation or other water shall not be
 15 included in any rural improvement district under this part
 16 for the purpose of assessment to support the rural
 17 improvement district for the installation, repair, or
 18 maintenance of any protective devices ~~referred--to---in~~
 19 7-12-2102 intended to protect the safety of the public from
 20 open ditches carrying irrigation or other water. Such
 21 devices or improvements shall provide access to and shall
 22 not be constructed so as to hinder the operation and
 23 maintenance of the ditch."

24 Section 12. Section 7-12-2153, MCA, is amended to
 25 read:

1 "7-12-2153. Incidental expenses considered as cost of
 2 improvements. (1) The cost and expense connected with and
 3 incidental to the formation of any special improvement
 4 district, including the cost of preparation of plans,
 5 specifications, maps, or plats; engineering,
 6 superintendence, and inspection; and preparation of
 7 assessment rolls; and the other incidental expenses
 8 described in 7-12-2101(7) shall be considered a part of the
 9 cost and expenses of making the improvements within such
 10 special improvement district.

11 (2) The original costs of any improvement may, at the
 12 option of the ~~local--governing--body~~ board of county
 13 commissioners, include an amount not to exceed ~~3%~~ 5% of the
 14 principal amount of any bonds or warrants to be issued,
 15 which shall be deposited in the revolving fund created in
 16 ~~7-12-2181 or deposited in the county general fund.~~

17 Section 13. Section 7-12-2158, MCA, is amended to
 18 read:

19 "7-12-2158. Resolution for levy and assessment of tax.
 20 (1) To defray the cost of making or acquiring improvements
 21 in any special improvement district, the board of county
 22 commissioners shall by resolution levy and assess a tax upon
 23 all benefited property in the district created for such
 24 purpose, by using for a basis for such assessment the method
 25 or methods provided for by this part and described in the

1 resolution of intention.

2 (2) Such resolution shall contain a description of
3 each lot or parcel of land, with the name of the owner if
4 known, and the amount of each partial payment, when made,
5 and the day when the same shall become delinquent.

6 (3) Such resolution, signed by the chairman of the
7 board, shall be kept on file in the office of the county
8 clerk."

9 Section 14. Section 7-12-2159, MCA, is amended to
10 read:

11 "7-12-2159. Notice of resolution for levy and
12 assessment of tax -- protest and hearing. (1) A notice,
13 signed by the county clerk and stating that the resolution
14 levying a special assessment to defray the cost of making
15 the improvements is on file in the office of the county
16 clerk and is subject to inspection, shall be:

17 (a) published at least once in a newspaper published
18 nearest to where the special improvement is to be made;

19 (b) mailed to the owner of each lot, tract, or parcel
20 of land to be assessed (such lands must be identified and
21 the mailing address determined from the last completed
22 assessment roll for state, county, and school district
23 taxes); and

24 (c) mailed to such other persons known to the clerk to
25 have an ownership interest in the property.

1 (2) The notice shall state the time at and place in
2 which objections to the final adoption of the resolution
3 will be heard by the board of county commissioners. The time
4 for the hearing may not be less than 5 10 days after the
5 publication and mailing of the notice."

6 Section 15. Section 7-12-2167, MCA, is amended to
7 read:

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

14 (2) If federal loans are available, payments may be
15 spread over a term of not to exceed 40 years.

16 (3) If the bonds of the special improvement district
17 are issued as serial bonds, the assessments must be payable
18 in equal annual installments. If the bonds are issued as
19 amortization bonds, the assessments must be payable in equal
20 annual installments of principal and interest, each in the
21 amount required to pay the principal over the term of
22 payment, with interest at the rate then borne by the
23 assessment.

24 (4) Any assessment that is not delinquent may be
25 prepaid, in whole but not in part, at any time after the

1 assessment is levied, by the payment of the assessment, with
 2 interest accrued and to accrue thereon through the next date
 3 on which interest on bonds of the special improvement
 4 district is payable."

5 NEW SECTION. Section 16. Interest rate on delinquent
 6 assessments. The installments of assessments remaining
 7 unpaid bear simple interest at an annual rate of the sum of
 8 1/2 of 1% a year plus the average interest rate payable on
 9 the outstanding bonds or warrants of the special improvement
 10 district.

11 NEW SECTION. Section 17. Change in outstanding
 12 principal of district -- relevy of assessments. If proceeds
 13 of the bonds or warrants of the special improvement
 14 district, including investment income thereon, are applied
 15 to the redemption and prepayment of such bonds or warrants,
 16 as provided in 7-12-2173 and 7-12-2174, or if refunding
 17 bonds are issued pursuant to [section 20 26] and the
 18 principal amount of the outstanding bonds of the district is
 19 decreased or increased, the assessments levied in the
 20 district and then outstanding must be reduced or increased,
 21 respectively, pro rata by the principal amount of such
 22 prepayment or the increment above or below the outstanding
 23 principal amount of bonds represented by the refunding
 24 bonds. The board shall reassess and relevy such assessments,
 25 with the same effect as an original levy, in such reduced or

1 increased amounts, in accordance with the provisions of
 2 7-12-2158 through 7-12-2160.

3 Section 18. Section 7-12-2169, MCA, is amended to
 4 read:

5 "7-12-2169. Use of bonds and warrants. All costs and
 6 expenses incurred in any improvement district in the
 7 acquisition, construction, or maintenance of any improvement
 8 specified in this part or incurred in the issuance of bonds
 9 or warrants of the district, including incidental expenses,
 10 shall be paid for by special improvement district bonds or
 11 warrants. The board of county commissioners shall provide
 12 for making payments for maintenance or improvements in any
 13 rural improvement district by the method provided in
 14 7-12-2172 and 7-12-2173."

15 Section 19. Section 7-12-2171, MCA, is amended to
 16 read:

17 "7-12-2171. Details relating to rural improvement
 18 district bonds and warrants. (1) The bonds and warrants
 19 shall be drawn against the special improvement district fund
 20 created for the district (that is, either the construction
 21 or maintenance fund, as the case may be) and shall bear
 22 interest from the date of registration until called for
 23 redemption or paid in full. The interest shall be payable
 24 annually ~~on--January-1-of-each-year-unless~~ or semiannually,
 25 at the discretion of the board of county commissioners, on

1 such dates as the board prescribes another date. Such
 2 warrants (or bonds) shall bear the signatures of the
 3 chairman of the board and the county clerk and shall bear
 4 the corporate seal of the county. They shall be registered
 5 in the office of the county clerk and the county treasurer,
 6 and if interest coupons be attached thereto, they shall also
 7 be so registered and shall bear the signatures of the
 8 chairman of the board and the county clerk. Said coupons may
 9 bear the facsimile signatures of said officers in the
 10 discretion of the board.

11 (2) Said bonds shall be in denominations of \$100 or
 12 fractions or multiples thereof, may be issued in
 13 installments, and may extend over a period of not to exceed
 14 30 years; except that if federal loans are available for
 15 improvements, repayment may extend over a period not to
 16 exceed 40 years.

17 (3) All special improvement district bonds must be
 18 amortization bonds unless, in the judgment of the board,
 19 serial bonds will be more advantageous to the district and
 20 can be sold at a comparatively reasonable rate or rates of
 21 interest."

22 NEW SECTION. Section 20. Definitions of forms of
 23 bonds. As used in this part, unless the context clearly
 24 indicates otherwise, the following definitions apply:

25 (1) "Amortization bonds" means the form of bonds on

1 which:

2 (a) a part of the principal must be paid each time
 3 interest becomes payable;

4 (b) the part payment of principal increases at each
 5 installment in the same amount that the interest decreases;

6 (c) the combined interest and principal due on each
 7 due date remains the same until the bonds are paid;

8 (d) the final payment may vary from prior payments in
 9 the amount resulting from disregarding fractional costs in
 10 prior payments; and

11 (e) the initial payment may be larger than subsequent
 12 payments if such increase represents interest accrued over
 13 an additional period not greater than 6 months.

14 (2) "Serial bonds" means the form of bonds that are
 15 payable in annual installments and on which the amount
 16 maturing each year may not be more than three times the
 17 principal amount of bonds maturing in any previous year.

18 Section 21. Section 7-12-2172, MCA, is amended to
 19 read:

20 "7-12-2172. Procedure to issue bonds and warrants. (1)
 21 The board of county commissioners shall sell bonds or
 22 warrants issued under the provisions of 7-12-2169 through
 23 7-12-2174, in an amount sufficient to pay that part of the
 24 total cost and expense of making the improvement
 25 improvements which is to be assessed against the benefited

1 property within the district, to the highest and best bidder
 2 therefor for cash ~~and for not less than the face value of~~
 3 ~~such bonds or warrants, at a price, including interest~~
 4 ~~thereon to date of delivery, not less than that prescribed~~
 5 ~~by the board in the resolution calling for the sale of the~~
 6 ~~bonds or warrants. The board may fix the minimum price for~~
 7 ~~the bonds or warrants in an amount less than the face value~~
 8 ~~thereof if it determines that such sale is in the best~~
 9 ~~interests of the district and the county.~~

10 (2) The bonds or warrants may be sold at a private
 11 negotiated sale to the United States or the state of
 12 Montana, or an agency, instrumentality, corporation, or
 13 department thereof.

14 ~~(2)(3) The~~ In all other cases, the provisions of
 15 7-7-4251 through 7-7-4254 which relate to the notice of
 16 sale, publication of notice, and manner and method of
 17 selling bonds by cities and towns, insofar as the same are
 18 applicable thereto and not in conflict with the provisions
 19 of this section and 7-12-2173, shall apply to, govern, and
 20 control the form of notice of sale, publication of notice,
 21 and manner and method of selling such bonds or warrants."

22 NEW SECTION. Section 22. Pooling of bonds of
 23 districts in county. (1) If the board of county
 24 commissioners determines by resolution that the pooling of
 25 bonds of more than one special improvement district of the

1 county is in the best interest of the county and the
 2 respective districts and will facilitate the sale of the
 3 bonds under more advantageous terms or with lower interest
 4 rates, the county may issue bonds of the districts combined
 5 in a single offering. Such bonds must be secured by the
 6 rural special improvement district revolving fund of the
 7 county.

8 (2) The title of the bonds issued pursuant to this
 9 section shall denote that bonds of different special
 10 improvement districts have been pooled and shall refer to
 11 the numbers of the districts. The bonds must be drawn
 12 against a sinking fund that has separate accounts for each
 13 special improvement district combined for financing
 14 purposes, into which must be payable the assessments levied
 15 in each of the districts.

16 Section 23. Section 7-12-2173, MCA, is amended to
 17 read:

18 "7-12-2173. Disposition of bond or warrant proceeds.

19 (1) The board of county commissioners shall use the proceeds
 20 of such sale in making payment ~~to the contractor or~~
 21 ~~contractors for the cost of the improvements.~~ Such payment
 22 Payments to contractors may be made either from time to
 23 time, on estimates made by the engineer in charge of such
 24 improvements for the county, or upon the entire completion
 25 of the improvements and the acceptance thereof by the board.

1 (2) All interest earned on the investment of bond or
 2 warrant proceeds during the construction of improvements
 3 must be credited to the construction account of the
 4 improvement district fund from which the proceeds were
 5 withdrawn.

6 (3) Any proceeds of the bonds or warrants, including
 7 investment income thereon, remaining after payment of all
 8 costs of the improvements must be transferred to the sinking
 9 fund in the improvement district fund and applied, to the
 10 extent possible, to the prepayment and redemption of bonds
 11 or warrants on the next succeeding redemption date for which
 12 notice of redemption may properly be given."

13 Section 24. Section 7-12-2174, MCA, is amended to
 14 read:

15 "7-12-2174. Redemption of bonds and warrants. (1) The
 16 county treasurer shall first pay out of the proper special
 17 improvement district fund, annually on each interest payment
 18 date, the interest on all outstanding warrants (or bonds) on
 19 presentation of the coupons belonging thereto, or otherwise
 20 then payable and any the principal, if any, then payable on
 21 the warrants or bonds. Any funds remaining in the proper
 22 fund shall be applied to the payment of the principal and
 23 the redemption of the warrants (or bonds) in order of their
 24 registration as provided in subsection (2).

25 (2) Such Special improvement district warrants (or

1 ~~bonds) shall be redeemed by the county treasurer when there~~
 2 ~~are funds available therefor in the special improvement~~
 3 ~~district fund against which said warrants (or bonds) are~~
 4 ~~issued. Whenever there are any funds in any special~~
 5 ~~improvement district fund after paying the interest on such~~
 6 ~~warrants (or bonds) drawn against said fund, the county~~
 7 ~~treasurer shall call in for payment outstanding warrants (or~~
 8 ~~bonds) which, together with the interest thereon to the date~~
 9 ~~of redemption, will equal the amount of said fund on that~~
 10 ~~date on any interest payment date from the proceeds of the~~
 11 ~~bonds or warrants remaining after payment of all costs of~~
 12 ~~the improvements, as provided in 7-12-2173, or from the~~
 13 ~~prepayment of assessments levied in the district. Special~~
 14 ~~improvement district bonds or warrants are subject to~~
 15 ~~redemption and prepayment at the option of the county on~~
 16 ~~any interest payment date after one-half of the term for~~
 17 ~~which they were issued has expired.~~

18 (3) The date of redemption shall be fixed by the
 19 county treasurer and shall not be less than 10 days after
 20 the date of publication or of service mailing of notice. The
 21 county treasurer shall give notice by publication once in a
 22 newspaper published in the city or, at the option of the
 23 county treasurer, by written notice to the holders of such
 24 the warrants (or bonds) to be redeemed, if their addresses
 25 be are known, of the number of warrants (or bonds) to be

1 redeemed and the date on which payment will be made. If the
 2 addresses of the holders of all bonds or warrants to be
 3 redeemed are not known, the county treasurer shall publish
 4 notice of redemption once in a newspaper published in the
 5 county. On the date fixed for redemption interest shall
 6 cease."

7 Section 25. Section 7-12-2182, MCA, is amended to
 8 read:

9 "7-12-2182. Sources of money for revolving fund. (1)
 10 For the purpose of providing funds for such revolving fund,
 11 the board of county commissioners:

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

18 (b) shall, in addition to such transfer or transfers
 19 from the general fund or in lieu thereof, levy and collect
 20 for such revolving fund such a tax, hereby declared to be
 21 for a public purpose, on all the taxable property in such
 22 county as shall be necessary to meet the financial
 23 requirements of such fund. However, a tax may not be levied
 24 if the balance in the revolving fund exceeds 5% 15% of the
 25 principal amount of the then outstanding rural special

1 improvement district bonds and warrants secured thereby, if
 2 a tax is levied, the tax may not be an amount that would
 3 increase the balance in the revolving fund above 5% 15% of
 4 the then outstanding rural special improvement district
 5 bonds and warrants secured thereby.

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 secured by the revolving fund or of interest
 9 thereon, so much of such money as may be necessary to pay
 10 the loan provided for in 7-12-2183 shall, by order of the
 11 board, be transferred to the revolving fund. After all the
 12 bonds and warrants secured by the revolving fund issued on
 13 any rural special improvement district have been fully paid,
 14 all money remaining in such district fund shall by the order
 15 of the board be transferred to and become part of the
 16 revolving fund."

17 Section 26. Section 7-12-2186, MCA, is amended to
 18 read:

19 "7-12-2186. Utilization of excess money in revolving
 20 fund. Whenever there is in the revolving fund an amount in
 21 excess of 5% 15% of the then outstanding rural special
 22 improvement district bonds and warrants secured thereby and
 23 the board considers any part of the excess to be greater
 24 than the amount necessary for payment or redemption of
 25 maturing bonds or warrants secured thereby or interest

1 ~~thereon, the board may order the amount the board considers~~
 2 ~~greater than the amount necessary or any part thereof;~~
 3 ~~(1) transferred to the general fund of the county, if~~
 4 ~~approved by a unanimous vote of the board at a meeting~~
 5 ~~called for that purpose; or~~
 6 ~~(2) if there are outstanding special improvement~~
 7 ~~district bonds or warrants of the county, applied to the~~
 8 ~~purchase of property;~~
 9 ~~(a) that is being sold because of delinquent taxes or~~
 10 ~~assessments; or both; and~~
 11 ~~(b) that has against it unpaid assessments for special~~
 12 ~~improvements."~~

13 NEW SECTION. Section 25. Sale of tax certificates --
 14 proceeds. (1) The board may sell any tax certificates
 15 issued on any sale or sales referred to in 7-12-2186. After
 16 acquiring title to property referred to in 7-12-2186, the
 17 county may lease such property or sell it at public or
 18 private sale and make conveyance thereof, or the board may
 19 otherwise dispose of it as the interest of the county may
 20 require.

21 (2) All proceeds from such sales of tax certificates
 22 and from such leasing, sale, or other disposition of the
 23 property must be paid into the revolving fund and is subject
 24 to transfer in whole or in part to the general fund by a
 25 unanimous vote of all the members of the board at a meeting

1 called for that purpose.

2 NEW SECTION. Section 26. Refunding bonds. (1) A
 3 county may issue special improvement district bonds for the
 4 purpose of providing the money needed to pay principal of
 5 and interest on outstanding special improvement district
 6 bonds. To issue bonds for such purpose, the board of county
 7 commissioners, at a regular meeting or a duly called special
 8 meeting, shall adopt a resolution setting forth:

- 9 (a) the facts regarding the outstanding bonds that are
 10 to be refunded;
 11 (b) the reasons for issuing refunding bonds; and
 12 (c) the term and details of the refunding bonds.

13 (2) If the refunding bonds are proposed to be issued
 14 in an amount greater than the amount of outstanding bonds to
 15 be refunded, the board may not authorize the issuance of
 16 such bonds until it has conducted a public hearing on the
 17 desirability of issuing the bonds, after published and
 18 mailed notice as provided in 7-12-2105(2), and found by
 19 resolution that such an issuance of refunding bonds is in
 20 the best interest of the special improvement district.

21 (3) After the adoption of the required resolution or
 22 resolutions, the board may:

- 23 (a) sell the refunding bonds at a private negotiated
 24 sale; or
 25 (b) at its option, give notice of the sale and sell

1 the refunding bonds in the same manner that other special
2 improvement district bonds are sold.

3 (4) Bonds may not be refunded by the issuance of
4 refunding bonds unless the rate of interest offered on the
5 refunding bonds is at least 1/2 of 1% a year less than the
6 rate of interest on the bonds to be refunded.

7 (5) (a) Refunding bonds issued pursuant to this
8 section may be issued to refund outstanding bonds in advance
9 of the date on which such bonds mature or are subject to
10 redemption, but the proceeds of the refunding bonds, less
11 any accrued interest or premium received upon the sale
12 thereof, must be deposited with other funds appropriated for
13 the payment of the outstanding bonds in escrow with a
14 suitable banking institution or trust company, which may be
15 located either in or out of the state.

16 (b) Funds so deposited must be invested in securities
17 that are general obligations of the United States or
18 securities the principal of and interest on which are
19 guaranteed by the United States. Such securities must mature
20 or be callable at the option of the holder on such dates and
21 bear interest at such rates and be payable on such dates as
22 may be required to provide funds sufficient, with any cash
23 deposited in the escrow account, to pay when due:

24 (i) the interest to accrue on each refunded bond to
25 its maturity or redemption date, if called for redemption;

1 (ii) the principal on each refunded bond at maturity or
2 upon such redemption date; and

3 (iii) any redemption premium.

4 (c) The escrow account must be irrevocably
5 appropriated to the payment of the principal of an interest
6 and redemption premium, if any, on the refunded bonds.

7 (d) Funds to the credit of the debt service fund for
8 the payment of the refunded bonds and not required for the
9 payment of principal thereof or interest thereon due prior
10 to issuance of the refunding bonds may be appropriated by
11 the board to the escrow account.

12 (e) The county may pay the reasonable costs and
13 expenses of issuing the refunding bonds and of establishing
14 and maintaining the escrow account.

15 (6) Refunding bonds may be issued under this section
16 to pay principal of or interest on special improvement
17 district bonds outstanding on [the effective date of this
18 act] only if:

19 (a) one-half or more of the term for which such bonds
20 were issued has expired; or

21 (b) there is a deficiency in the bond account or
22 interest account of the special improvement district fund
23 from which such bonds are payable.

24 Section 27. Section 7-12-4101, MCA, is amended to
25 read:

1 "7-12-4101. Definitions. Unless the context indicates
 2 otherwise, as used in this part and part 42, the following
 3 definitions apply:

4 (1) "Blocks" means blocks, whether regular or
 5 irregular, that are bounded by main streets or by main
 6 streets and a boundary line of the city.

7 (2) "City" or "municipality" means all corporations
 8 organized for municipal purposes.

9 (3) "City clerk" or "clerk" means any person or
 10 officer who is clerk of the council.

11 (4) "City council" means any body or board that is the
 12 legislative department of the government of the city.

13 (5) "City engineer" means any person or officer who is
 14 responsible for the maintenance and improvement of the
 15 streets in a city.

16 (6) "City treasurer" means any person who, under
 17 whatever name or title, is the custodian of the funds of the
 18 municipality.

19 (7) "Incidental expenses" means:

20 (a) the compensation of the city engineer for work
 21 done by him;

22 (b) the cost of printing and advertising as provided
 23 in this part and part 42;

24 (c) the compensation of persons appointed by the city
 25 engineer to take charge of and superintend any of the work

1 mentioned in this part;

2 (d) the expenses of making the assessment for any work
 3 authorized by this part;

4 (e) interest on warrants of the city issued to pay
 5 costs of improvements;

6 (f) costs of issuance of bonds or warrants of the
 7 special improvement district, including costs of printing
 8 the bonds, bond registration fees, attorneys' and financial
 9 consultants' fees, a premium for bond insurance, and any
 10 price paid by the original purchaser of the bonds that is
 11 less than the face amount thereof;

12 (g) interest to accrue on bonds or warrants of the
 13 special improvement district before assessments levied in
 14 the district are collected in amounts and at times
 15 sufficient to pay such interest; and

16 (h) a reasonable administrative fee payable to the
 17 city for the creation and administration of the district by
 18 the city, its officers, and employees.

19 (8) "Main street" means such actually opened street as
 20 bounds a block.

21 (9) "Paved" or "repaved" means pavement of stone
 22 (whether paving blocks or macadam), of bituminous rock or
 23 asphalt, or of wood, brick, or other material (whether
 24 patented or not) which the city council adopts by ordinance
 25 or resolution.

1 (10) "Quarter-block", when used in reference to
 2 irregular blocks, means all lots or portions of lots having
 3 any frontage on either of two intersecting streets halfway
 4 from the intersection to the next main street or, when no
 5 main street intervenes, all the way to a boundary line of
 6 the city.

7 (11) "Street" means avenues, highways, lanes, alleys,
 8 crossings or intersections, courts, and places which have
 9 been dedicated and accepted according to the law or in
 10 common and undisputed use by the public for a period of not
 11 less than 5 years.

12 (12) "Street intersection" means that parcel of land at
 13 the point of juncture or crossing of intersecting streets
 14 which lies between lines drawn from corner to corner of all
 15 lot lines immediately cornering at such juncture.

16 (13) "Work", "improved", or "improvement" means all
 17 work or the securing of property mentioned in this part and
 18 part 42 and also the construction, reconstruction, and
 19 repair of all or any portion of work."

20 Section 28. Section 7-12-4102, MCA, is amended to
 21 read:

22 "7-12-4102. Authorization for creation of special
 23 improvement districts. (1) The city or town council has
 24 power to create special improvement districts, designating
 25 the same by number; to extend the time for payment of

1 assessments levied upon such districts for the improvements
 2 thereon for a period not exceeding 20 years; to make such
 3 assessments payable in installments; and to pay all expenses
 4 of whatever character incurred in making such improvements
 5 with special improvement warrants or bonds.

6 (2) Whenever the public interest or convenience may
 7 require, the city council is hereby authorized and empowered
 8 to:

9 (a) create special improvement districts for acquiring
 10 by purchase, building, constructing, and or maintaining
 11 devices intended to protect the safety of the public from
 12 open ditches carrying irrigation or other water;

13 (b) create special improvement districts for acquiring
 14 by purchase or building and constructing municipal swimming
 15 pools and other recreation facilities;

16 (c) create special improvement districts and order the
 17 whole or any portion or portions, either in length or width,
 18 of any one or more of the streets, avenues, alleys, or
 19 places or public ways of any such city:

- 20 (i) graded or regraded to the official grade;
 21 (ii) planked or replanked;
 22 (iii) paved or repaved;
 23 (iv) macadamized or remacadamized;
 24 (v) graveled or regraveled;
 25 (vi) piled or repiled;

1 (vii) capped or recapped;
 2 (viii) surfaced or resurfaced;
 3 (ix) oiled or recoiled;
 4 (d) create special improvement districts and order the
 5 acquisition, construction, or reconstruction therein of:
 6 (i) sidewalks, crosswalks, culverts, bridges, gutters,
 7 curbs, steps, parkings (including the planting of grassplots
 8 and setting out of trees);
 9 (ii) sewers, ditches, drains, conduits, and channels
 10 for sanitary and/or drainage purposes, with outlets,
 11 cesspools, manholes, catchbasins, flush tanks, septic tanks,
 12 connecting sewers, ditches, drains, conduits, channels, and
 13 other appurtenances;
 14 (iii) waterworks, water mains, and extensions of water
 15 mains;
 16 (iv) pipes, hydrants, hose connections for irrigating
 17 purposes;
 18 (v) appliances for fire protection;
 19 (vi) tunnels, viaducts, conduits, subways, breakwaters,
 20 levees, retaining walls, bulkheads, and walls of rock or
 21 other material to protect the same from overflow or injury
 22 by water;
 23 (vii) the opening of streets, avenues, and alleys and
 24 the planting of trees thereon;
 25 (e) create special improvement districts and order the

1 construction or reconstruction in, over, or through property
 2 or rights-of-way owned by such city of:
 3 (i) tunnels, sewers, ditches, drains, conduits, and
 4 channels for sanitary and/or drainage purposes, with
 5 necessary outlets, cesspools, manholes, catchbasins, flush
 6 tanks, septic tanks, connection sewers, ditches, drains,
 7 conduits, channels, and other appurtenances;
 8 (ii) pipes, hose connections for irrigating; hydrants
 9 and appliances for fire protection;
 10 (iii) breakwaters, levees, retaining walls, and
 11 bulkheads; and
 12 (iv) walls of rock or other material to protect the
 13 streets, avenues, lanes, alleys, courts, places, public
 14 ways, and other property in any such city from overflow by
 15 water;
 16 (f) create special improvement districts and order any
 17 work to be done which shall be deemed necessary to improve
 18 the whole or any portion of such streets, avenues,
 19 sidewalks, alleys, places, or public ways, property, or
 20 right-of-way of such city; and
 21 (g) maintain, preserve, and care for any and all of
 22 the improvements herein mentioned.
 23 (3) The city governing body may order and create
 24 special improvement districts covering projects abutting the
 25 city limits and include properties outside the city where

1 the special improvement district abuts and benefits that
 2 property. Property owners within the proposed district
 3 boundaries outside the city may not be included in the
 4 special improvement district only if ~~60%~~ 40% of those
 5 property owners approve ~~protest the creation~~ of the special
 6 improvement district. The property outside the city must be
 7 treated in a similar manner as to improvements, notices, and
 8 assessments as the property inside the city limits. A joint
 9 resolution of the city and county must be passed agreeing to
 10 the terms of the special improvement district prior to
 11 passing the resolution of intention or the resolution
 12 creating the special improvement district. A copy of the
 13 resolution of intention and the resolution creating the
 14 special improvement district must be provided to the county
 15 commissioners upon the passage of the respective
 16 resolutions."

17 Section 29. Section 7-12-4104, MCA, is amended to
 18 read:

19 "7-12-4104. Resolution of intention to create special
 20 improvement district. (1) Before creating any special
 21 improvement district for the purpose of making any of the
 22 improvements or acquiring any private property for any
 23 purpose authorized by this part, the city council shall pass
 24 a resolution of intention to do so.

25 (2) The resolution shall:

- 1 (a) designate the number of such district~~s~~;
- 2 (b) describe the boundaries thereof~~-and~~;
- 3 (c) state therein the general character of the
- 4 improvement or improvements which are to be made and an
- 5 approximate estimate of the cost thereof; and
- 6 (d) specify the method or methods by which the costs
- 7 of the improvements will be assessed against property in the
- 8 district.

9 (3) When any improvement is to be made in paving, the
 10 city or town council may, in describing the general
 11 character of ~~the same~~ it in the resolution, describe several
 12 kinds of paving."

13 Section 30. Section 7-12-4106, MCA, is amended to
 14 read:

15 "7-12-4106. Notice of passage of resolution of
 16 intention. (1) Upon having passed such resolution, the
 17 council must give notice of the passage of such resolution
 18 of intention.

19 (2) The notice must be published for 5 days in a daily
 20 newspaper or in some one issue of a weekly paper published
 21 in the city or town or, in case no newspaper be published in
 22 such city, then by posting for 5 days in three public places
 23 in the city or town. A copy of such notice shall be mailed
 24 to every person, firm, or corporation or the agent of such
 25 person, firm, or corporation having real property within the

1 proposed district listed in his name upon the last completed
2 assessment roll for state, county, and school district
3 taxes, at his last-known address, upon the same day such
4 notice is first published or posted.

5 (3) Such notice must describe the general character of
6 the improvement or the improvements so proposed to be made,
7 state the estimated cost thereof, describe generally the
8 method or methods by which the costs of the improvements
9 will be assessed, and designate the time when and the place
10 where the council will hear and pass upon all written
11 protests that may be made against the making or acquisition
12 of such improvements or the creation of such district. Said
13 The notice shall refer to the resolution on file in the
14 office of the city clerk for the description of the
15 boundaries. If the proposal is for the purchase of an
16 existing improvement, the notice must state the exact
17 purchase price of the existing improvement."

18 Section 31. Section 7-12-4109, MCA, is amended to
19 read:

20 "7-12-4109. Extension of proposed district. The city
21 council may charge the expenses of the work or improvement
22 to ~~an extended district that may include other~~ lots not
23 fronting on the improvement and which the council in its
24 resolution of intention declares to be, together with the
25 lots abutting the improvement, the district property

1 benefited by the work or improvements whenever:

2 (1) the contemplated work of improvement, in the
3 opinion of the council, is of more than local or ordinary
4 public benefit; or

5 (2) the total estimated costs and expenses thereof,
6 according to estimates furnished by the city engineer, would
7 exceed one-fifth of the total taxable value of the lots and
8 lands fronting upon said proposed work or improvement
9 according to the valuation fixed by the last assessment
10 roll."

11 Section 32. Section 7-12-4110, MCA, is amended to
12 read:

13 "7-12-4110. Protest against proposed work or district.

14 (1) At any time within 15 days after the date of the first
15 publication of the notice of the passage of the resolution
16 of intention, any owner of property liable to be assessed
17 for said work may make written protest against the proposed
18 work or against the extent or creation of the district to be
19 assessed or both.

20 (2) Such protest must be in writing and, identify the
21 property in the district owned by the protestor, and be
22 signed by all the owners of the property. The protest must
23 be delivered to the clerk of the city or town council or
24 commission not later than 5 p.m. of the last day within said
25 15-day period. Said clerk shall endorse thereon the date and

1 hour of its receipt by him."

2 Section 33. Section 7-12-4113, MCA, is amended to
3 read:

4 "7-12-4113. Sufficient protest to bar proceedings --
5 exceptions. (1) Except as provided in subsections (2) and
6 (3), no further proceedings shall be taken for a period of 6
7 months from the date when said sufficient protest shall have
8 been received by said clerk of the city or town council or
9 commission when ~~the--protest--is--against--the--proposed--work~~
10 ~~and:~~

11 (a) ~~the--cost--thereof--is--to--be--assessed--against~~
12 ~~property--fronting--thereon--and~~ the council or commission
13 finds that such protest is made by the owners of property in
14 the district to be assessed for more than 50% of the
15 property---fronting---on cost of the proposed work, in
16 accordance with the method or methods of assessment
17 described in the resolution of intention; or

18 (b) the cost thereof is to be assessed upon the
19 property within an extended district and the council or
20 commission finds that such protest is made by the owners of
21 more than 50% of the area of the property to be assessed for
22 said improvements.

23 (2) The council or commission shall have the right to
24 overrule any and all objections and pave the proposed block
25 with gravel and oil surface when the improvement proposed is

1 the paving, with necessary incidentals, of not more than one
2 cross block to connect with streets or avenues already paved
3 for a continuous distance of three blocks or more running at
4 a right angle (or substantially so) with the single cross
5 block so proposed to be paved.

6 (3) In case the improvement is the construction of a
7 sanitary sewer, such protest may be overruled by an
8 affirmative vote of a majority of the members of the council
9 or commission unless such protest is made by the owners of
10 property in the district to be assessed for more than 75% of
11 the property--affected--as--herein--provided cost of the
12 district, in accordance with the methods of assessment
13 described in the resolution of intention, in which event the
14 protest must be sustained as to the construction of such
15 sanitary sewer."

16 Section 34. Section 7-12-4123, MCA, is amended to
17 read:

18 "7-12-4123. Manner of making demands for incidental
19 expenses. All demands for incidental expenses mentioned in
20 7-12-4101(7), except the administrative fee of the city and
21 interest payable on warrants or bonds of the district, shall
22 be presented to the city clerk by itemized bill, duly
23 verified by oath of the demandant."

24 Section 35. Section 7-12-4145, MCA, is amended to
25 read:

1 "7-12-4145. Procedure for dealing with bid securities.

2 (1) If bids are rejected, the city council shall thereupon
3 return to the proper parties the bid securities
4 corresponding to the bids so rejected.

5 (2) The bid securities accompanying such accepted
6 proposals or bids shall be held by the city clerk of said
7 city until the contract for doing said work, as hereinafter
8 provided, has been entered into either by said lowest bidder
9 or by the owners of over 50% 75% of the frontage, whereupon
10 said bid security shall be returned to said bidder.

11 (3) If said bidder fails, neglects, or refuses to
12 enter into the contract to perform said work or improvements
13 as hereinafter provided, then the bid securities
14 accompanying his bid and the amount therein mentioned shall
15 be declared to be forfeited to said city and shall be
16 collected by it and paid into the general fund."

17 NEW SECTION. Section 36. Purchase of existing
18 improvement. If the proposed improvement consists of the
19 purchase of an existing improvement, the city council may,
20 after the creation of the special improvement district and
21 after ordering the proposed improvement, enter into a
22 contract for the purchase of the improvement, upon such
23 terms as it considers just, without advertising for bids or
24 proposals. However, the total purchase price of the existing
25 improvement may not exceed the amount set forth in the

1 notice required by 7-12-4106.

2 Section 37. Section 7-12-4161, MCA, is amended to
3 read:

4 "7-12-4161. Choice in manner of assessing costs. (1)
5 Except as provided in subsection (2), to defray the cost of
6 the making of or acquiring any of the improvements provided
7 for in this part, including incidental expenses, the city
8 council or commission shall adopt one of the methods of
9 assessment, where applicable, provided in 7-12-4162 through
10 7-12-4165 or [section 44 42] for each improvement to be made
11 or acquired for the benefit of the district.

12 (2) ~~The method of assessment provided for in 7-12-4163~~
13 ~~shall not apply to assessments in improvement districts~~
14 ~~created under the provisions of 7-12-4169. The city council~~
15 may use one or any combination of methods of assessment in a
16 single special improvement district, and if more than one
17 improvement is undertaken, each lot or parcel of land in the
18 district need not be assessed for the cost of all the
19 improvements."

20 Section 38. Section 7-12-4162, MCA, is amended to
21 read:

22 "7-12-4162. Assessment of costs -- area option. (1)
23 The city council or commission shall assess the entire cost
24 of ~~such--improvements~~ an improvement against benefited
25 property in the entire district, each lot or parcel of land

1 assessed within such district to be assessed for that part
 2 of the whole cost which its assessable area bears to the
 3 assessable area of all benefited lots or parcels in the
 4 entire district, exclusive of streets, avenues, alleys, and
 5 public places. For the purposes of this subsection,
 6 "assessable area" means an area of a lot or parcel of land
 7 representing the benefit conferred on the lot or parcel by
 8 the improvement. Assessable area may be less than but may
 9 not exceed the actual area of the lot or parcel.

10 (2) The council or commission, in its discretion,
 11 shall have the power to pay the whole or any part of the
 12 cost of any street, avenue, or alley intersection out of any
 13 funds in its hands available for that purpose or to include
 14 the whole or any part of such costs within the amount of the
 15 assessment to be paid by the benefited property in the
 16 district.

17 (3) In order to equitably apportion the cost of any of
 18 the improvements herein provided for between that land
 19 within the district which lies within 25 feet of the line of
 20 the street on which the improvement is to be made and all
 21 other benefited land within the district, the council or
 22 commission may, in the resolution creating any improvement
 23 district, provide that the amount of the assessment against
 24 the property in such district to defray the cost of such
 25 improvements shall be so assessed that each square foot of

1 land within the district lying within 25 feet of the line of
 2 the street on which the improvements therein provided for
 3 are made shall bear double the amount of cost of such
 4 improvements per square foot of such land that each square
 5 foot of any other benefited land within the district shall
 6 bear."

7 Section 39. Section 7-12-4163, MCA, is amended to
 8 read:

9 "7-12-4163. Assessment of costs -- frontage option.
 10 (1) The city council or commission shall assess the cost of
 11 such--improvements an improvement against benefited lots or
 12 parcels in the entire district, each lot or parcel of land
 13 within such district bordering or abutting upon a street or
 14 streets whereon or wherein the improvement has been made to
 15 be assessed in proportion to the lineal feet abutting or
 16 bordering the same.

17 (2) The council or commission, in its discretion,
 18 shall have the power to pay the whole or any part of the
 19 cost of any street, avenue, or alley intersections out of
 20 any funds in its hands available for that purpose or to
 21 include the whole or any part of such costs within the
 22 amount of the assessment to be paid by the benefited
 23 property in the district."

24 Section 40. Section 7-12-4164, MCA, is amended to
 25 read:

1 "7-12-4164. Assessment of costs -- combined
 2 area-frontage utility service connections -- option. Where
 3 curbs, gutters, alley approaches, streets, crossings, and
 4 utility service connections are an integral part of the
 5 creation of storm sewer districts, sanitary sewer districts,
 6 or street pavement districts, the The city council or
 7 commission may assess a portion of the improvements upon the
 8 area basis as set forth under 7-12-4162, other portions of
 9 the improvements upon a linear feet basis as set forth under
 10 7-12-4163, and utility service connections upon a lump sum
 11 based on the bid price in the improvement district contract
 12 and assessed assess only against the lots, tracts, or
 13 parcels of land served by the utility connection or
 14 connections, all within the same special improvement
 15 district, so long as such assessment is equitable."

16 Section 41. Section 7-12-4165, NCA, is amended to
 17 read:

18 "7-12-4165. Assessment of costs -- offstreet parking
 19 option. (1) When the purpose of the assessment is for the
 20 establishment and/or improvement of offstreet parking as
 21 provided in this section, the city council or commission
 22 shall assess, against the real property specifically
 23 benefited by the offstreet parking facilities, the cost of
 24 the developments involved in proportion to the benefits
 25 received by each benefited tract of land within said

1 district.

2 (2) In determining the benefit to be received by each
 3 parcel of land, the council or commission shall consider:

4 (a) the relative distance of the parking facility from
 5 each parcel of land within the area of the special
 6 improvement district;

7 (b) the relative needs of parking spaces for each
 8 parcel of land located within the boundaries of said
 9 district, either as established by the city zoning
 10 ordinance, if any, or otherwise, with relation to the use of
 11 said parcel;

12 (c) the assessed value of each parcel within said
 13 district;

14 (d) the square footage of each parcel within said
 15 district as it relates to the whole;

16 (e) the square footage of floorspace in any
 17 improvements on the parcel and the various uses of such
 18 floorspace;

19 (f) the availability of existing on-site parking space
 20 on any parcel of land within the district."

21 NEW SECTION. Section 42. Other equitable methods of
 22 assessment. The city council may assess the cost of an
 23 improvement against benefited lots, tracts, or parcels in a
 24 special improvement district on the basis of such other
 25 method as it determines to be equitable in proportion to the

1 benefits received by the lot, tract, or parcel from the
2 improvement.

3 Section 43. Section 7-12-4169, MCA, is amended to
4 read:

5 "7-12-4169. Incidental expenses considered as cost of
6 improvements. (1) The costs and expenses connected with and
7 incidental to the formation of any special improvement
8 district, including costs of preparation of plans,
9 specifications, maps, and plats; engineering,
10 superintendence, and inspection; and preparation of
11 assessment rolls; and the other incidental expenses
12 described in 7-12-4101(7) shall be considered a part of the
13 cost and expenses of making the improvements within such
14 special improvement district.

15 (2) The costs of any improvement may, at the option of
16 the municipal governing body, include an amount not to
17 exceed 5% of the principal amount of any bonds or warrants
18 to be issued, which shall be deposited in the revolving fund
19 created in 7-12-4221."

20 Section 44. Section 7-12-4176, MCA, is amended to
21 read:

22 "7-12-4176. Resolution for tax levy upon district
23 property. (1) To defray the cost of making or acquiring
24 improvements in any special improvement district or of
25 acquiring property for opening, widening, or extending any

1 street or alley or to defray the cost and expense of
2 changing any grade of any street, avenue, or alley, the city
3 council shall by resolution levy and assess a tax upon all
4 benefited property in any district created for such purpose,
5 using for a basis for assessment ~~one--of the method or~~
6 methods set forth in 7-12-4161 through 7-12-4165 or [section
7 44 42] and described in the resolution of intention.

8 (2) Such resolutions shall contain a description of
9 each lot and parcel of land, with the name of the owner, if
10 known, the amount of each partial payment to be made, and
11 the day when the same shall become delinquent.

12 (3) Such resolution, signed by the mayor and clerk,
13 shall be kept on file in the office of the city clerk."

14 Section 45. Section 7-12-4177, MCA, is amended to
15 read:

16 "7-12-4177. Notice of resolution for tax levy --
17 protest and hearing. (1) A notice signed by the city clerk,
18 stating that the resolution levying the special assessment
19 to defray the cost of such improvements is on file in his
20 office and subject to inspection for a period of 5 10 days,
21 shall be:

22 (a) published at least once in a newspaper published
23 in the city or town;

24 (b) mailed to the owner of each lot, tract, or parcel
25 of land to be assessed (such lands must be identified and

1 the mailing address determined from the last completed
2 assessment roll for state, county, and school district
3 taxes); and

4 (c) mailed to such other persons known to the clerk to
5 have an ownership interest in the property.

6 (2) Such notice shall state the time and place at
7 which objections to the final adoption of such resolution
8 will be heard by the council. The time for such hearing
9 shall not be less than 5 10 days after the publication and
10 mailing of such notice."

11 Section 46. Section 7-12-4179, MCA, is amended to
12 read:

13 "7-12-4179. Payment of maintenance costs -- resolution
14 for assessment. (1) The cost of maintaining each of the
15 improvements shall be paid by assessing the benefited
16 properties of the entire district under a permissible
17 assessment option as provided in 7-12-4162 through 7-12-4165
18 and [section 44 42].

19 (2) It is the duty of the council to estimate, as
20 nearly as practicable, the cost of maintaining the
21 improvements in each district for the season. Before the
22 first Monday in September of each year, the council shall
23 pass and finally adopt a resolution levying and assessing
24 all the property within the several districts with an amount
25 equal to the whole cost of maintaining the improvements

1 within the several districts.

2 (3) The resolution levying assessments to defray the
3 cost of maintenance of the improvement shall be prepared and
4 certified in the same manner as a resolution levying
5 assessments for making improvements in the special
6 improvement district.

7 (4) The council may change by resolution, not more
8 than once a year, the boundaries of any maintenance
9 district, but the change of boundaries may not affect
10 indebtedness existing at the time of the change."

11 Section 47. Section 7-12-4188, MCA, is amended to
12 read:

13 "7-12-4188. Due date for district assessments. (1) All
14 special assessments or installments of special assessments
15 in cities and towns, duly and regularly levied by resolution
16 according to law, shall be payable in installments as
17 follows:

18 (a) one-half of the payment on or before 5 p.m. on
19 November 30 of each year except as provided in subsection
20 (2); and

21 (2)(b) The governing body of a municipality may
22 provide by resolution that one-half of the payment on
23 special assessments or installments of special assessments
24 may be deferred to no later than or before 5 p.m. on May 31
25 of the following year.

1 ~~(3)~~(2) In the event the same are not paid on or before
 2 said date dates, the same shall be subject to the same
 3 interest and penalties for nonpayment as delinquent property
 4 taxes under 15-16-102."

5 Section 48. Section 7-12-4189, MCA, is amended to
 6 read:

7 "7-12-4189. Simple interest on assessments. (1) Upon
 8 all special assessments and taxes levied and assessed in
 9 accordance with any of the provisions of this part, simple
 10 interest shall be charged at an annual rate not exceeding
 11 the sum of 1/2 of 1% a year plus the average interest rate
 12 payable on the outstanding bonds or warrants of the special
 13 improvement district.

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

24 Section 49. Section 7-12-4190, MCA, is amended to
 25 read:

1 "7-12-4190. Payment of assessments in installments.
 2 (1) The payment of assessments to defray the cost of
 3 acquiring or constructing any improvements in special
 4 improvement districts may be spread over a term of not to
 5 exceed 20 years;--payments--to--be--made--in--equal--annual
 6 installments.

7 (2) If the bonds of the special improvement district
 8 are issued as serial bonds, the assessments must be payable
 9 in equal annual installments. If the bonds are issued as
 10 amortization bonds, the assessments must be payable in equal
 11 annual installments of principal and interest, each in the
 12 amount required to pay the principal over the term of
 13 payment, with interest at the rate then borne by the
 14 assessment.

15 (3) Any assessment that is not delinquent may be
 16 prepaid, in whole but not in part, at any time after the
 17 assessment is levied, by the payment of the assessment, with
 18 interest accrued and to accrue thereon through the next date
 19 on which interest on bonds of the special improvement
 20 district is payable."

21 NEW SECTION. Section 50. Change in outstanding
 22 principal of district -- relevy of assessments. If proceeds
 23 of the bonds or warrants of the special improvement
 24 district, including investment income thereon, are applied
 25 to the redemption and prepayment of such bonds or warrants,

1 as provided in 7-12-4205 and 7-12-4206, or if refunding
 2 bonds are issued pursuant to [section 61 58] and the
 3 principal amount of the outstanding bonds of the district is
 4 decreased or increased, the assessments levied in the
 5 district and then outstanding must be reduced or increased,
 6 respectively, pro rata by the principal amount of such
 7 prepayment or the increment above or below the outstanding
 8 principal amount of bonds represented by the refunding
 9 bonds. The city council shall reassess and relevy such
 10 assessments, with the same effect as an original levy, in
 11 such reduced or increased amounts in accordance with the
 12 provisions of 7-12-4176 through 7-12-4178.

13 Section 51. Section 7-12-4201, MCA, is amended to
 14 read:

15 "7-12-4201. Use of bonds and warrants. All costs and
 16 expenses incurred in the acquisition or construction of any
 17 improvements specified in part 41 in any improvement
 18 district or incurred in the issuance of the bonds or
 19 warrants of the district, including incidental expenses,
 20 shall be paid for by special improvement district bonds or
 21 warrants. The city or town council shall provide for making
 22 payments for improvements in any special improvement
 23 district by the method provided in 7-12-4204 and 7-12-4205."

24 Section 52. Section 7-12-4203, MCA, is amended to
 25 read:

1 "7-12-4203. Details relating to special improvement
 2 district bonds and warrants. (1) The bonds and warrants
 3 shall be drawn against the special improvement district fund
 4 created for the district and shall bear interest from the
 5 date of registration until called for redemption or paid in
 6 full. The interest shall be payable annually or
 7 semiannually, at the discretion of the governing body of the
 8 municipality, on such dates as the governing body
 9 prescribes. Such warrants (or bonds) shall bear the
 10 signatures of the mayor and clerk and shall bear the
 11 corporate seal of the city. They shall be registered in the
 12 office of the clerk and treasurer, and if interest coupons
 13 be attached thereto, they shall also be so registered and
 14 shall bear the signatures of the mayor and clerk.

15 (2) Said bonds shall be in denominations of \$100 or
 16 fractions or multiples thereof, may be issued in
 17 installments, and may extend over a period not to exceed 20
 18 years.

19 (3) All special improvement district bonds must be
 20 amortization bonds unless, in the judgment of the city
 21 council, serial bonds will be more advantageous to the
 22 district and can be sold at a comparatively reasonable rate
 23 or rates of interest."

24 NEW SECTION. Section 53. Definition of forms of
 25 bonds. As used in part 41 and this part, unless the context

1 clearly indicates otherwise, the following definitions
2 apply:

3 (1) "Amortization bonds" means the form of bonds on
4 which:

5 (a) a part of the principal must be paid each time
6 interest becomes payable;

7 (b) the part payment of principal increases at each
8 installment in the same amount that the interest decreases;

9 (c) the combined interest and principal due on each
10 due date remains the same until the bonds are paid;

11 (d) the final payment may vary from prior payments in
12 the amount resulting from disregarding fractional costs in
13 prior payments; and

14 (e) the initial payment may be larger than subsequent
15 payments if such increase represents interest accrued over
16 an additional period not greater than 6 months.

17 (2) "Serial bonds" means the form of bonds that are
18 payable in annual installments and on which the amount
19 maturing each year may not be more than three times the
20 principal amount of bonds maturing in any previous year.

21 Section 54. Section 7-12-4204, MCA, is amended to
22 read:

23 "7-12-4204. Procedure to issue bonds and warrants. (1)
24 The city or town council shall sell bonds or warrants issued
25 under the provisions of 7-12-4201, in an amount sufficient

1 to pay that part of the total cost and expense of making the
2 improvement improvements which is to be assessed against the
3 benefited property within the district, to the highest and
4 best bidder therefor for cash ~~and for not less than the face~~
5 ~~value of such bonds or warrants,~~ at a price, including
6 interest thereon to date of delivery, not less than that
7 prescribed by the city council in the resolution calling for
8 the sale of the bonds or warrants. The city council may fix
9 the minimum price for the bonds or warrants in an amount
10 less than the face value thereof if it determines that such
11 sale is in the best interests of the district and the city.

12 (2) The bonds or warrants may be sold at a private
13 negotiated sale to the United States or the state of
14 Montana, or an agency, instrumentality, corporation, or
15 department thereof.

16 ~~(2)~~(3) The In all other cases, the provisions of
17 7-7-4251 through 7-7-4254 with regard to the notice of sale,
18 publication of notice, and manner and method of selling
19 bonds by cities and towns, insofar as the same are
20 applicable thereto and not in conflict with the provisions
21 of this section and 7-12-4205, shall apply to, govern, and
22 control the form of notice of sale, publication of notice,
23 and manner and method of selling such bonds or warrants."

24 NEW SECTION. Section 55. Pooling of bonds of
25 districts in city. (1) If the city council determines by

1 resolution that the pooling of bonds of more than one
 2 special improvement district of the city is in the best
 3 interest of the city and the respective districts and will
 4 facilitate the sale of the bonds under more advantageous
 5 terms or with lower interest rates, the city may issue bonds
 6 of the districts combined in a single offering. Such bonds
 7 must be secured by the special improvement district
 8 revolving fund of the city.

9 (2) The title of the bonds issued pursuant to this
 10 section shall denote that bonds of different special
 11 improvement districts have been pooled and shall refer to
 12 the numbers of the districts. The bonds must be drawn
 13 against a sinking fund that has separate accounts for each
 14 special improvement district combined for financing
 15 purposes, into which accounts must be payable the
 16 assessments levied in each of the districts.

17 Section 56. Section 7-12-4205, MCA, is amended to
 18 read:

19 "7-12-4205. Disposition of bond or warrant proceeds.

20 (1) The city or town council shall use the proceeds of such
 21 sale in making payment ~~to the contractor or contractors~~ for
 22 the cost of the improvements. ~~Such payment~~ Payments to
 23 contractors may be made either from time to time, on
 24 estimates made by the engineer in charge of such
 25 improvements for the city or town, or upon the entire

1 completion of the improvements and the acceptance thereof by
 2 the city or town council.

3 (2) ~~All~~ During the construction of the improvements,
 4 all interest earned on the investment of bond or warrant
 5 proceeds must be credited to the construction account of the
 6 improvement district fund from which the proceeds were
 7 withdrawn.

8 (3) Any proceeds of the bonds or warrants, including
 9 investment income thereon, remaining after payment of all
 10 costs of the improvements must be transferred to the sinking
 11 fund in the improvement district fund and applied, to the
 12 extent possible, to the prepayment and redemption of bonds
 13 or warrants on the next succeeding redemption date for which
 14 notice of redemption may properly be given."

15 Section 57. Section 7-12-4206, MCA, is amended to
 16 read:

17 "7-12-4206. Redemption of bonds and warrants. (1) ~~The~~
 18 Special improvement district warrants or bonds shall be
 19 ~~redeemed by the treasurer when there is money in the special~~
 20 ~~improvement district fund against which the warrants or~~
 21 ~~bonds are drawn on presentation of the coupons belonging~~
 22 ~~thereto, and any money remaining shall be applied to the~~
 23 ~~payment of the principal and the redemption of the warrants~~
 24 ~~or bonds in the order of their registration on any interest~~
 25 payment date from the proceeds of the bonds or warrants

1 remaining after payment of all costs of the improvements, as
 2 provided in 7-12-4205, or from the prepayment of assessments
 3 levied in the district. Special improvement district bonds
 4 or warrants are subject to redemption and prepayment at the
 5 option of the city, in order of registration, on any
 6 interest payment date after one-half of the term for which
 7 they were issued has expired.

8 (2) Whenever ~~there is any money in any special~~
 9 ~~improvement district fund after paying the interest on the~~
 10 ~~warrants or bonds drawn against the fund, the treasurer~~
 11 ~~shall call in for payment outstanding warrants or bonds~~
 12 ~~which, together with the interest thereon to the date of~~
 13 ~~redemption, will equal the amount of the fund on that date.~~
 14 The date of redemption shall be fixed by the treasurer and
 15 may not be less than 10 days after the date of publication
 16 or of ~~service mailing~~ of notice, and on the date so fixed,
 17 interest ceases. The treasurer shall give notice ~~by~~
 18 ~~publication once in a newspaper published in the city or, at~~
 19 ~~the option of the treasurer, by~~ written notice to the
 20 holders of the warrants or bonds to be redeemed, if their
 21 addresses are known, of the number of warrants or bonds to
 22 be redeemed and the date on which payment will be made. If
 23 the addresses of the holders of all bonds or warrants to be
 24 redeemed are not known, the treasurer shall publish notice
 25 of redemption once in a newspaper published in the city."

1 Section 60. ~~Section 7-12-4222, MCA, is amended to~~
 2 read:

3 "7-12-4222. Sources of money for revolving fund. (i)
 4 For the purpose of providing funds for such revolving fund,
 5 the city or town council:

6 (a) (i) may, in its discretion and from time to time,
 7 transfer to the revolving fund from the general fund of the
 8 city or town such amount or amounts as may be deemed
 9 necessary, which amount or amounts so transferred shall be
 10 deemed and considered and shall be loans from such general
 11 fund to the revolving fund; and

12 (ii) may include in the cost of the improvement to be
 13 defrayed from the proceeds of the bonds or warrants an
 14 amount up to 5% 15% of the principal amount of the bonds or
 15 warrants and deposit it in the revolving fund upon receipt
 16 of such proceeds; and

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

1 levied, the tax may not be an amount that would increase the
 2 balance in the revolving fund above 5% 15% of the
 3 then outstanding special improvement district bonds and
 4 warrants secured thereby.

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

17 NEW SECTION. Section 58. Refunding bonds. (1) A city
 18 may issue special improvement district bonds for the purpose
 19 of providing the money needed to pay principal of and
 20 interest on outstanding special improvement district bonds.
 21 To issue bonds for such purpose, the city council, at a
 22 regular meeting or a duly called special meeting, shall
 23 adopt a resolution setting forth:

24 (a) the facts regarding the outstanding bonds that are
 25 to be refunded;

1 (b) the reasons for issuing refunding bonds; and
 2 (c) the term and details of the refunding bonds.

3 (2) If the refunding bonds are proposed to be issued
 4 in an amount greater than the amount of outstanding bonds to
 5 be refunded, the city council may not authorize the issuance
 6 of such bonds until it has conducted a public hearing on the
 7 desirability of issuing the bonds, after published and
 8 mailed notice as provided in 7-12-4106(2), and found by
 9 resolution that such an issuance of refunding bonds is in
 10 the best interest of the special improvement district.

11 (3) After the adoption of the required resolution or
 12 resolutions, the council may:

13 (a) sell the refunding bonds at a private negotiated
 14 sale; or

15 (b) at its option, give notice of the sale and sell
 16 the refunding bonds in the same manner that other special
 17 improvement district bonds are sold.

18 (4) Bonds may not be refunded by the issuance of
 19 refunding bonds unless the rate of interest offered on the
 20 refunding bonds is at least 1/2 of 1% a year less than the
 21 rate of interest on the bonds to be refunded.

22 (5) (a) Refunding bonds issued pursuant to this
 23 section may be issued to refund outstanding bonds in advance
 24 of the date on which such bonds mature or are subject to
 25 redemption, but the proceeds of the refunding bonds, less

1 any accrued interest or premium received upon the sale
2 thereof, must be deposited with other funds appropriated for
3 the payment of the outstanding bonds in escrow with a
4 suitable banking institution or trust company, which may be
5 located either in or out of the state.

6 (b) Funds so deposited must be invested in securities
7 that are general obligations of the United States or
8 securities the principal of and interest on which are
9 guaranteed by the United States. Such securities must mature
10 or be callable at the option of the holder on such dates and
11 bear interest at such rates and be payable on such dates as
12 may be required to provide funds sufficient, with any cash
13 deposited in the escrow account, to pay when due:

14 (i) the interest to accrue on each refunded bond to
15 its maturity or redemption date, if called for redemption;

16 (ii) the principal on each refunded bond at maturity or
17 upon such redemption date; and

18 (iii) any redemption premium.

19 (c) The escrow account must be irrevocably
20 appropriated to the payment of the principal of an interest
21 and redemption premium, if any, on the refunded bonds.

22 (d) Funds to the credit of the debt service fund for
23 the payment of the refunded bonds and not required for the
24 payment of principal thereof or interest thereon due prior
25 to issuance of the refunding bonds may be appropriated by

1 the council to the escrow account.

2 (e) The city may pay the reasonable costs and expenses
3 of printing the refunding bonds and of establishing and
4 maintaining the escrow account.

5 (6) Refunding bonds may be issued under this section
6 to pay principal of or interest on special improvement
7 district bonds outstanding on [the effective date of this
8 act] only if:

9 (a) one-half or more of the term for which such bonds
10 were issued has expired; or

11 (b) there is a deficiency in the bond account or
12 interest account of the special improvement district fund
13 from which such bonds are payable.

14 NEW SECTION. Section 59. Codification instruction.

15 (1) Sections 6, 16, 17, 20, 22, 27 25, and 28 26 are
16 intended to be codified as an integral part of Title 7,
17 chapter 12, part 21, and the provisions of Title 7, chapter
18 12, part 21, apply to sections 6, 16, 17, 20, 22, 27 25, and
19 28 26.

20 (2) Sections ~~307--447--527--557--577--and-61~~ 36, 42, 50,
21 53, 55, AND 58 are intended to be codified as an integral
22 part of Title 7, chapter 12, parts 41 and 42, and the
23 provisions of Title 7, chapter 12, parts 41 and 42, apply to
24 sections ~~307--447--527--557--577--and-61~~ 36, 42, 50, 53, 55, AND
25 58.

HB 885/08

1 NEW SECTION. Section 60. Effective date. This act is
2 effective on passage and approval.

-End-

SENATE

STANDING COMMITTEE REPORT

HOUSE BILL 885
PAGE 1 of 2 PAGES

MARCH 29 1985

MR. PRESIDENT

We, your committee on LOCAL GOVERNMENT

having had under consideration HOUSE BILL No. 885

THIRD reading copy (BLUE)
(FULLER WILL CARRY) color

GENERAL REVISION OF RURAL SPECIAL AND SPECIAL IMPROVEMENT DISTRICTS

HOUSE BILL 885

Respectfully report as follows: That No.

be amended as follows:

1. Page 12, lines 19 through 23.
Strike: subsection (e) in its entirety
2. Page 15, lines 17 and 18.
Following: "published" on line 17
Strike: remainder of line 17 through "made" in line 18
Insert: "as provided in [Senate Bill No. 130, section 1]"
3. Page 16, line 4.
Following: "5"
Strike: "10"
Insert: "5"
4. Page 16, line 5.
Following: line 4
Insert: "second"
Following: "publication"
Strike: "and"
Insert: "or less than 10 days after the"
5. Page 24, line 17.
Following: "expired"
Insert: "after one-third of the term for which they were issued has expired"

XXXXXX

XXXXXXXX

CONTINUED

Chairman.

HOUSE BILL 885
PAGE 2 of 2 PAGES

MARCH 29 1985

6. Page 30, line 19.
Following: "(a)"
Strike: "one-half"
Insert: "one-third"
7. Page 48, line 21, through line 2, page 49.
Strike: section 42 in its entirety
Renumber: subsequent sections
8. Page 61, line 7.
Following: "expired"
Insert: "after one-third of the term for which they were issued has expired"
9. Page 66, line 9.
Following: "(a)"
Strike: "one-half"
Insert: "one-third"

AND AS AMENDED

BE CONCURRED IN

Senator Dave Fuller
Senator Dave Fuller, Chairman

COMMITTEE OF THE WHOLE AMENDMENT

April 1, 1985

~~3x20x85~~

DATE

12:30 p.m.

TIME

SENATE

MR. CHAIRMAN: I MOVE TO AMEND

HOUSE BILL

No. 885

third reading copy (blue) as follows:
Color

1. Page 27, lines 13 through line 1, page 28.
Strike: section 25 in its entirety
Re-number: subsequent sections
2. Page 44, line 10.
Following: "7-12-4165"
Strike: "or [section]"
Following: "44"
Strike: "42]"
3. Page 50, line 6.
Following: "7-12-4165"
Strike: "or [section]"
4. Page 50, line 7.
Following: "44"
Strike: "42]"
5. Page 51, line 18.
Following: line 17
Strike: "and [section]"
Following: "44"
Strike: "42]"
6. Page 66, lines 20 and 21.
Following: "36," on line 20
Strike: remainder of line 20 through "58" on line 21
Insert: "49, 52, 54, and 57"
7. Page 66, lines 24 and 25.
Following: "36," on line 24
Strike: remainder of line 24 through "58" on line 25
Insert: "49, 52, 54, and 57"

KB PC3HB885.701

ADOPT

REJECT


.....
FULLER

1 HOUSE BILL NO. 885

2 INTRODUCED BY SALES

3 BY REQUEST OF THE LIEUTENANT GOVERNOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND AND CLARIFY
 6 THE LAWS RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICTS AND
 7 SPECIAL IMPROVEMENT DISTRICTS; AMENDING PROVISIONS RELATING
 8 TO INCIDENTAL COSTS, PROTESTS, ASSESSMENT OPTIONS,
 9 ACQUISITION OF IMPROVEMENTS, NOTICE, DEFINITIONS OF BONDS,
 10 REDEMPTION OF BONDS, REVOLVING FUNDS, AND REFUNDING BONDS;
 11 AMENDING SECTIONS 7-12-2101 THROUGH 7-12-2103, 7-12-2105,
 12 7-12-2108, 7-12-2109, 7-12-2112, 7-12-2119, 7-12-2151
 13 THROUGH 7-12-2153, 7-12-2158, 7-12-2159, 7-12-2167,
 14 7-12-2169, 7-12-2171 THROUGH 7-12-2174, ~~7-12-2182,~~
 15 ~~7-12-2186,~~ 7-12-4101, 7-12-4102, 7-12-4104, 7-12-4106,
 16 7-12-4109, 7-12-4110, 7-12-4113, 7-12-4123, 7-12-4145,
 17 7-12-4161 THROUGH 7-12-4165, 7-12-4169, 7-12-4176,
 18 7-12-4177, 7-12-4179, 7-12-4188 THROUGH 7-12-4190,
 19 7-12-4201, AND 7-12-4203 THROUGH 7-12-4206, ~~AND 7-12-4227,~~
 20 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

21
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23 Section 1. Section 7-12-2101, MCA, is amended to read:

24 "7-12-2101. Definitions. (1) The term "board of county
25 commissioners" includes any body or board which under the1 law is the legislative department of the government of the
2 county.3 (2) The word "blocks", shall mean such blocks, whether
4 regular or irregular, as are bounded by main streets or
5 partially by a boundary line of the city.6 (3) The word "city" and the word "municipality", as
7 used in this part, shall be understood and so construed as
8 to include all corporations heretofore organized and now
9 existing and hereafter organized for municipal purposes.10 (4) The terms "clerk" and "county clerk", as used in
11 this part, include any person or officer who shall be clerk
12 of the board of county commissioners.13 (5) The term "county treasurer", as used in this part,
14 means and includes any person who, under whatever name or
15 title, is the custodian of the funds of the county.16 (6) The term "engineer", ~~designated-in-the-petition~~ as
17 used in this part, means the person, firm, or corporation
18 ~~whose-name who~~ is designated ~~and-approved~~ by the board of
19 county commissioners as the engineer ~~in--the--original~~
20 ~~petition-asking~~ for the improvement.21 (7) The term "incidental expenses", as used in this
22 part, ~~shall-include~~ includes:23 (a) the compensation of the engineer ~~selected--as~~
24 ~~hereinbefore-provided~~ for work done by him; i

25 (b) the cost of printing and advertising, as provided

1 in this part, ~~the expenses of making the assessment for any~~
 2 ~~work authorized by this part;~~

3 (c) interest on warrants of the county issued to pay
 4 costs of improvements as provided in this part;

5 (d) costs of issuance of the bonds or warrants of the
 6 special improvement district, including costs of printing
 7 the bonds, bond registration fees, attorneys' fees and
 8 financial consultants' fees, a premium for bond insurance,
 9 any price paid by the original purchaser of the bonds that
 10 is less than the face amount thereof, and interest to accrue
 11 on bonds or warrants of the special improvement district
 12 before assessments levied by the district are collected in
 13 amounts and at times sufficient to pay such interest; and

14 (e) a reasonable administrative fee payable to the
 15 county for the creation and administration of the district
 16 by the county, its officers, and its employees.

17 (8) The term "main street" means such actually opened
 18 street or streets as bound a block.

19 (9) The words "paved" or "repaved", as used in this
 20 part, shall be held to mean and include pavement of stone,
 21 whether paving blocks or macadam; of bituminous rock or
 22 asphalt; or of wood, brick, or other material, whether
 23 patented or not, which the board of county commissioners by
 24 rule or resolution shall adopt.

25 (10) The term "quarter block", as used in this part as

1 to irregular blocks, includes all lots or portions of lots
 2 having any frontage on either intersecting street halfway
 3 from such intersection to the next main street or when no
 4 main street intervenes, all the way to the boundary line of
 5 any city.

6 (11) The word "street", as used in this part, includes
 7 avenues, highways, lanes, alleys, crossings or
 8 intersections, courts, and places which have been dedicated
 9 and accepted according to the law or in common and
 10 undisputed use by the public for a period of not less than 5
 11 years next preceding.

12 (12) The term "street intersection", wherever used in
 13 this part, means that parcel of land at the point of
 14 juncture or crossing of intersecting streets, which lies
 15 between lines drawn from corner to corner of all lot lines
 16 immediately cornering at such juncture.

17 (13) The words "work", "improved", and "improvements",
 18 as used in this part, shall include all work or the securing
 19 of property, by purchase or otherwise, mentioned in this
 20 part and also the construction, reconstruction, maintenance,
 21 and repair of all or any portion of said work."

22 Section 2. Section 7-12-2102, MCA, is amended to read:

23 "7-12-2102. Authorization to create rural improvement
 24 districts upon petition. (1) Whenever the public interest
 25 or convenience may require ~~and upon the petition of 60% of~~

1 ~~the--freeholders--affected--thereby,~~ the board of county
 2 commissioners is hereby authorized and empowered to order
 3 and create special improvement districts ~~in---thickly~~
 4 ~~populated--localities~~ outside of the limits of incorporated
 5 towns and cities for the purpose of building, constructing,
 6 or acquiring by purchase ~~devices-intended-to-protect-the~~
 7 ~~safety-of-the-public-from-open-ditches--carrying--irrigation~~
 8 ~~or--other--water--and-maintaining-sanitary-and-storm-sewers,~~
 9 ~~light-systems,-waterworks-plants,-water-systems,-sidewalks,~~
 10 ~~and-such-other-special-improvements-as-may-be-petitioned-for~~
 11 one or more of the improvements of the kind described in
 12 7-12-4102, in or for the benefit of the special improvement
 13 district.

14 (2) The board of county commissioners may upon
 15 ~~compliance-with-subsection--(1)~~ order and create special
 16 improvement districts covering projects abutting the city
 17 limits and include properties inside the city where the
 18 rural improvement district abuts and benefits that property.
 19 Property owners within the proposed district boundaries
 20 inside the city may not be included in the rural special
 21 improvement district only if ~~60%~~ 40% of those property
 22 owners approve protest the creation of the rural special
 23 improvement district. The property inside the city must be
 24 treated in a similar manner as to improvements, notices, and
 25 assessments as the property outside the city limits. A joint

1 resolution of the city and county must be passed agreeing to
 2 the terms of the rural special improvement district prior to
 3 passing the resolution of intention or resolution creating
 4 the rural special improvement district. A copy of the
 5 resolution of intention and the resolution creating the
 6 rural special improvement district must be provided to the
 7 city clerk upon the passage of the respective resolutions."

8 Section 3. Section 7-12-2103, MCA, is amended to read:

9 "7-12-2103. Resolution of intention to create rural
 10 improvement district. (1) Before creating any special
 11 improvement district for the purpose of making any of the
 12 improvements or acquiring any private property for any
 13 purpose authorized by this part, the board of county
 14 commissioners shall pass a resolution of intention to do so.

15 (2) The resolution shall:

16 (a) designate the number of such district;

17 (b) describe the boundaries thereof;

18 (c) state therein the general character of the
 19 improvements which are to be made; and

20 (d) designate the name of the engineer who is to have
 21 charge of the work and an approximate estimate of the cost
 22 thereof; and

23 (e) specify the method or methods by which the costs
 24 of the improvements will be assessed against property in the
 25 district."

1 Section 4. Section 7-12-2105, MCA, is amended to read:

2 "7-12-2105. Notice of resolution of intention to
3 create district -- hearing. (1) Upon having passed the
4 resolution of intention pursuant to 7-12-2103, the board of
5 county commissioners must give notice of the passage of such
6 resolution of intention.

7 (2) The notice must be published for 10 consecutive
8 days in a daily newspaper or in two issues of a weekly
9 newspaper published nearest to the place where such
10 improvement district is to be created. The board shall also
11 cause a copy of such notice to be posted in three public
12 places within the boundaries of such special improvement
13 district. A copy of such notice shall be mailed to every
14 person, firm, or corporation or the agent of such person,
15 firm, or corporation owning real property within the
16 proposed district listed in his name upon the last completed
17 assessment roll for state, county, and school district
18 taxes, at his last known place of residence, upon the same
19 day such notice is first published or posted.

20 (3) Such notice must describe the general character of
21 the improvement or improvements so proposed to be made or
22 acquired by purchase, state the estimated cost thereof,
23 describe generally the method or methods by which the costs
24 of the improvements will be assessed, and designate the time
25 when and the place where the board will hear and pass upon

1 all protests that may be made against the making or
2 maintenance of such improvements or the creation of such
3 district. The notice shall refer to the resolution on file
4 in the office of the county clerk for the description of the
5 boundaries. If the proposal is for the purchase of an
6 existing improvement, the notice shall state the exact
7 purchase price of such existing improvement."

8 Section 5. Section 7-12-2108, MCA, is amended to read:

9 "7-12-2108. Extension of proposed district. Whenever a
10 contemplated work or improvement, in the opinion of the
11 board of county commissioners, is of more than local or
12 ordinary public benefit or whenever, according to the
13 estimates furnished by the county surveyor or an the
14 engineer approved--by--the--board--and--designated--in--the
15 petition, the total estimated cost and expenses thereof
16 would exceed one-half of the total assessed value of the
17 lots and lands assessed (if assessed upon the lots and lands
18 fronting upon such proposed work or improvement according to
19 the valuation fixed by the last assessment roll whereon it
20 was assessed for taxes), the board may make the expense of
21 such work chargeable upon the--extended-district;--which--may
22 include the lots and lands fronting upon such proposed
23 improvement and upon other lots and lands not fronting on
24 the improvement and which the board shall declare, in its
25 resolution of intention, to be the district property

1 benefited by said work or improvement and to be assessed to
2 pay the cost and expense thereof."

3 NEW SECTION. Section 6. Multiple improvements in
4 single proceeding. The board of county commissioners may
5 include, in one proceeding under one resolution of intention
6 and in one contract, any of the different kinds of
7 improvements or work provided for in this part and may
8 include any number of streets and rights-of-way or portions
9 thereof, and it may exempt any of the work already done upon
10 a street to the official grade.

11 Section 7. Section 7-12-2109, MCA, is amended to read:

12 "7-12-2109. Right to protest creation or extension of
13 district. At any time within 15 days after the date of the
14 first publication of the notice of the passage of the
15 resolution of intention, any owner of property liable to be
16 assessed for said work may make written protest against the
17 proposed work or against the extending or creation of the
18 district to be assessed, or both. Such protest must be in
19 writing and, identify the property in the district owned by
20 the protestor, and be signed by all owners of the property.
21 The protest must be delivered to the county clerk, who shall
22 endorse thereon the date of its receipt by him."

23 Section 8. Section 7-12-2112, MCA, is amended to read:

24 "7-12-2112. Sufficient protest to bar proceedings --
25 exception. (1) Except as provided in subsection (2), no

1 further proceedings shall be taken for a period of 6 months
2 from the date when said protest was received by the county
3 clerk when:

4 ~~(a) the protest is against the proposed work and the~~
5 ~~cost thereof is to be assessed upon the property fronting~~
6 ~~thereon and the board of county commissioners finds that~~
7 ~~such protest is made by the owners of property in the~~
8 ~~district to be assessed for more than 50% of the area~~
9 ~~fronting on the cost of the proposed work; or, in accordance~~
10 ~~with the method or methods of assessment described in the~~
11 ~~resolution of intention.~~

12 ~~(b) the protest is against the proposed work and the~~
13 ~~cost thereof is to be assessed upon the property within the~~
14 ~~extended district and the board finds that such protest is~~
15 ~~made by the owners of more than one-half of the area of the~~
16 ~~property to be assessed for such improvements;~~

17 (2) In case the improvements are the construction of
18 sanitary sewers, the protests may be overruled by a
19 unanimous vote of the board."

20 Section 9. Section 7-12-2119, MCA, is amended to read:

21 "7-12-2119. Manner of making demands for incidental
22 expenses. All demands for incidental expenses in
23 7-12-2101(7), except for the administrative fee of the
24 county and interest payable on warrants or bonds of the
25 district, shall be presented to the county clerk by itemized

1 bill, duly verified by oath of the demandant."

2 Section 10. Section 7-12-2151, MCA, is amended to
3 read:

4 "7-12-2151. Assessment of costs. (1) To defray the
5 cost of making or acquiring any of the improvements provided
6 for in this part, including incidental expenses, the board
7 of county commissioners shall assess the entire cost of the
8 improvements against benefited lots, tracts, or parcels of
9 land in the district, based upon the benefits received, and
10 shall adopt one or any combination of the following method
11 methods of assessment for each improvement made or acquired
12 for the benefit of the district:

13 ~~(i)(a)~~ The board shall assess the entire cost of such
14 improvements against the entire district. Each lot, tract,
15 or parcel of land assessed in such district shall may be
16 assessed with that part of the whole cost which its
17 assessable area bears to the assessable area of all the
18 entire benefited lots, tracts, or parcels in the district,
19 exclusive of streets, avenues, alleys, and public places.
20 For the purposes of this subsection (1)(a), "assessable
21 area" means an area of a lot, tract, or parcel of land
22 representing the benefit conferred upon the lot, tract, or
23 parcel by the improvement. Assessable area may be less than
24 but may not exceed the actual area of the lot, tract, or
25 parcel.

1 ~~(2)(b)~~ Where said rural improvement district is
2 located more than 5 miles from the boundary of an
3 incorporated city or town, said assessment may, at the
4 option of the board, be Each lot, tract, or parcel of land
5 assessed in the district may be assessed with that part of
6 the whole cost of the improvement based upon the assessed
7 value of the benefited lots or pieces of land within said
8 district, IF THE BOARD DETERMINES SUCH ASSESSMENT TO BE
9 EQUITABLE IN PROPORTION TO AND NOT EXCEEDING THE BENEFITS
10 RECEIVED FROM THE IMPROVEMENT BY THE LOT, TRACT, OR PARCEL.

11 (c) Each lot, tract, or parcel of land in the district
12 abutting upon the street where the improvement has been made
13 may be assessed in proportion to its lineal feet abutting
14 the street.

15 (d) Each lot, tract, or parcel of land in the district
16 served by a utility connection may be assessed an equitable
17 lump sum for the connection based on the bid price in the
18 applicable contract.

19 ~~(e)~~ Each lot, tract, or parcel of land may be assessed
20 for the cost of the improvement on the basis of such other
21 method as the board determines to be equitable in proportion
22 to and not exceeding the benefits received from the
23 improvement by the lot, tract, or parcel.

24 (2) The board may use one or any combination of
25 methods of assessment in a single special improvement

1 district and, if more than one improvement is undertaken,
 2 need not assess each lot, tract, or parcel in the district
 3 for the cost of all the improvements.

4 (3) The board in its discretion shall have the power
 5 to pay the whole or any part of the cost of any street,
 6 avenue, or alley intersection out of any funds in its hands
 7 available for that purpose or to include the whole or any
 8 part of such costs within the amount of the assessment to be
 9 paid by the benefited property in the district."

10 Section 11. Section 7-12-2152, MCA, is amended to
 11 read:

12 "7-12-2152. Exception for owners of water ditches
 13 under certain circumstances. The owner or owners of open
 14 ditches carrying irrigation or other water shall not be
 15 included in any rural improvement district under this part
 16 for the purpose of assessment to support the rural
 17 improvement district for the installation, repair, or
 18 maintenance of any protective devices ~~referred--to---in~~
 19 7-12-2102 intended to protect the safety of the public from
 20 open ditches carrying irrigation or other water. Such
 21 devices or improvements shall provide access to and shall
 22 not be constructed so as to hinder the operation and
 23 maintenance of the ditch."

24 Section 12. Section 7-12-2153, MCA, is amended to
 25 read:

1 "7-12-2153. Incidental expenses considered as cost of
 2 improvements. (1) The cost and expense connected with and
 3 incidental to the formation of any special improvement
 4 district, including the cost of preparation of plans,
 5 specifications, maps, or plats; engineering,
 6 superintendence, and inspection; ~~and~~ preparation of
 7 assessment rolls; and the other incidental expenses
 8 described in 7-12-2101(7) shall be considered a part of the
 9 cost and expenses of making the improvements within such
 10 special improvement district.

11 (2) The original costs of any improvement may, at the
 12 option of the ~~local--governing--body~~ board of county
 13 commissioners, include an amount not to exceed ~~3%~~ 5% of the
 14 principal amount of any bonds or warrants to be issued,
 15 which shall be deposited in the revolving fund created in
 16 ~~7-12-2181 or deposited in the county general fund.~~

17 Section 13. Section 7-12-2158, MCA, is amended to
 18 read:

19 "7-12-2158. Resolution for levy and assessment of tax.
 20 (1) To defray the cost of making or acquiring improvements
 21 in any special improvement district, the board of county
 22 commissioners shall by resolution levy and assess a tax upon
 23 all benefited property in the district created for such
 24 purpose, by using for a basis for such assessment the method
 25 or methods provided for by this part and described in the

1 resolution of intention.

2 (2) Such resolution shall contain a description of
3 each lot or parcel of land, with the name of the owner if
4 known, and the amount of each partial payment, when made,
5 and the day when the same shall become delinquent.

6 (3) Such resolution, signed by the chairman of the
7 board, shall be kept on file in the office of the county
8 clerk."

9 Section 14. Section 7-12-2159, MCA, is amended to
10 read:

11 "7-12-2159. Notice of resolution for levy and
12 assessment of tax -- protest and hearing. (1) A notice,
13 signed by the county clerk and stating that the resolution
14 levying a special assessment to defray the cost of making
15 the improvements is on file in the office of the county
16 clerk and is subject to inspection, shall be:

17 (a) published at least once in a newspaper published
18 nearest to where the special improvement is to be made AS
19 PROVIDED IN [SENATE BILL NO. 130, SECTION 1];

20 (b) mailed to the owner of each lot, tract, or parcel
21 of land to be assessed (such lands must be identified and
22 the mailing address determined from the last completed
23 assessment roll for state, county, and school district
24 taxes); and

25 (c) mailed to such other persons known to the clerk to

1 have an ownership interest in the property.

2 (2) The notice shall state the time at and place in
3 which objections to the final adoption of the resolution
4 will be heard by the board of county commissioners. The time
5 for the hearing may not be less than 5 to 5 days after the
6 SECOND publication and OR LESS THAN 10 DAYS AFTER THE
7 mailing of the notice."

8 Section 15. Section 7-12-2167, MCA, is amended to
9 read:

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

16 (2) If federal loans are available, payments may be
17 spread over a term of not to exceed 40 years.

18 (3) If the bonds of the special improvement district
19 are issued as serial bonds, the assessments must be payable
20 in equal annual installments. If the bonds are issued as
21 amortization bonds, the assessments must be payable in equal
22 annual installments of principal and interest, each in the
23 amount required to pay the principal over the term of
24 payment, with interest at the rate then borne by the
25 assessment.

1 (4) Any assessment that is not delinquent may be
 2 prepaid, in whole but not in part, at any time after the
 3 assessment is levied, by the payment of the assessment, with
 4 interest accrued and to accrue thereon through the next date
 5 on which interest on bonds of the special improvement
 6 district is payable."

7 NEW SECTION. Section 16. Interest rate on delinquent
 8 assessments. The installments of assessments remaining
 9 unpaid bear simple interest at an annual rate of the sum of
 10 1/2 of 1% a year plus the average interest rate payable on
 11 the outstanding bonds or warrants of the special improvement
 12 district.

13 NEW SECTION. Section 17. Change in outstanding
 14 principal of district -- relevy of assessments. If proceeds
 15 of the bonds or warrants of the special improvement
 16 district, including investment income thereon, are applied
 17 to the redemption and prepayment of such bonds or warrants,
 18 as provided in 7-12-2173 and 7-12-2174, or if refunding
 19 bonds are issued pursuant to [section 28 26] and the
 20 principal amount of the outstanding bonds of the district is
 21 decreased or increased, the assessments levied in the
 22 district and then outstanding must be reduced or increased,
 23 respectively, pro rata by the principal amount of such
 24 prepayment or the increment above or below the outstanding
 25 principal amount of bonds represented by the refunding

1 bonds. The board shall reassess and relevy such assessments,
 2 with the same effect as an original levy, in such reduced or
 3 increased amounts, in accordance with the provisions of
 4 7-12-2158 through 7-12-2160.

5 Section 18. Section 7-12-2169, MCA, is amended to
 6 read:

7 "7-12-2169. Use of bonds and warrants. All costs and
 8 expenses incurred in any improvement district in the
 9 acquisition, construction, or maintenance of any improvement
 10 specified in this part or incurred in the issuance of bonds
 11 or warrants of the district, including incidental expenses,
 12 shall be paid for by special improvement district bonds or
 13 warrants. The board of county commissioners shall provide
 14 for making payments for maintenance or improvements in any
 15 rural improvement district by the method provided in
 16 7-12-2172 and 7-12-2173."

17 Section 19. Section 7-12-2171, MCA, is amended to
 18 read:

19 "7-12-2171. Details relating to rural improvement
 20 district bonds and warrants. (1) The bonds and warrants
 21 shall be drawn against the special improvement district fund
 22 created for the district (that is, either the construction
 23 or maintenance fund, as the case may be) and shall bear
 24 interest from the date of registration until called for
 25 redemption or paid in full. The interest shall be payable

1 annually ~~on--January-1-of-each-year-unless~~ or semiannually,
 2 at the discretion of the board of county commissioners, on
 3 such dates as the board prescribes ~~another date~~. Such
 4 warrants (or bonds) shall bear the signatures of the
 5 chairman of the board and the county clerk and shall bear
 6 the corporate seal of the county. They shall be registered
 7 in the office of the county clerk and the county treasurer,
 8 and if interest coupons be attached thereto, they shall also
 9 be so registered and shall bear the signatures of the
 10 chairman of the board and the county clerk. Said coupons may
 11 bear the facsimile signatures of said officers in the
 12 discretion of the board.

13 (2) Said bonds shall be in denominations of \$100 or
 14 fractions or multiples thereof, may be issued in
 15 installments, and may extend over a period of not to exceed
 16 30 years; except that if federal loans are available for
 17 improvements, repayment may extend over a period not to
 18 exceed 40 years.

19 (3) All special improvement district bonds must be
 20 amortization bonds unless, in the judgment of the board,
 21 serial bonds will be more advantageous to the district and
 22 can be sold at a comparatively reasonable rate or rates of
 23 interest."

24 NEW SECTION. Section 20. Definitions of forms of
 25 bonds. As used in this part, unless the context clearly

1 indicates otherwise, the following definitions apply:

2 (1) "Amortization bonds" means the form of bonds on
 3 which:

4 (a) a part of the principal must be paid each time
 5 interest becomes payable;

6 (b) the part payment of principal increases at each
 7 installment in the same amount that the interest decreases;

8 (c) the combined interest and principal due on each
 9 due date remains the same until the bonds are paid;

10 (d) the final payment may vary from prior payments in
 11 the amount resulting from disregarding fractional costs in
 12 prior payments; and

13 (e) the initial payment may be larger than subsequent
 14 payments if such increase represents interest accrued over
 15 an additional period not greater than 6 months.

16 (2) "Serial bonds" means the form of bonds that are
 17 payable in annual installments and on which the amount
 18 maturing each year may not be more than three times the
 19 principal amount of bonds maturing in any previous year.

20 Section 21. Section 7-12-2172, MCA, is amended to
 21 read:

22 "7-12-2172. Procedure to issue bonds and warrants. (1)
 23 The board of county commissioners shall sell bonds or
 24 warrants issued under the provisions of 7-12-2169 through
 25 7-12-2174, in an amount sufficient to pay that part of the

1 total cost and expense of making the improvement
 2 improvements which is to be assessed against the benefited
 3 property within the district, to the highest and best bidder
 4 therefor for cash ~~and-for-not-less-than-the-face-value-of~~
 5 ~~such-bonds-or--warrants~~, at a price, including interest
 6 thereon- to date of delivery, not less than that prescribed
 7 by the board in the resolution calling for the sale of the
 8 bonds or warrants. The board may fix the minimum price for
 9 the bonds or warrants in an amount less than the face value
 10 thereof if it determines that such sale is in the best
 11 interests of the district and the county.

12 (2) The bonds or warrants may be sold at a private
 13 negotiated sale to the United States or the state of
 14 Montana, or an agency, instrumentality, corporation, or
 15 department thereof.

16 ~~(2)(3)~~ The In all other cases, the provisions of
 17 7-7-4251 through 7-7-4254 which relate to the notice of
 18 sale, publication of notice, and manner and method of
 19 selling bonds by cities and towns, insofar as the same are
 20 applicable thereto and not in conflict with the provisions
 21 of this section and 7-12-2173, shall apply to, govern, and
 22 control the form of notice of sale, publication of notice,
 23 and manner and method of selling such bonds or warrants."

24 NEW SECTION. Section 22. Pooling of bonds of
 25 districts in county. (1) If the board of county

1 commissioners determines by resolution that the pooling of
 2 bonds of more than one special improvement district of the
 3 county is in the best interest of the county and the
 4 respective districts and will facilitate the sale of the
 5 bonds under more advantageous terms or with lower interest
 6 rates, the county may issue bonds of the districts combined
 7 in a single offering. Such bonds must be secured by the
 8 rural special improvement district revolving fund of the
 9 county.

10 (2) The title of the bonds issued pursuant to this
 11 section shall denote that bonds of different special
 12 improvement districts have been pooled and shall refer to
 13 the numbers of the districts. The bonds must be drawn
 14 against a sinking fund that has separate accounts for each
 15 special improvement district combined for financing
 16 purposes, into which must be payable the assessments levied
 17 in each of the districts.

18 Section 23. Section 7-12-2173, MCA, is amended to
 19 read:

20 "7-12-2173. Disposition of bond or warrant proceeds.
 21 (1) The board of county commissioners shall use the proceeds
 22 of such sale in making payment ~~to--the--contractor--or~~
 23 contractors for the cost of the improvements. ~~Such--payment~~
 24 Payments to contractors may be made either from time to
 25 time, on estimates made by the engineer in charge of such

1 improvements for the county, or upon the entire completion
2 of the improvements and the acceptance thereof by the board.

3 (2) All interest earned on the investment of bond or
4 warrant proceeds during the construction of improvements
5 must be credited to the construction account of the
6 improvement district fund from which the proceeds were
7 withdrawn.

8 (3) Any proceeds of the bonds or warrants, including
9 investment income thereon, remaining after payment of all
10 costs of the improvements must be transferred to the sinking
11 fund in the improvement district fund and applied, to the
12 extent possible, to the prepayment and redemption of bonds
13 or warrants on the next succeeding redemption date for which
14 notice of redemption may properly be given."

15 Section 24. Section 7-12-2174, MCA, is amended to
16 read:

17 "7-12-2174. Redemption of bonds and warrants. (1) The
18 county treasurer shall first pay out of the proper special
19 improvement district fund, annually on each interest payment
20 date, the interest on all outstanding warrants (or bonds) on
21 presentation of the coupons belonging thereto, or otherwise
22 then payable and any the principal, if any, then payable on
23 the warrants or bonds. Any funds remaining in the proper
24 fund shall be applied to the payment of the principal and
25 the redemption of the warrants (or bonds) in order of their

1 registration as provided in subsection (2).

2 (2) Such Special improvement district warrants (or
3 bonds) shall be redeemed by the county treasurer when there
4 are funds available therefor in the special improvement
5 district fund against which said warrants (or bonds) are
6 issued. Whenever there are any funds in any special
7 improvement district fund after paying the interest on such
8 warrants (or bonds) drawn against said fund, the county
9 treasurer shall call in for payment outstanding warrants (or
10 bonds) which, together with the interest thereon to the date
11 of redemption, will equal the amount of said fund on that
12 date on any interest payment date from the proceeds of the
13 bonds or warrants remaining after payment of all costs of
14 the improvements, as provided in 7-12-2173, or from the
15 prepayment of assessments levied in the district. Special
16 improvement district bonds or warrants are subject to
17 redemption and prepayment at the option of the county on
18 any interest payment date after one-half of the term for
19 which they were issued has expired AFTER ONE-THIRD OF THE
20 TERM FOR WHICH THEY WERE ISSUED HAS EXPIRED.

21 (3) The date of redemption shall be fixed by the
22 county treasurer and shall not be less than 10 days after
23 the date of publication or of service mailing of notice. The
24 county treasurer shall give notice by publication once in a
25 newspaper published in the city or, at the option of the

1 county treasurer, by written notice to the holders of such
 2 the warrants for bonds} to be redeemed, if their addresses
 3 be are known, of the number of warrants for bonds} to be
 4 redeemed and the date on which payment will be made. If the
 5 addresses of the holders of all bonds or warrants to be
 6 redeemed are not known, the county treasurer shall publish
 7 notice of redemption once in a newspaper published in the
 8 county. On the date fixed for redemption interest shall
 9 cease."

10 Section 25, Section 7-12-2182, MCA, is amended to
 11 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)--shall, in addition to such transfer or transfers
 22 from the general fund or in lieu thereof, levy and collect
 23 for such revolving fund such a tax, hereby declared to be
 24 for a public purpose, on all the taxable property in such
 25 county as shall be necessary to meet the financial

1 requirements of such fund;--However, a tax may not be levied
 2 if the balance in the revolving fund exceeds 5% 15% of the
 3 principal amount of the then outstanding rural special
 4 improvement district bonds and warrants secured thereby;--If
 5 a tax is levied, the tax may not be an amount that would
 6 increase the balance in the revolving fund above 5% 15% of
 7 the then outstanding rural special improvement district
 8 bonds and warrants secured thereby;

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

20 Section 26, Section 7-12-2186, MCA, is amended to
 21 read:

22 "7-12-2186--Utilization-of-excess-money-in-revolving
 23 fund;--Whenever there is in the revolving fund an amount in
 24 excess of 5% 15% of the then outstanding rural special
 25 improvement district bonds and warrants secured thereby and

1 the board considers any part of the excess to be greater
 2 than the amount necessary for payment or redemption of
 3 maturing bonds or warrants secured thereby or interest
 4 thereon; the board may order the amount the board considers
 5 greater than the amount necessary or any part thereof;

6 (1) transferred to the general fund of the county; if
 7 approved by a unanimous vote of the board at a meeting
 8 called for that purpose; or

9 (2) if there are outstanding special improvement
 10 district bonds or warrants of the county, applied to the
 11 purchase of property;

12 (a) that is being sold because of delinquent taxes or
 13 assessments; or both; and

14 (b) that has against it unpaid assessments for special
 15 improvements;"

16 NEW SECTION. Section 25. Sale of tax certificates---
 17 proceeds. (1) The board may sell any tax certificates
 18 issued on any sale or sales referred to in 7-12-2186. After
 19 acquiring title to property referred to in 7-12-2186, the
 20 county may lease such property or sell it at public or
 21 private sale and make conveyance thereof, or the board may
 22 otherwise dispose of it as the interest of the county may
 23 require;

24 (2) All proceeds from such sales of tax certificates
 25 and from such leasing, sale, or other disposition of the

1 property must be paid into the revolving fund and is subject
 2 to transfer in whole or in part to the general fund by a
 3 unanimous vote of all the members of the board at a meeting
 4 called for that purpose.

5 NEW SECTION. Section 25. Refunding bonds. (1) A
 6 county may issue special improvement district bonds for the
 7 purpose of providing the money needed to pay principal of
 8 and interest on outstanding special improvement district
 9 bonds. To issue bonds for such purpose, the board of county
 10 commissioners, at a regular meeting or a duly called special
 11 meeting, shall adopt a resolution setting forth:

12 (a) the facts regarding the outstanding bonds that are
 13 to be refunded;

14 (b) the reasons for issuing refunding bonds; and

15 (c) the term and details of the refunding bonds.

16 (2) If the refunding bonds are proposed to be issued
 17 in an amount greater than the amount of outstanding bonds to
 18 be refunded, the board may not authorize the issuance of
 19 such bonds until it has conducted a public hearing on the
 20 desirability of issuing the bonds, after published and
 21 mailed notice as provided in 7-12-2105(2), and found by
 22 resolution that such an issuance of refunding bonds is in
 23 the best interest of the special improvement district.

24 (3) After the adoption of the required resolution or
 25 resolutions, the board may:

1 (a) sell the refunding bonds at a private negotiated
2 sale; or

3 (b) at its option, give notice of the sale and sell
4 the refunding bonds in the same manner that other special
5 improvement district bonds are sold.

6 (4) Bonds may not be refunded by the issuance of
7 refunding bonds unless the rate of interest offered on the
8 refunding bonds is at least 1/2 of 1% a year less than the
9 rate of interest on the bonds to be refunded.

10 (5) (a) Refunding bonds issued pursuant to this
11 section may be issued to refund outstanding bonds in advance
12 of the date on which such bonds mature or are subject to
13 redemption, but the proceeds of the refunding bonds, less
14 any accrued interest or premium received upon the sale
15 thereof, must be deposited with other funds appropriated for
16 the payment of the outstanding bonds in escrow with a
17 suitable banking institution or trust company, which may be
18 located either in or out of the state.

19 (b) Funds so deposited must be invested in securities
20 that are general obligations of the United States or
21 securities the principal of and interest on which are
22 guaranteed by the United States. Such securities must mature
23 or be callable at the option of the holder on such dates and
24 bear interest at such rates and be payable on such dates as
25 may be required to provide funds sufficient, with any cash

1 deposited in the escrow account, to pay when due:

2 (i) the interest to accrue on each refunded bond to
3 its maturity or redemption date, if called for redemption;

4 (ii) the principal on each refunded bond at maturity or
5 upon such redemption date; and

6 (iii) any redemption premium.

7 (c) The escrow account must be irrevocably
8 appropriated to the payment of the principal of an interest
9 and redemption premium, if any, on the refunded bonds.

10 (d) Funds to the credit of the debt service fund for
11 the payment of the refunded bonds and not required for the
12 payment of principal thereof or interest thereon due prior
13 to issuance of the refunding bonds may be appropriated by
14 the board to the escrow account.

15 (e) The county may pay the reasonable costs and
16 expenses of issuing the refunding bonds and of establishing
17 and maintaining the escrow account.

18 (6) Refunding bonds may be issued under this section
19 to pay principal of or interest on special improvement
20 district bonds outstanding on [the effective date of this
21 act] only if:

22 (a) ~~one-half~~ ONE-THIRD or more of the term for which
23 such bonds were issued has expired; or

24 (b) there is a deficiency in the bond account or
25 interest account of the special improvement district fund

1 from which such bonds are payable.

2 Section 26. Section 7-12-4101, MCA, is amended to
3 read:

4 "7-12-4101. Definitions. Unless the context indicates
5 otherwise, as used in this part and part 42, the following
6 definitions apply:

7 (1) "Blocks" means blocks, whether regular or
8 irregular, that are bounded by main streets or by main
9 streets and a boundary line of the city.

10 (2) "City" or "municipality" means all corporations
11 organized for municipal purposes.

12 (3) "City clerk" or "clerk" means any person or
13 officer who is clerk of the council.

14 (4) "City council" means any body or board that is the
15 legislative department of the government of the city.

16 (5) "City engineer" means any person or officer who is
17 responsible for the maintenance and improvement of the
18 streets in a city.

19 (6) "City treasurer" means any person who, under
20 whatever name or title, is the custodian of the funds of the
21 municipality.

22 (7) "Incidental expenses" means:

23 (a) the compensation of the city engineer for work
24 done by him;

25 (b) the cost of printing and advertising as provided

1 in this part and part 42;

2 (c) the compensation of persons appointed by the city
3 engineer to take charge of and superintend any of the work
4 mentioned in this part;

5 (d) the expenses of making the assessment for any work
6 authorized by this part;

7 (e) interest on warrants of the city issued to pay
8 costs of improvements;

9 (f) costs of issuance of bonds or warrants of the
10 special improvement district, including costs of printing
11 the bonds, bond registration fees, attorneys' and financial
12 consultants' fees, a premium for bond insurance, and any
13 price paid by the original purchaser of the bonds that is
14 less than the face amount thereof;

15 (g) interest to accrue on bonds or warrants of the
16 special improvement district before assessments levied in
17 the district are collected in amounts and at times
18 sufficient to pay such interest; and

19 (h) a reasonable administrative fee payable to the
20 city for the creation and administration of the district by
21 the city, its officers, and employees.

22 (8) "Main street" means such actually opened street as
23 bounds a block.

24 (9) "Paved" or "repaved" means pavement of stone
25 (whether paving blocks or macadam), of bituminous rock or

1 asphalt, or of wood, brick, or other material (whether
2 patented or not) which the city council adopts by ordinance
3 or resolution.

4 (10) "Quarter-block", when used in reference to
5 irregular blocks, means all lots or portions of lots having
6 any frontage on either of two intersecting streets halfway
7 from the intersection to the next main street or, when no
8 main street intervenes, all the way to a boundary line of
9 the city.

10 (11) "Street" means avenues, highways, lanes, alleys,
11 crossings or intersections, courts, and places which have
12 been dedicated and accepted according to the law or in
13 common and undisputed use by the public for a period of not
14 less than 5 years.

15 (12) "Street intersection" means that parcel of land at
16 the point of juncture or crossing of intersecting streets
17 which lies between lines drawn from corner to corner of all
18 lot lines immediately cornering at such juncture.

19 (13) "Work", "improved", or "improvement" means all
20 work or the securing of property mentioned in this part and
21 part 42 and also the construction, reconstruction, and
22 repair of all or any portion of work."

23 Section 27. Section 7-12-4102, MCA, is amended to
24 read:

25 "7-12-4102. Authorization for creation of special

1 improvement districts. (1) The city or town council has
2 power to create special improvement districts, designating
3 the same by number; to extend the time for payment of
4 assessments levied upon such districts for the improvements
5 thereon for a period not exceeding 20 years; to make such
6 assessments payable in installments; and to pay all expenses
7 of whatever character incurred in making such improvements
8 with special improvement warrants or bonds.

9 (2) Whenever the public interest or convenience may
10 require, the city council is hereby authorized and empowered
11 to:

12 (a) create special improvement districts for acquiring
13 by purchase, building, constructing, and or maintaining
14 devices intended to protect the safety of the public from
15 open ditches carrying irrigation or other water;

16 (b) create special improvement districts for acquiring
17 by purchase or building and constructing municipal swimming
18 pools and other recreation facilities;

19 (c) create special improvement districts and order the
20 whole or any portion or portions, either in length or width,
21 of any one or more of the streets, avenues, alleys, or
22 places or public ways of any such city:

- 23 (i) graded or regraded to the official grade;
- 24 (ii) planked or replanked;
- 25 (iii) paved or repaved;

1 (iv) macadamized or remacadamized;
 2 (v) graveled or regraveled;
 3 (vi) piled or repiled;
 4 (vii) capped or recapped;
 5 (viii) surfaced or resurfaced;
 6 (ix) oiled or reoiled;
 7 (d) create special improvement districts and order the
 8 acquisition, construction, or reconstruction therein of:
 9 (i) sidewalks, crosswalks, culverts, bridges, gutters,
 10 curbs, steps, parkings (including the planting of grassplots
 11 and setting out of trees);
 12 (ii) sewers, ditches, drains, conduits, and channels
 13 for sanitary and/or drainage purposes, with outlets,
 14 cesspools, manholes, catchbasins, flush tanks, septic tanks,
 15 connecting sewers, ditches, drains, conduits, channels, and
 16 other appurtenances;
 17 (iii) waterworks, water mains, and extensions of water
 18 mains;
 19 (iv) pipes, hydrants, hose connections for irrigating
 20 purposes;
 21 (v) appliances for fire protection;
 22 (vi) tunnels, viaducts, conduits, subways, breakwaters,
 23 levees, retaining walls, bulkheads, and walls of rock or
 24 other material to protect the same from overflow or injury
 25 by water;

1 (vii) the opening of streets, avenues, and alleys and
 2 the planting of trees thereon;
 3 (e) create special improvement districts and order the
 4 construction or reconstruction in, over, or through property
 5 or rights-of-way owned by such city of:
 6 (i) tunnels, sewers, ditches, drains, conduits, and
 7 channels for sanitary and/or drainage purposes, with
 8 necessary outlets, cesspools, manholes, catchbasins, flush
 9 tanks, septic tanks, connection sewers, ditches, drains,
 10 conduits, channels, and other appurtenances;
 11 (ii) pipes, hose connections for irrigating; hydrants
 12 and appliances for fire protection;
 13 (iii) breakwaters, levees, retaining walls, and
 14 bulkheads; and
 15 (iv) walls of rock or other material to protect the
 16 streets, avenues, lanes, alleys, courts, places, public
 17 ways, and other property in any such city from overflow by
 18 water;
 19 (f) create special improvement districts and order any
 20 work to be done which shall be deemed necessary to improve
 21 the whole or any portion of such streets, avenues,
 22 sidewalks, alleys, places, or public ways, property, or
 23 right-of-way of such city; and
 24 (g) maintain, preserve, and care for any and all of
 25 the improvements herein mentioned.

1 (3) The city governing body may order and create
 2 special improvement districts covering projects abutting the
 3 city limits and include properties outside the city where
 4 the special improvement district abuts and benefits that
 5 property. Property owners within the proposed district
 6 boundaries outside the city may not be included in the
 7 special improvement district only if ~~60%~~ 40% of those
 8 property owners approve protest the creation of the special
 9 improvement district. The property outside the city must be
 10 treated in a similar manner as to improvements, notices, and
 11 assessments as the property inside the city limits. A joint
 12 resolution of the city and county must be passed agreeing to
 13 the terms of the special improvement district prior to
 14 passing the resolution of intention or the resolution
 15 creating the special improvement district. A copy of the
 16 resolution of intention and the resolution creating the
 17 special improvement district must be provided to the county
 18 commissioners upon the passage of the respective
 19 resolutions."

20 Section 28. Section 7-12-4104, MCA, is amended to
 21 read:

22 "7-12-4104. Resolution of intention to create special
 23 improvement district. (1) Before creating any special
 24 improvement district for the purpose of making any of the
 25 improvements or acquiring any private property for any

1 purpose authorized by this part, the city council shall pass
 2 a resolution of intention to do so.

3 (2) The resolution shall:

4 (a) designate the number of such district;

5 (b) describe the boundaries thereof; ~~and;~~

6 (c) state therein the general character of the
 7 improvement or improvements which are to be made and an
 8 approximate estimate of the cost thereof; and

9 (d) specify the method or methods by which the costs
 10 of the improvements will be assessed against property in the
 11 district.

12 (3) When any improvement is to be made in paving, the
 13 city or town council may, in describing the general
 14 character of the same it in the resolution, describe several
 15 kinds of paving."

16 Section 29. Section 7-12-4106, MCA, is amended to
 17 read:

18 "7-12-4106. Notice of passage of resolution of
 19 intention. (1) Upon having passed such resolution, the
 20 council must give notice of the passage of such resolution
 21 of intention.

22 (2) The notice must be published for 5 days in a daily
 23 newspaper or in some one issue of a weekly paper published
 24 in the city or town or, in case no newspaper be published in
 25 such city, then by posting for 5 days in three public places

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1 in the city or town. A copy of such notice shall be mailed
 2 to every person, firm, or corporation or the agent of such
 3 person, firm, or corporation having real property within the
 4 proposed district listed in his name upon the last completed
 5 assessment roll for state, county, and school district
 6 taxes, at his last-known address, upon the same day such
 7 notice is first published or posted.

8 (3) Such notice must describe the general character of
 9 the improvement or the improvements so proposed to be made,
 10 state the estimated cost thereof, describe generally the
 11 method or methods by which the costs of the improvements
 12 will be assessed, and designate the time when and the place
 13 where the council will hear and pass upon all written
 14 protests that may be made against the making or acquisition
 15 of such improvements or the creation of such district. Said
 16 The notice shall refer to the resolution on file in the
 17 office of the city clerk for the description of the
 18 boundaries. If the proposal is for the purchase of an
 19 existing improvement, the notice must state the exact
 20 purchase price of the existing improvement."

21 Section 30. Section 7-12-4109, MCA, is amended to
 22 read:

23 "7-12-4109. Extension of proposed district. The city
 24 council may charge the expenses of the work or improvement
 25 to ~~an--extended--district--that--may--include--other~~ lots not

1 fronting on the improvement and which the council in its
 2 resolution of intention declares to be, together with the
 3 lots abutting the improvement, the district property
 4 benefited by the work or improvements whenever:

5 (1) the contemplated work of improvement, in the
 6 opinion of the council, is of more than local or ordinary
 7 public benefit; or

8 (2) the total estimated costs and expenses thereof,
 9 according to estimates furnished by the city engineer, would
 10 exceed one-fifth of the total taxable value of the lots and
 11 lands fronting upon said proposed work or improvement
 12 according to the valuation fixed by the last assessment
 13 roll."

14 Section 31. Section 7-12-4110, MCA, is amended to
 15 read:

16 "7-12-4110. Protest against proposed work or district.

17 (1) At any time within 15 days after the date of the first
 18 publication of the notice of the passage of the resolution
 19 of intention, any owner of property liable to be assessed
 20 for said work may make written protest against the proposed
 21 work or against the extent or creation of the district to be
 22 assessed or both.

23 (2) Such protest must be in writing and, identify the
 24 property in the district owned by the protestor, and be
 25 signed by all the owners of the property. The protest must

1 be delivered to the clerk of the city or town council or
2 commission not later than 5 p.m. of the last day within said
3 15-day period. Said clerk shall endorse thereon the date and
4 hour of its receipt by him."

5 Section 32. Section 7-12-4113, MCA, is amended to
6 read:

7 "7-12-4113. Sufficient protest to bar proceedings --
8 exceptions. (1) Except as provided in subsections (2) and
9 (3), no further proceedings shall be taken for a period of 6
10 months from the date when said sufficient protest shall have
11 been received by said clerk of the city or town council or
12 commission when ~~the protest is against the proposed work~~
13 and:

14 (a) ~~the cost thereof is to be assessed against~~
15 ~~property fronting thereon and~~ the council or commission
16 finds that such protest is made by the owners of property in
17 the district to be assessed for more than 50% of the
18 property fronting on cost of the proposed work, in
19 accordance with the method or methods of assessment
20 described in the resolution of intention; or

21 (b) the cost thereof is to be assessed upon the
22 property within an extended district and the council or
23 commission finds that such protest is made by the owners of
24 more than 50% of the area of the property to be assessed for
25 said improvements.

1 (2) The council or commission shall have the right to
2 overrule any and all objections and pave the proposed block
3 with gravel and oil surface when the improvement proposed is
4 the paving, with necessary incidentals, of not more than one
5 cross block to connect with streets or avenues already paved
6 for a continuous distance of three blocks or more running at
7 a right angle (or substantially so) with the single cross
8 block so proposed to be paved.

9 (3) In case the improvement is the construction of a
10 sanitary sewer, such protest may be overruled by an
11 affirmative vote of a majority of the members of the council
12 or commission unless such protest is made by the owners of
13 property in the district to be assessed for more than 75% of
14 the property affected, as herein provided cost of the
15 district, in accordance with the methods of assessment
16 described in the resolution of intention, in which event the
17 protest must be sustained as to the construction of such
18 sanitary sewer."

19 Section 33. Section 7-12-4123, MCA, is amended to
20 read:

21 "7-12-4123. Manner of making demands for incidental
22 expenses. All demands for incidental expenses mentioned in
23 7-12-4101(7), except the administrative fee of the city and
24 interest payable on warrants or bonds of the district, shall
25 be presented to the city clerk by itemized bill, duly

1 verified by oath of the demandant."

2 Section 34. Section 7-12-4145, MCA, is amended to
3 read:

4 "7-12-4145. Procedure for dealing with bid securities.
5 (1) If bids are rejected, the city council shall thereupon
6 return to the proper parties the bid securities
7 corresponding to the bids so rejected.

8 (2) The bid securities accompanying such accepted
9 proposals or bids shall be held by the city clerk of said
10 city until the contract for doing said work, as hereinafter
11 provided, has been entered into either by said lowest bidder
12 or by the owners of over 50% 75% of the frontage, whereupon
13 said bid security shall be returned to said bidder.

14 (3) If said bidder fails, neglects, or refuses to
15 enter into the contract to perform said work or improvements
16 as hereinafter provided, then the bid securities
17 accompanying his bid and the amount therein mentioned shall
18 be declared to be forfeited to said city and shall be
19 collected by it and paid into the general fund."

20 NEW SECTION. Section 35. Purchase of existing
21 improvement. If the proposed improvement consists of the
22 purchase of an existing improvement, the city council may,
23 after the creation of the special improvement district and
24 after ordering the proposed improvement, enter into a
25 contract for the purchase of the improvement, upon such

1 terms as it considers just, without advertising for bids or
2 proposals. However, the total purchase price of the existing
3 improvement may not exceed the amount set forth in the
4 notice required by 7-12-4106.

5 Section 36. Section 7-12-4161, MCA, is amended to
6 read:

7 "7-12-4161. Choice in manner of assessing costs. (1)
8 Except as provided in subsection (2), to defray the cost of
9 the making of or acquiring any of the improvements provided
10 for in this part, including incidental expenses, the city
11 council or commission shall adopt one of the methods of
12 assessment, where applicable, provided in 7-12-4162 through
13 7-12-4165 or {section 44 42} for each improvement to be made
14 or acquired for the benefit of the district.

15 (2) ~~The method of assessment provided for in 7-12-4163~~
16 ~~shall not apply to assessments in improvement districts~~
17 ~~created under the provisions of 7-12-4109. The city council~~
18 may use one or any combination of methods of assessment in a
19 single special improvement district, and if more than one
20 improvement is undertaken, each lot or parcel of land in the
21 district need not be assessed for the cost of all the
22 improvements."

23 Section 37. Section 7-12-4162, MCA, is amended to
24 read:

25 "7-12-4162. Assessment of costs -- area option. (1)

1 The city council or commission shall assess the entire cost
 2 of ~~such--improvements~~ an improvement against benefited
 3 property in the entire district, each lot or parcel of land
 4 assessed within such district to be assessed for that part
 5 of the whole cost which its assessable area bears to the
 6 assessable area of all benefited lots or parcels in the
 7 entire district, exclusive of streets, avenues, alleys, and
 8 public places. For the purposes of this subsection,
 9 "assessable area" means an area of a lot or parcel of land
 10 representing the benefit conferred on the lot or parcel by
 11 the improvement. Assessable area may be less than but may
 12 not exceed the actual area of the lot or parcel.

13 (2) The council or commission, in its discretion,
 14 shall have the power to pay the whole or any part of the
 15 cost of any street, avenue, or alley intersection out of any
 16 funds in its hands available for that purpose or to include
 17 the whole or any part of such costs within the amount of the
 18 assessment to be paid by the benefited property in the
 19 district.

20 (3) In order to equitably apportion the cost of any of
 21 the improvements herein provided for between that land
 22 within the district which lies within 25 feet of the line of
 23 the street on which the improvement is to be made and all
 24 other benefited land within the district, the council or
 25 commission may, in the resolution creating any improvement

1 district, provide that the amount of the assessment against
 2 the property in such district to defray the cost of such
 3 improvements shall be so assessed that each square foot of
 4 land within the district lying within 25 feet of the line of
 5 the street on which the improvements therein provided for
 6 are made shall bear double the amount of cost of such
 7 improvements per square foot of such land that each square
 8 foot of any other benefited land within the district shall
 9 bear."

10 Section 38. Section 7-12-4163, MCA, is amended to
 11 read:

12 "7-12-4163. Assessment of costs -- frontage option.
 13 (1) The city council or commission shall assess the cost of
 14 such-improvements an improvement against benefited lots or
 15 parcels in the entire district, each lot or parcel of land
 16 within such district bordering or abutting upon a street or
 17 streets whereon or wherein the improvement has been made to
 18 be assessed in proportion to the lineal feet abutting or
 19 bordering the same.

20 (2) The council or commission, in its discretion,
 21 shall have the power to pay the whole or any part of the
 22 cost of any street, avenue, or alley intersections out of
 23 any funds in its hands available for that purpose or to
 24 include the whole or any part of such costs within the
 25 amount of the assessment to be paid by the benefited

1 property in the district."

2 Section 39. Section 7-12-4164, MCA, is amended to
3 read:

4 "7-12-4164. Assessment of costs -- combined
5 ~~area-frontage utility service connections~~ -- option. Where
6 ~~curbs, gutters, alley approaches, streets, crossings, and~~
7 ~~utility service connections are an integral part of the~~
8 ~~creation of storm sewer districts, sanitary sewer districts,~~
9 ~~or street pavement districts, the~~ The city council or
10 commission may assess ~~a portion of the improvements upon the~~
11 ~~area basis as set forth under 7-12-4162, other portions of~~
12 ~~the improvements upon a lineal feet basis as set forth under~~
13 ~~7-12-4163, and~~ utility service connections upon a lump sum
14 based on the bid price in the improvement district contract
15 and assessed assess only against the lots, tracts, or
16 parcels of land served by the utility connection or
17 connections, ~~all~~ within the same special improvement
18 district, so long as such assessment is equitable."

19 Section 40. Section 7-12-4165, MCA, is amended to
20 read:

21 "7-12-4165. Assessment of costs -- offstreet parking
22 option. (1) When the purpose of the assessment is for the
23 establishment and/or improvement of offstreet parking as
24 provided in this section, the city council or commission
25 shall assess, against the real property specifically

1 benefited by the offstreet parking facilities, the cost of
2 the developments involved in proportion to the benefits
3 received by each benefited tract of land within said
4 district.

5 (2) In determining the benefit to be received by each
6 parcel of land, the council or commission shall consider:

7 (a) the relative distance of the parking facility from
8 each parcel of land within the area of the special
9 improvement district;

10 (b) the relative needs of parking spaces for each
11 parcel of land located within the boundaries of said
12 district, either as established by the city zoning
13 ordinance, if any, or otherwise, with relation to the use of
14 said parcel;

15 (c) the assessed value of each parcel within said
16 district;

17 (d) the square footage of each parcel within said
18 district as it relates to the whole;

19 (e) the square footage of floorspace in any
20 improvements on the parcel and the various uses of such
21 floorspace;

22 (f) the availability of existing on-site parking space
23 on any parcel of land within the district."

24 ~~NEW SECTION: Section 42, other equitable methods of~~
25 ~~assessment: The city council may assess the cost of an~~

1 improvement--against-benefited-lots, tracts, or parcels in a
 2 special-improvement-district-on--the--basis--of--such--other
 3 method-as-it-determines-to-be-equitable-in-proportion-to-the
 4 benefits--received--by--the--lot, tract, or parcel--from--the
 5 improvement;

6 Section 41. Section 7-12-4169, MCA, is amended to
 7 read:

8 "7-12-4169. Incidental expenses considered as cost of
 9 improvements. (1) The costs and expenses connected with and
 10 incidental to the formation of any special improvement
 11 district, including costs of preparation of plans,
 12 specifications, maps, and plats; engineering,
 13 superintendence, and inspection; and preparation of
 14 assessment rolls; and the other incidental expenses
 15 described in 7-12-4101(7) shall be considered a part of the
 16 cost and expenses of making the improvements within such
 17 special improvement district.

18 (2) The costs of any improvement may, at the option of
 19 the municipal governing body, include an amount not to
 20 exceed 5% of the principal amount of any bonds or warrants
 21 to be issued, which shall be deposited in the revolving fund
 22 created in 7-12-4221."

23 Section 42. Section 7-12-4176, MCA, is amended to
 24 read:

25 "7-12-4176. Resolution for tax levy upon district

1 property. (1) To defray the cost of making or acquiring
 2 improvements in any special improvement district or of
 3 acquiring property for opening, widening, or extending any
 4 street or alley or to defray the cost and expense of
 5 changing any grade of any street, avenue, or alley, the city
 6 council shall by resolution levy and assess a tax upon all
 7 benefited property in any district created for such purpose,
 8 using for a basis for assessment ~~one--of the method or~~
 9 ~~methods set forth in 7-12-4161 through 7-12-4165~~ or {section
 10 44 42} and described in the resolution of intention.

11 (2) Such resolutions shall contain a description of
 12 each lot and parcel of land, with the name of the owner, if
 13 known, the amount of each partial payment to be made, and
 14 the day when the same shall become delinquent.

15 (3) Such resolution, signed by the mayor and clerk,
 16 shall be kept on file in the office of the city clerk."

17 Section 43. Section 7-12-4177, MCA, is amended to
 18 read:

19 "7-12-4177. Notice of resolution for tax levy --
 20 protest and hearing. (1) A notice signed by the city clerk,
 21 stating that the resolution levying the special assessment
 22 to defray the cost of such improvements is on file in his
 23 office and subject to inspection for a period of 5 10 days,
 24 shall be:

25 (a) published at least once in a newspaper published

1 in the city or town;

2 (b) mailed to the owner of each lot, tract, or parcel
 3 of land to be assessed (such lands must be identified and
 4 the mailing address determined from the last completed
 5 assessment roll for state, county, and school district
 6 taxes); and

7 (c) mailed to such other persons known to the clerk to
 8 have an ownership interest in the property.

9 (2) Such notice shall state the time and place at
 10 which objections to the final adoption of such resolution
 11 will be heard by the council. The time for such hearing
 12 shall not be less than 5 10 days after the publication and
 13 mailing of such notice."

14 Section 44. Section 7-12-4179, MCA, is amended to
 15 read:

16 "7-12-4179. Payment of maintenance costs -- resolution
 17 for assessment. (1) The cost of maintaining each of the
 18 improvements shall be paid by assessing the benefited
 19 properties of the entire district under a permissible
 20 assessment option as provided in 7-12-4162 through 7-12-4165
 21 and ~~section 44 42~~.

22 (2) It is the duty of the council to estimate, as
 23 nearly as practicable, the cost of maintaining the
 24 improvements in each district for the season. Before the
 25 first Monday in September of each year, the council shall

1 pass and finally adopt a resolution levying and assessing
 2 all the property within the several districts with an amount
 3 equal to the whole cost of maintaining the improvements
 4 within the several districts.

5 (3) The resolution levying assessments to defray the
 6 cost of maintenance of the improvement shall be prepared and
 7 certified in the same manner as a resolution levying
 8 assessments for making improvements in the special
 9 improvement district.

10 (4) The council may change by resolution, not more
 11 than once a year, the boundaries of any maintenance
 12 district, but the change of boundaries may not affect
 13 indebtedness existing at the time of the change."

14 Section 45. Section 7-12-4188, MCA, is amended to
 15 read:

16 "7-12-4188. Due date for district assessments. (1) All
 17 special assessments or installments of special assessments
 18 in cities and towns, duly and regularly levied by resolution
 19 according to law, shall be payable in installments as
 20 follows:

21 (a) one-half of the payment on or before 5 p.m. on
 22 November 30 of each year ~~except as provided in subsection~~
 23 ~~(2); and~~

24 ~~(2)(b) The governing body of a municipality may~~
 25 ~~provide by resolution that one-half of the payment on~~

1 ~~special-assessments-or-installments-of--special--assessments~~
 2 ~~may--be--deferred-to-no-later-than~~ or before 5 p.m. on May 31
 3 of the following year.

4 ~~(3)~~(2) In the event the same are not paid on or before
 5 said date dates, the same shall be subject to the same
 6 interest and penalties for nonpayment as delinquent property
 7 taxes under 15-16-102."

8 Section 46. Section 7-12-4189, MCA, is amended to
 9 read:

10 "7-12-4189. Simple interest on assessments. (1) Upon
 11 all special assessments and taxes levied and assessed in
 12 accordance with any of the provisions of this part, simple
 13 interest shall be charged at an annual rate not exceeding
 14 the sum of 1/2 of 1% a year plus the average interest rate
 15 payable on the outstanding bonds or warrants of the special
 16 improvement district.

17 (2) The treasurer, in collecting such special
 18 assessment taxes if the same are payable in one installment,
 19 shall collect such interest as may be shown to be due
 20 thereon by the resolution levying such assessment. If such
 21 assessment be payable in installments, the treasurer shall,
 22 at the time of collecting the first installment, collect
 23 such interest as may be shown to be due on such assessment
 24 by the resolution levying such assessment, and thereafter he
 25 shall collect with each subsequent installment interest on

1 the whole amount remaining unpaid."

2 Section 47. Section 7-12-4190, MCA, is amended to
 3 read:

4 "7-12-4190. Payment of assessments in installments.
 5 (1) The payment of assessments to defray the cost of
 6 acquiring or constructing any improvements in special
 7 improvement districts may be spread over a term of not to
 8 exceed 20 years,--payments--to--be--made--in--equal--annual
 9 installments.

10 (2) If the bonds of the special improvement district
 11 are issued as serial bonds, the assessments must be payable
 12 in equal annual installments. If the bonds are issued as
 13 amortization bonds, the assessments must be payable in equal
 14 annual installments of principal and interest, each in the
 15 amount required to pay the principal over the term of
 16 payment, with interest at the rate then borne by the
 17 assessment.

18 (3) Any assessment that is not delinquent may be
 19 prepaid, in whole but not in part, at any time after the
 20 assessment is levied, by the payment of the assessment, with
 21 interest accrued and to accrue thereon through the next date
 22 on which interest on bonds of the special improvement
 23 district is payable."

24 NEW SECTION. Section 48. Change in outstanding
 25 principal of district -- relevy of assessments. If proceeds

1 of the bonds or warrants of the special improvement
 2 district, including investment income thereon, are applied
 3 to the redemption and prepayment of such bonds or warrants,
 4 as provided in 7-12-4205 and 7-12-4206, or if refunding
 5 bonds are issued pursuant to [section 61 58] and the
 6 principal amount of the outstanding bonds of the district is
 7 decreased or increased, the assessments levied in the
 8 district and then outstanding must be reduced or increased,
 9 respectively, pro rata by the principal amount of such
 10 prepayment or the increment above or below the outstanding
 11 principal amount of bonds represented by the refunding
 12 bonds. The city council shall reassess and relevy such
 13 assessments, with the same effect as an original levy, in
 14 such reduced or increased amounts in accordance with the
 15 provisions of 7-12-4176 through 7-12-4178.

16 Section 49. Section 7-12-4201, MCA, is amended to
 17 read:

18 "7-12-4201. Use of bonds and warrants. All costs and
 19 expenses incurred in the acquisition or construction of any
 20 improvements specified in part 41 in any improvement
 21 district or incurred in the issuance of the bonds or
 22 warrants of the district, including incidental expenses,
 23 shall be paid for by special improvement district bonds or
 24 warrants. The city or town council shall provide for making
 25 payments for improvements in any special improvement

1 district by the method provided in 7-12-4204 and 7-12-4205."

2 Section 50. Section 7-12-4203, MCA, is amended to
 3 read:

4 "7-12-4203. Details relating to special improvement
 5 district bonds and warrants. (1) The bonds and warrants
 6 shall be drawn against the special improvement district fund
 7 created for the district and shall bear interest from the
 8 date of registration until called for redemption or paid in
 9 full. The interest shall be payable annually or
 10 semiannually, at the discretion of the governing body of the
 11 municipality, on such dates as the governing body
 12 prescribes. Such warrants (or bonds) shall bear the
 13 signatures of the mayor and clerk and shall bear the
 14 corporate seal of the city. They shall be registered in the
 15 office of the clerk and treasurer, and if interest coupons
 16 be attached thereto, they shall also be so registered and
 17 shall bear the signatures of the mayor and clerk.

18 (2) Said bonds shall be in denominations of \$100 or
 19 fractions or multiples thereof, may be issued in
 20 installments, and may extend over a period not to exceed 20
 21 years.

22 (3) All special improvement district bonds must be
 23 amortization bonds unless, in the judgment of the city
 24 council, serial bonds will be more advantageous to the
 25 district and can be sold at a comparatively reasonable rate

1 or rates of interest."

2 NEW SECTION. Section 51. Definition of forms of
3 bonds. As used in part 41 and this part, unless the context
4 clearly indicates otherwise, the following definitions
5 apply:

6 (1) "Amortization bonds" means the form of bonds on
7 which:

8 (a) a part of the principal must be paid each time
9 interest becomes payable;

10 (b) the part payment of principal increases at each
11 installment in the same amount that the interest decreases;

12 (c) the combined interest and principal due on each
13 due date remains the same until the bonds are paid;

14 (d) the final payment may vary from prior payments in
15 the amount resulting from disregarding fractional costs in
16 prior payments; and

17 (e) the initial payment may be larger than subsequent
18 payments if such increase represents interest accrued over
19 an additional period not greater than 6 months.

20 (2) "Serial bonds" means the form of bonds that are
21 payable in annual installments and on which the amount
22 maturing each year may not be more than three times the
23 principal amount of bonds maturing in any previous year.

24 Section 52. Section 7-12-4204, MCA, is amended to
25 read:

1 "7-12-4204. Procedure to issue bonds and warrants. (1)
2 The city or town council shall sell bonds or warrants issued
3 under the provisions of 7-12-4201, in an amount sufficient
4 to pay that part of the total cost and expense of making the
5 improvement improvements which is to be assessed against the
6 benefited property within the district, to the highest and
7 best bidder therefor for cash ~~and-for-not-less-than-the-face~~
8 ~~value-of--such--bonds--or--warrants;~~ at a price, including
9 interest thereon; to date of delivery, not less than that
10 prescribed by the city council in the resolution calling for
11 the sale of the bonds or warrants. The city council may fix
12 the minimum price for the bonds or warrants in an amount
13 less than the face value thereof if it determines that such
14 sale is in the best interests of the district and the city.

15 (2) The bonds or warrants may be sold at a private
16 negotiated sale to the United States or the state of
17 Montana, or an agency, instrumentality, corporation, or
18 department thereof.

19 ~~(2)(3)~~ The In all other cases, the provisions of
20 7-7-4251 through 7-7-4254 with regard to the notice of sale,
21 publication of notice, and manner and method of selling
22 bonds by cities and towns, insofar as the same are
23 applicable thereto and not in conflict with the provisions
24 of this section and 7-12-4205, shall apply to, govern, and
25 control the form of notice of sale, publication of notice,

1 and manner and method of selling such bonds or warrants."

2 NEW SECTION. Section 53. Pooling of bonds of
 3 districts in city. (1) If the city council determines by
 4 resolution that the pooling of bonds of more than one
 5 special improvement district of the city is in the best
 6 interest of the city and the respective districts and will
 7 facilitate the sale of the bonds under more advantageous
 8 terms or with lower interest rates, the city may issue bonds
 9 of the districts combined in a single offering. Such bonds
 10 must be secured by the special improvement district
 11 revolving fund of the city.

12 (2) The title of the bonds issued pursuant to this
 13 section shall denote that bonds of different special
 14 improvement districts have been pooled and shall refer to
 15 the numbers of the districts. The bonds must be drawn
 16 against a sinking fund that has separate accounts for each
 17 special improvement district combined for financing
 18 purposes, into which accounts must be payable the
 19 assessments levied in each of the districts.

20 Section 54. Section 7-12-4205, MCA, is amended to
 21 read:

22 "7-12-4205. Disposition of bond or warrant proceeds.
 23 (1) The city or town council shall use the proceeds of such
 24 sale in making payment ~~to the contractor or contractors~~ for
 25 the cost of the improvements. ~~Such payment~~ Payments to

1 contractors may be made either from time to time, on
 2 estimates made by the engineer in charge of such
 3 improvements for the city or town, or upon the entire
 4 completion of the improvements and the acceptance thereof by
 5 the city or town council.

6 (2) ~~All~~ During the construction of the improvements,
 7 all interest earned on the investment of bond or warrant
 8 proceeds must be credited to the construction account of the
 9 improvement district fund from which the proceeds were
 10 withdrawn.

11 (3) Any proceeds of the bonds or warrants, including
 12 investment income thereon, remaining after payment of all
 13 costs of the improvements must be transferred to the sinking
 14 fund in the improvement district fund and applied, to the
 15 extent possible, to the prepayment and redemption of bonds
 16 or warrants on the next succeeding redemption date for which
 17 notice of redemption may properly be given."

18 Section 55. Section 7-12-4206, MCA, is amended to
 19 read:

20 "7-12-4206. Redemption of bonds and warrants. (1) The
 21 Special improvement district warrants or bonds shall be
 22 ~~redeemed by the treasurer when there is money in the special~~
 23 ~~improvement--district--fund--against--which--the--warrants--or~~
 24 ~~bonds--are--drawn,--on--presentation--of--the--coupons--belonging~~
 25 ~~thereto,--and--any--money--remaining--shall--be--applied--to--the~~

1 ~~payment of the principal and the redemption of the warrants~~
 2 ~~or bonds in the order of their registration, on any interest~~
 3 ~~payment date from the proceeds of the bonds or warrants~~
 4 ~~remaining after payment of all costs of the improvements, as~~
 5 ~~provided in 7-12-4205, or from the prepayment of assessments~~
 6 ~~levied in the district. Special improvement district bonds~~
 7 ~~or warrants are subject to redemption and prepayment at the~~
 8 ~~option of the city, in order of registration, on any~~
 9 ~~interest payment date after one-half of the term for which~~
 10 ~~they were issued has expired AFTER ONE-THIRD OF THE TERM FOR~~
 11 ~~WHICH THEY WERE ISSUED HAS EXPIRED.~~

12 (2) ~~Whenever there is any money in any special~~
 13 ~~improvement district fund after paying the interest on the~~
 14 ~~warrants or bonds drawn against the fund, the treasurer~~
 15 ~~shall call in for payment outstanding warrants or bonds~~
 16 ~~which, together with the interest thereon to the date of~~
 17 ~~redemption, will equal the amount of the fund on that date.~~
 18 The date of redemption shall be fixed by the treasurer and
 19 may not be less than 10 days after the date of publication
 20 or of service mailing of notice, and on the date so fixed,
 21 interest ceases. The treasurer shall give notice by
 22 publication once in a newspaper published in the city or, at
 23 the option of the treasurer, by written notice to the
 24 holders of the warrants or bonds to be redeemed, if their
 25 addresses are known, of the number of warrants or bonds to

1 be redeemed and the date on which payment will be made. If
 2 the addresses of the holders of all bonds or warrants to be
 3 redeemed are not known, the treasurer shall publish notice
 4 of redemption once in a newspaper published in the city."

5 ~~Section 60, Section 7-12-4222, MCA, is amended to~~
 6 ~~read:~~

7 ~~7-12-4222, Sources of money for revolving fund; (i)~~
 8 ~~For the purpose of providing funds for such revolving fund,~~
 9 ~~the city or town council:~~

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 ~~city or town such amount or amounts as may be deemed~~
 13 ~~necessary, which amount or amounts so transferred shall be~~
 14 ~~deemed and considered and shall be loans from such general~~
 15 ~~fund to the revolving fund; and~~

16 ~~(ii) may include in the cost of the improvement to be~~
 17 ~~defrayed from the proceeds of the bonds or warrants an~~
 18 ~~amount up to 5% 15% of the principal amount of the bonds or~~
 19 ~~warrants and deposit it in the revolving fund upon receipt~~
 20 ~~of such proceeds; and~~

21 ~~(b) shall in addition to such transfer or transfers~~
 22 ~~from the general fund or in lieu thereof, levy and collect~~
 23 ~~for such revolving fund such a tax, hereby declared to be~~
 24 ~~for a public purpose, on all the taxable property in such~~
 25 ~~city or town as shall be necessary to meet the financial~~

1 requirements of such fund;--However, a tax may not be levied
 2 if--the--balance--in--the--revolving--fund--exceeds--5% 15% of--the
 3 principal--amount--of--the--then--outstanding--special--improvement
 4 district--bonds--and--warrants--secured--thereby;--If--a--tax--is
 5 levied, the tax may not be an amount that would increase the
 6 balance---in---the---revolving---fund---above---5% 15% of--the
 7 then--outstanding--special--improvement--district--bonds--and
 8 warrants--secured--thereby;

9 (2)--Whenever--there--shall--be--money--in--the--district--fund
 10 which--is--not--required--for--payment--of--any--bond--or--warrant--of
 11 such--district--secured--by--the--revolving--fund--or--of--interest
 12 thereon,--so--much--of--such--money--as--may--be--necessary--to--pay
 13 the--loan--provided--for--in--7-12-4223--shall--by--order--of--the
 14 council--be--transferred--to--the--revolving--fund;--After--all--the
 15 bonds--and--warrants--issued--on--any--special--improvement
 16 district--or--sidewalk,--curb,--and--alley--approach--warrants
 17 secured--by--the--revolving--fund--have--been--fully--paid,--all
 18 money--remaining--in--such--district--fund--shall--by--order--of--the
 19 council--be--transferred--to--and--become--part--of--the--revolving
 20 fund.⁴

21 NEW SECTION. Section 56. Refunding bonds. (1) A city
 22 may issue special improvement district bonds for the purpose
 23 of providing the money needed to pay principal of and
 24 interest on outstanding special improvement district bonds.
 25 To issue bonds for such purpose, the city council, at a

1 regular meeting or a duly called special meeting, shall
 2 adopt a resolution setting forth:

3 (a) the facts regarding the outstanding bonds that are
 4 to be refunded;

5 (b) the reasons for issuing refunding bonds; and

6 (c) the term and details of the refunding bonds.

7 (2) If the refunding bonds are proposed to be issued
 8 in an amount greater than the amount of outstanding bonds to
 9 be refunded, the city council may not authorize the issuance
 10 of such bonds until it has conducted a public hearing on the
 11 desirability of issuing the bonds, after published and
 12 mailed notice as provided in 7-12-4106(2), and found by
 13 resolution that such an issuance of refunding bonds is in
 14 the best interest of the special improvement district.

15 (3) After the adoption of the required resolution or
 16 resolutions, the council may:

17 (a) sell the refunding bonds at a private negotiated
 18 sale; or

19 (b) at its option, give notice of the sale and sell
 20 the refunding bonds in the same manner that other special
 21 improvement district bonds are sold.

22 (4) Bonds may not be refunded by the issuance of
 23 refunding bonds unless the rate of interest offered on the
 24 refunding bonds is at least 1/2 of 1% a year less than the
 25 rate of interest on the bonds to be refunded.

1 (5) (a) Refunding bonds issued pursuant to this
 2 section may be issued to refund outstanding bonds in advance
 3 of the date on which such bonds mature or are subject to
 4 redemption, but the proceeds of the refunding bonds, less
 5 any accrued interest or premium received upon the sale
 6 thereof, must be deposited with other funds appropriated for
 7 the payment of the outstanding bonds in escrow with a
 8 suitable banking institution or trust company, which may be
 9 located either in or out of the state.

10 (b) Funds so deposited must be invested in securities
 11 that are general obligations of the United States or
 12 securities the principal of and interest on which are
 13 guaranteed by the United States. Such securities must mature
 14 or be callable at the option of the holder on such dates and
 15 bear interest at such rates and be payable on such dates as
 16 may be required to provide funds sufficient, with any cash
 17 deposited in the escrow account, to pay when due:

- 18 (i) the interest to accrue on each refunded bond to
- 19 its maturity or redemption date, if called for redemption;
- 20 (ii) the principal on each refunded bond at maturity or
- 21 upon such redemption date; and
- 22 (iii) any redemption premium.

23 (c) The escrow account must be irrevocably
 24 appropriated to the payment of the principal of an interest
 25 and redemption premium, if any, on the refunded bonds.

1 (d) Funds to the credit of the debt service fund for
 2 the payment of the refunded bonds and not required for the
 3 payment of principal thereof or interest thereon due prior
 4 to issuance of the refunding bonds may be appropriated by
 5 the council to the escrow account.

6 (e) The city may pay the reasonable costs and expenses
 7 of printing the refunding bonds and of establishing and
 8 maintaining the escrow account.

9 (6) Refunding bonds may be issued under this section
 10 to pay principal of or interest on special improvement
 11 district bonds outstanding on [the effective date of this
 12 act] only if:

- 13 (a) ~~one-half~~ ONE-THIRD or more of the term for which
- 14 such bonds were issued has expired; or
- 15 (b) there is a deficiency in the bond account or
- 16 interest account of the special improvement district fund
- 17 from which such bonds are payable.

18 NEW SECTION. Section 57. Codification instruction.
 19 (1) Sections 6, 16, 17, 20, 22, 27 ~~AND 25~~~~and-28~~ 26 are
 20 intended to be codified as an integral part of Title 7,
 21 chapter 12, part 21, and the provisions of Title 7, chapter
 22 12, part 21, apply to sections 6, 16, 17, 20, 22, 27 ~~AND 25~~
 23 ~~and-28~~ 26.

24 (2) Sections ~~307-447-527-557-577-and-61~~ 367--427--507
 25 537--557--AND--58 35, 48, 51, 53, AND 56 are intended to be

1 codified as an integral part of Title 7, chapter 12, parts
2 41 and 42, and the provisions of Title 7, chapter 12, parts
3 41 and 42, apply to sections ~~387-447-527-557-577-and-61~~ 367
4 ~~427-507-537-557-AND-58~~ 35, 48, 51, 53, AND 56.

5 NEW SECTION. Section 58. Effective date. This act is
6 effective on passage and approval.

-End-

CONFERENCE COMMITTEE REPORT

Report No.1.....

...April 18, 1985....

MR. SPEAKER

We, your _____ Conference Committee on

HOUSE BILL 885, reference copy salmon

met and considered _____

Local Government report of 3-29-85 and

Fuller amendments of 4-1-85

We recommend as follows:

1. Page 24, lines 19 and 20.

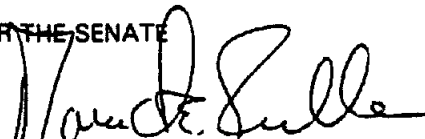
Strike: "AFTER ONE-THIRD OF THE TERM FOR WHICH THEY WERE ISSUED HAS EXPIRED"

2. Page 61, lines 10 and 11.

Strike: "AFTER ONE-THIRD OF THE TERM FOR WHICH THEY WERE ISSUED HAS EXPIRED"

And that this Conference Committee report be adopted.

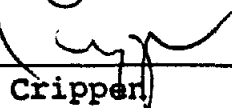
FOR THE SENATE



Fuller, Chairman



Molan



Crippen

FOR THE HOUSE



Addy



Kadas



Rehberg



Sales

ADOPT REJECT

1 HOUSE BILL NO. 885

2 INTRODUCED BY SALES

3 BY REQUEST OF THE LIEUTENANT GOVERNOR

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND AND CLARIFY
6 THE LAWS RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICTS AND
7 SPECIAL IMPROVEMENT DISTRICTS; AMENDING PROVISIONS RELATING
8 TO INCIDENTAL COSTS, PROTESTS, ASSESSMENT OPTIONS,
9 ACQUISITION OF IMPROVEMENTS, NOTICE, DEFINITIONS OF BONDS,
10 REDEMPTION OF BONDS, REVOLVING FUNDS, AND REFUNDING BONDS;
11 AMENDING SECTIONS 7-12-2101 THROUGH 7-12-2103, 7-12-2105,
12 7-12-2108, 7-12-2109, 7-12-2112, 7-12-2119, 7-12-2151
13 THROUGH 7-12-2153, 7-12-2158, 7-12-2159, 7-12-2167,
14 7-12-2169, 7-12-2171 THROUGH 7-12-2174, ~~7-12-2182,~~
15 ~~7-12-2186,~~ 7-12-4101, 7-12-4102, 7-12-4104, 7-12-4106,
16 7-12-4109, 7-12-4110, 7-12-4113, 7-12-4123, 7-12-4145,
17 7-12-4161 THROUGH 7-12-4165, 7-12-4169, 7-12-4176,
18 7-12-4177, 7-12-4179, 7-12-4188 THROUGH 7-12-4190,
19 7-12-4201, AND 7-12-4203 THROUGH 7-12-4206, ~~AND 7-12-4222,~~
20 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

21
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23 Section 1. Section 7-12-2101, MCA, is amended to read:

24 "7-12-2101. Definitions. (1) The term "board of county
25 commissioners" includes any body or board which under the

1 law is the legislative department of the government of the
2 county.

3 (2) The word "blocks", shall mean such blocks, whether
4 regular or irregular, as are bounded by main streets or
5 partially by a boundary line of the city.

6 (3) The word "city" and the word "municipality", as
7 used in this part, shall be understood and so construed as
8 to include all corporations heretofore organized and now
9 existing and hereafter organized for municipal purposes.

10 (4) The terms "clerk" and "county clerk", as used in
11 this part, include any person or officer who shall be clerk
12 of the board of county commissioners.

13 (5) The term "county treasurer", as used in this part,
14 means and includes any person who, under whatever name or
15 title, is the custodian of the funds of the county.

16 (6) The term "engineer", ~~designated-in-the-petition~~ as
17 used in this part, means the person, firm, or corporation
18 ~~whose name who~~ is designated ~~and-approved~~ by the board of
19 county commissioners as the engineer ~~in--the--original~~
20 ~~petition-asking~~ for the improvement.

21 (7) The term "incidental expenses", as used in this
22 part, ~~shall-include~~ includes:

23 (a) the compensation of the engineer ~~selected--as~~
24 ~~hereinbefore-provided~~ for work done by him; ;

25 (b) the cost of printing and advertising, as provided



1 in this part;~~the expenses of making the assessment for any~~
2 ~~work authorized by this part;~~

3 (c) interest on warrants of the county issued to pay
4 costs of improvements as provided in this part;

5 (d) costs of issuance of the bonds or warrants of the
6 special improvement district, including costs of printing
7 the bonds, bond registration fees, attorneys' fees and
8 financial consultants' fees, a premium for bond insurance,
9 any price paid by the original purchaser of the bonds that
10 is less than the face amount thereof, and interest to accrue
11 on bonds or warrants of the special improvement district
12 before assessments levied by the district are collected in
13 amounts and at times sufficient to pay such interest; and

14 (e) a reasonable administrative fee payable to the
15 county for the creation and administration of the district
16 by the county, its officers, and its employees.

17 (8) The term "main street" means such actually opened
18 street or streets as bound a block.

19 (9) The words "paved" or "repaved", as used in this
20 part, shall be held to mean and include pavement of stone,
21 whether paving blocks or macadam; of bituminous rock or
22 asphalt; or of wood, brick, or other material, whether
23 patented or not, which the board of county commissioners by
24 rule or resolution shall adopt.

25 (10) The term "quarter block", as used in this part as

1 to irregular blocks, includes all lots or portions of lots
2 having any frontage on either intersecting street halfway
3 from such intersection to the next main street or when no
4 main street intervenes, all the way to the boundary line of
5 any city.

6 (11) The word "street", as used in this part, includes
7 avenues, highways, lanes, alleys, crossings or
8 intersections, courts, and places which have been dedicated
9 and accepted according to the law or in common and
10 undisputed use by the public for a period of not less than 5
11 years next preceding.

12 (12) The term "street intersection", wherever used in
13 this part, means that parcel of land at the point of
14 juncture or crossing of intersecting streets, which lies
15 between lines drawn from corner to corner of all lot lines
16 immediately cornering at such juncture.

17 (13) The words "work", "improved", and "improvements",
18 as used in this part, shall include all work or the securing
19 of property, by purchase or otherwise, mentioned in this
20 part and also the construction, reconstruction, maintenance,
21 and repair of all or any portion of said work."

22 Section 2. Section 7-12-2102, MCA, is amended to read:
23 "7-12-2102. Authorization to create rural improvement
24 districts ~~upon petition.~~ (1) Whenever the public interest
25 or convenience may require ~~and upon the petition of 60% of~~

1 ~~the--freeholders--affected--thereby,~~ the board of county
 2 commissioners is hereby authorized and empowered to order
 3 and create special improvement districts ~~in---thickly~~
 4 ~~populated--localities~~ outside of the limits of incorporated
 5 towns and cities for the purpose of building, constructing,
 6 or acquiring by purchase ~~devices-intended-to-protect-the~~
 7 ~~safety-of-the-public-from-open-ditches--carrying--irrigation~~
 8 ~~or--other--water--and-maintaining-sanitary-and-storm-sewers;~~
 9 ~~light-systems;~~ ~~waterworks-plants;~~ ~~water-systems;~~ ~~sidewalks;~~
 10 ~~and-such-other-special-improvements-as-may-be-petitioned-for~~
 11 one or more of the improvements of the kind described in
 12 7-12-4102, in or for the benefit of the special improvement
 13 district.

14 (2) The board of county commissioners may upon
 15 ~~compliance-with-subsection--(1)~~ order and create special
 16 improvement districts covering projects abutting the city
 17 limits and include properties inside the city where the
 18 rural improvement district abuts and benefits that property.
 19 Property owners within the proposed district boundaries
 20 inside the city may not be included in the rural special
 21 improvement district only if ~~60%~~ 40% of those property
 22 owners approve ~~protest the creation~~ of the rural special
 23 improvement district. The property inside the city must be
 24 treated in a similar manner as to improvements, notices, and
 25 assessments as the property outside the city limits. A joint

1 resolution of the city and county must be passed agreeing to
 2 the terms of the rural special improvement district prior to
 3 passing the resolution of intention or resolution creating
 4 the rural special improvement district. A copy of the
 5 resolution of intention and the resolution creating the
 6 rural special improvement district must be provided to the
 7 city clerk upon the passage of the respective resolutions."

8 Section 3. Section 7-12-2103, MCA, is amended to read:
 9 "7-12-2103. Resolution of intention to create rural
 10 improvement district. (1) Before creating any special
 11 improvement district for the purpose of making any of the
 12 improvements or acquiring any private property for any
 13 purpose authorized by this part, the board of county
 14 commissioners shall pass a resolution of intention to do so.

- 15 (2) The resolution shall:
- 16 (a) designate the number of such district;
 - 17 (b) describe the boundaries thereof;
 - 18 (c) state therein the general character of the
 - 19 improvements which are to be made; and
 - 20 (d) designate the name of the engineer who is to have
 - 21 charge of the work and an approximate estimate of the cost
 - 22 thereof; and
 - 23 (e) specify the method or methods by which the costs
 - 24 of the improvements will be assessed against property in the
 - 25 district."

1 Section 4. Section 7-12-2105, MCA, is amended to read:

2 "7-12-2105. Notice of resolution of intention to
3 create district -- hearing. (1) Upon having passed the
4 resolution of intention pursuant to 7-12-2103, the board of
5 county commissioners must give notice of the passage of such
6 resolution of intention.

7 (2) The notice must be published for 10 consecutive
8 days in a daily newspaper or in two issues of a weekly
9 newspaper published nearest to the place where such
10 improvement district is to be created. The board shall also
11 cause a copy of such notice to be posted in three public
12 places within the boundaries of such special improvement
13 district. A copy of such notice shall be mailed to every
14 person, firm, or corporation or the agent of such person,
15 firm, or corporation owning real property within the
16 proposed district listed in his name upon the last completed
17 assessment roll for state, county, and school district
18 taxes, at his last known place of residence, upon the same
19 day such notice is first published or posted.

20 (3) Such notice must describe the general character of
21 the improvement or improvements so proposed to be made or
22 acquired by purchase, state the estimated cost thereof,
23 describe generally the method or methods by which the costs
24 of the improvements will be assessed, and designate the time
25 when and the place where the board will hear and pass upon

1 all protests that may be made against the making or
2 maintenance of such improvements or the creation of such
3 district. The notice shall refer to the resolution on file
4 in the office of the county clerk for the description of the
5 boundaries. If the proposal is for the purchase of an
6 existing improvement, the notice shall state the exact
7 purchase price of such existing improvement."

8 Section 5. Section 7-12-2108, MCA, is amended to read:

9 "7-12-2108. Extension of proposed district. Whenever a
10 contemplated work or improvement, in the opinion of the
11 board of county commissioners, is of more than local or
12 ordinary public benefit or whenever, according to the
13 estimates furnished by the county surveyor or an the
14 engineer approved--by--the--board--and--designated--in--the
15 petition, the total estimated cost and expenses thereof
16 would exceed one-half of the total assessed value of the
17 lots and lands assessed (if assessed upon the lots and lands
18 fronting upon such proposed work or improvement according to
19 the valuation fixed by the last assessment roll whereon it
20 was assessed for taxes), the board may make the expense of
21 such work chargeable upon the--extended--district,--which--may
22 include the lots and lands fronting upon such proposed
23 improvement and upon other lots and lands not fronting on
24 the improvement and which the board shall declare, in its
25 resolution of intention, to be the district property

1 benefited by said work or improvement and to be assessed to
2 pay the cost and expense thereof."

3 NEW SECTION. Section 6. Multiple improvements in
4 single proceeding. The board of county commissioners may
5 include, in one proceeding under one resolution of intention
6 and in one contract, any of the different kinds of
7 improvements or work provided for in this part and may
8 include any number of streets and rights-of-way or portions
9 thereof, and it may exempt any of the work already done upon
10 a street to the official grade.

11 Section 7. Section 7-12-2109, MCA, is amended to read:

12 "7-12-2109. Right to protest creation or extension of
13 district. At any time within 15 days after the date of the
14 first publication of the notice of the passage of the
15 resolution of intention, any owner of property liable to be
16 assessed for said work may make written protest against the
17 proposed work or against the extending or creation of the
18 district to be assessed, or both. Such protest must be in
19 writing and, identify the property in the district owned by
20 the protestor, and be signed by all owners of the property.
21 The protest must be delivered to the county clerk, who shall
22 endorse thereon the date of its receipt by him."

23 Section 8. Section 7-12-2112, MCA, is amended to read:

24 "7-12-2112. Sufficient protest to bar proceedings --
25 exception. (1) Except as provided in subsection (2), no

1 further proceedings shall be taken for a period of 6 months
2 from the date when said protest was received by the county
3 clerk when:

4 ~~(a)--the-protest-is-against-the-proposed-work--and--the~~
5 ~~cost--thereof--is--to-be-assessed-upon-the-property-fronting~~
6 ~~thereon--and the board of county commissioners finds that~~
7 ~~such protest is made by the owners of property in the~~
8 ~~district to be assessed for more than 50% of the--area~~
9 ~~fronting-on the cost of the proposed work,--or, in accordance~~
10 ~~with the method or methods of assessment described in the~~
11 ~~resolution of intention.~~

12 ~~(b)--the-protest-is-against-the-proposed-work--and--the~~
13 ~~cost--thereof-is-to-be-assessed-upon-the-property-within-the~~
14 ~~extended-district--and--the-board-finds-that-such--protest--is~~
15 ~~made--by-the-owners-of-more-than-one-half-of-the-area-of-the~~
16 ~~property-to-be-assessed-for-such-improvements--~~

17 (2) In case the improvements are the construction of
18 sanitary sewers, the protests may be overruled by a
19 unanimous vote of the board."

20 Section 9. Section 7-12-2119, MCA, is amended to read:

21 "7-12-2119. Manner of making demands for incidental
22 expenses. All demands for incidental expenses in
23 7-12-2101(7), except for the administrative fee of the
24 county and interest payable on warrants or bonds of the
25 district, shall be presented to the county clerk by itemized

1 bill, duly verified by oath of the demandant."
 2 Section 10. Section 7-12-2151, MCA, is amended to
 3 read:
 4 "7-12-2151. Assessment of costs. (1) To defray the
 5 cost of making or acquiring any of the improvements provided
 6 for in this part, including incidental expenses, the board
 7 of county commissioners shall assess the entire cost of the
 8 improvements against benefited lots, tracts, or parcels of
 9 land in the district, based upon the benefits received, and
 10 shall adopt one or any combination of the following method
 11 methods of assessment for each improvement made or acquired
 12 for the benefit of the district:
 13 ~~(1)(a)~~ The board shall assess the entire cost of such
 14 improvements against the entire district. Each lot, tract,
 15 or parcel of land assessed in such district shall may be
 16 assessed with that part of the whole cost which its
 17 assessable area bears to the assessable area of all the
 18 entire benefited lots, tracts, or parcels in the district,
 19 exclusive of streets, avenues, alleys, and public places.
 20 For the purposes of this subsection (1)(a), "assessable
 21 area" means an area of a lot, tract, or parcel of land
 22 representing the benefit conferred upon the lot, tract, or
 23 parcel by the improvement. Assessable area may be less than
 24 but may not exceed the actual area of the lot, tract, or
 25 parcel.

1 ~~(2)(b)~~ Where said rural improvement district is
 2 located more than 5 miles from the boundary of an
 3 incorporated city or town, said assessment may, at the
 4 option of the board, be Each lot, tract, or parcel of land
 5 assessed in the district may be assessed with that part of
 6 the whole cost of the improvement based upon the assessed
 7 value of the benefited lots or pieces of land within said
 8 district, IF THE BOARD DETERMINES SUCH ASSESSMENT TO BE
 9 EQUITABLE IN PROPORTION TO AND NOT EXCEEDING THE BENEFITS
 10 RECEIVED FROM THE IMPROVEMENT BY THE LOT, TRACT, OR PARCEL.
 11 (c) Each lot, tract, or parcel of land in the district
 12 abutting upon the street where the improvement has been made
 13 may be assessed in proportion to its lineal feet abutting
 14 the street.
 15 (d) Each lot, tract, or parcel of land in the district
 16 served by a utility connection may be assessed an equitable
 17 lump sum for the connection based on the bid price in the
 18 applicable contract.
 19 ~~(e)~~ Each lot, tract, or parcel of land may be assessed
 20 for the cost of the improvement on the basis of such other
 21 method as the board determines to be equitable in proportion
 22 to and not exceeding the benefits received from the
 23 improvement by the lot, tract, or parcel.
 24 (2) The board may use one or any combination of
 25 methods of assessment in a single special improvement

1 district and, if more than one improvement is undertaken,
 2 need not assess each lot, tract, or parcel in the district
 3 for the cost of all the improvements.

4 (3) The board in its discretion shall have the power
 5 to pay the whole or any part of the cost of any street,
 6 avenue, or alley intersection out of any funds in its hands
 7 available for that purpose or to include the whole or any
 8 part of such costs within the amount of the assessment to be
 9 paid by the benefited property in the district."

10 Section 11. Section 7-12-2152, MCA, is amended to
 11 read:

12 "7-12-2152. Exception for owners of water ditches
 13 under certain circumstances. The owner or owners of open
 14 ditches carrying irrigation or other water shall not be
 15 included in any rural improvement district under this part
 16 for the purpose of assessment to support the rural
 17 improvement district for the installation, repair, or
 18 maintenance of any protective devices ~~referred--to---in~~
 19 ~~7-12-2102~~ intended to protect the safety of the public from
 20 open ditches carrying irrigation or other water. Such
 21 devices or improvements shall provide access to and shall
 22 not be constructed so as to hinder the operation and
 23 maintenance of the ditch."

24 Section 12. Section 7-12-2153, MCA, is amended to
 25 read:

1 "7-12-2153. Incidental expenses considered as cost of
 2 improvements. (1) The cost and expense connected with and
 3 incidental to the formation of any special improvement
 4 district, including the cost of preparation of plans,
 5 specifications, maps, or plats; engineering,
 6 superintendence, and inspection; and preparation of
 7 assessment rolls; and the other incidental expenses
 8 described in 7-12-2101(7) shall be considered a part of the
 9 cost and expenses of making the improvements within such
 10 special improvement district.

11 (2) The original costs of any improvement may, at the
 12 option of the ~~local--governing--body~~ board of county
 13 commissioners, include an amount not to exceed ~~3%~~ 5% of the
 14 principal amount of any bonds or warrants to be issued,
 15 which shall be deposited in the revolving fund created in
 16 ~~7-12-2181 or deposited in the county general fund.~~

17 Section 13. Section 7-12-2158, MCA, is amended to
 18 read:

19 "7-12-2158. Resolution for levy and assessment of tax.
 20 (1) To defray the cost of making or acquiring improvements
 21 in any special improvement district, the board of county
 22 commissioners shall by resolution levy and assess a tax upon
 23 all benefited property in the district created for such
 24 purpose, by using for a basis for such assessment the method
 25 or methods provided for by this part and described in the

1 resolution of intention.

2 (2) Such resolution shall contain a description of
3 each lot or parcel of land, with the name of the owner if
4 known, and the amount of each partial payment, when made,
5 and the day when the same shall become delinquent.

6 (3) Such resolution, signed by the chairman of the
7 board, shall be kept on file in the office of the county
8 clerk."

9 Section 14. Section 7-12-2159, MCA, is amended to
10 read:

11 "7-12-2159. Notice of resolution for levy and
12 assessment of tax -- protest and hearing. (1) A notice,
13 signed by the county clerk and stating that the resolution
14 levying a special assessment to defray the cost of making
15 the improvements is on file in the office of the county
16 clerk and is subject to inspection, shall be:

17 (a) published at least once in a newspaper published
18 nearest to where the special improvement is to be made AS
19 PROVIDED IN [SENATE BILL NO. 130, SECTION 1];

20 (b) mailed to the owner of each lot, tract, or parcel
21 of land to be assessed (such lands must be identified and
22 the mailing address determined from the last completed
23 assessment roll for state, county, and school district
24 taxes); and

25 (c) mailed to such other persons known to the clerk to

1 have an ownership interest in the property.

2 (2) The notice shall state the time at and place in
3 which objections to the final adoption of the resolution
4 will be heard by the board of county commissioners. The time
5 for the hearing may not be less than 5 ~~to~~ 5 days after the
6 SECOND publication and OR LESS THAN 10 DAYS AFTER THE
7 mailing of the notice."

8 Section 15. Section 7-12-2167, MCA, is amended to
9 read:

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

16 (2) If federal loans are available, payments may be
17 spread over a term of not to exceed 40 years.

18 (3) If the bonds of the special improvement district
19 are issued as serial bonds, the assessments must be payable
20 in equal annual installments. If the bonds are issued as
21 amortization bonds, the assessments must be payable in equal
22 annual installments of principal and interest, each in the
23 amount required to pay the principal over the term of
24 payment, with interest at the rate then borne by the
25 assessment.

1 (4) Any assessment that is not delinquent may be
 2 prepaid, in whole but not in part, at any time after the
 3 assessment is levied, by the payment of the assessment, with
 4 interest accrued and to accrue thereon through the next date
 5 on which interest on bonds of the special improvement
 6 district is payable."

7 **NEW SECTION.** Section 16. Interest rate on delinquent
 8 assessments. The installments of assessments remaining
 9 unpaid bear simple interest at an annual rate of the sum of
 10 1/2 of 1% a year plus the average interest rate payable on
 11 the outstanding bonds or warrants of the special improvement
 12 district.

13 **NEW SECTION.** Section 17. Change in outstanding
 14 principal of district -- relevy of assessments. If proceeds
 15 of the bonds or warrants of the special improvement
 16 district, including investment income thereon, are applied
 17 to the redemption and prepayment of such bonds or warrants,
 18 as provided in 7-12-2173 and 7-12-2174, or if refunding
 19 bonds are issued pursuant to [section ~~20~~ 26] and the
 20 principal amount of the outstanding bonds of the district is
 21 decreased or increased, the assessments levied in the
 22 district and then outstanding must be reduced or increased,
 23 respectively, pro rata by the principal amount of such
 24 prepayment or the increment above or below the outstanding
 25 principal amount of bonds represented by the refunding

1 bonds. The board shall reassess and relevy such assessments,
 2 with the same effect as an original levy, in such reduced or
 3 increased amounts, in accordance with the provisions of
 4 7-12-2158 through 7-12-2160.

5 Section 18. Section 7-12-2169, MCA, is amended to
 6 read:

7 "7-12-2169. Use of bonds and warrants. All costs and
 8 expenses incurred in any improvement district in the
 9 acquisition, construction, or maintenance of any improvement
 10 specified in this part or incurred in the issuance of bonds
 11 or warrants of the district, including incidental expenses,
 12 shall be paid for by special improvement district bonds or
 13 warrants. The board of county commissioners shall provide
 14 for making payments for maintenance or improvements in any
 15 rural improvement district by the method provided in
 16 7-12-2172 and 7-12-2173."

17 Section 19. Section 7-12-2171, MCA, is amended to
 18 read:

19 "7-12-2171. Details relating to rural improvement
 20 district bonds and warrants. (1) The bonds and warrants
 21 shall be drawn against the special improvement district fund
 22 created for the district (that is, either the construction
 23 or maintenance fund, as the case may be) and shall bear
 24 interest from the date of registration until called for
 25 redemption or paid in full. The interest shall be payable

1 ~~annually on--January-1-of-each-year-unless~~ or semiannually,
 2 at the discretion of the board of county commissioners, on
 3 such dates as the board prescribes another date. Such
 4 warrants (or bonds) shall bear the signatures of the
 5 chairman of the board and the county clerk and shall bear
 6 the corporate seal of the county. They shall be registered
 7 in the office of the county clerk and the county treasurer,
 8 and if interest coupons be attached thereto, they shall also
 9 be so registered and shall bear the signatures of the
 10 chairman of the board and the county clerk. Said coupons may
 11 bear the facsimile signatures of said officers in the
 12 discretion of the board.

13 (2) Said bonds shall be in denominations of \$100 or
 14 fractions or multiples thereof, may be issued in
 15 installments, and may extend over a period of not to exceed
 16 30 years; except that if federal loans are available for
 17 improvements, repayment may extend over a period not to
 18 exceed 40 years.

19 (3) All special improvement district bonds must be
 20 amortization bonds unless, in the judgment of the board,
 21 serial bonds will be more advantageous to the district and
 22 can be sold at a comparatively reasonable rate or rates of
 23 interest."

24 NEW SECTION. Section 20. Definitions of forms of
 25 bonds. As used in this part, unless the context clearly

1 indicates otherwise, the following definitions apply:

2 (1) "Amortization bonds" means the form of bonds on
 3 which:

4 (a) a part of the principal must be paid each time
 5 interest becomes payable;

6 (b) the part payment of principal increases at each
 7 installment in the same amount that the interest decreases;

8 (c) the combined interest and principal due on each
 9 due date remains the same until the bonds are paid;

10 (d) the final payment may vary from prior payments in
 11 the amount resulting from disregarding fractional costs in
 12 prior payments; and

13 (e) the initial payment may be larger than subsequent
 14 payments if such increase represents interest accrued over
 15 an additional period not greater than 6 months.

16 (2) "Serial bonds" means the form of bonds that are
 17 payable in annual installments and on which the amount
 18 maturing each year may not be more than three times the
 19 principal amount of bonds maturing in any previous year.

20 Section 21. Section 7-12-2172, MCA, is amended to
 21 read:

22 "7-12-2172. Procedure to issue bonds and warrants. (1)
 23 The board of county commissioners shall sell bonds or
 24 warrants issued under the provisions of 7-12-2169 through
 25 7-12-2174, in an amount sufficient to pay that part of the

1 total cost and expense of making the improvement
 2 improvements which is to be assessed against the benefited
 3 property within the district, to the highest and best bidder
 4 therefor for cash ~~and for not less than the face value of~~
 5 ~~such bonds or warrants, at a price,~~ including interest
 6 thereon: to date of delivery, not less than that prescribed
 7 by the board in the resolution calling for the sale of the
 8 bonds or warrants. The board may fix the minimum price for
 9 the bonds or warrants in an amount less than the face value
 10 thereof if it determines that such sale is in the best
 11 interests of the district and the county.

12 (2) The bonds or warrants may be sold at a private
 13 negotiated sale to the United States or the state of
 14 Montana, or an agency, instrumentality, corporation, or
 15 department thereof.

16 ~~(2)~~(3) The In all other cases, the provisions of
 17 7-7-4251 through 7-7-4254 which relate to the notice of
 18 sale, publication of notice, and manner and method of
 19 selling bonds by cities and towns, insofar as the same are
 20 applicable thereto and not in conflict with the provisions
 21 of this section and 7-12-2173, shall apply to, govern, and
 22 control the form of notice of sale, publication of notice,
 23 and manner and method of selling such bonds or warrants."

24 NEW SECTION. Section 22. Pooling of bonds of
 25 districts in county. (1) If the board of county

1 commissioners determines by resolution that the pooling of
 2 bonds of more than one special improvement district of the
 3 county is in the best interest of the county and the
 4 respective districts and will facilitate the sale of the
 5 bonds under more advantageous terms or with lower interest
 6 rates, the county may issue bonds of the districts combined
 7 in a single offering. Such bonds must be secured by the
 8 rural special improvement district revolving fund of the
 9 county.

10 (2) The title of the bonds issued pursuant to this
 11 section shall denote that bonds of different special
 12 improvement districts have been pooled and shall refer to
 13 the numbers of the districts. The bonds must be drawn
 14 against a sinking fund that has separate accounts for each
 15 special improvement district combined for financing
 16 purposes, into which must be payable the assessments levied
 17 in each of the districts.

18 Section 23. Section 7-12-2173, MCA, is amended to
 19 read:

20 "7-12-2173. Disposition of bond or warrant proceeds.
 21 (1) The board of county commissioners shall use the proceeds
 22 of such sale in making payment ~~to the contractor or~~
 23 contractors for the cost of the improvements. ~~Such payment~~
 24 Payments to contractors may be made either from time to
 25 time, on estimates made by the engineer in charge of such

1 improvements for the county, or upon the entire completion
2 of the improvements and the acceptance thereof by the board.

3 (2) All interest earned on the investment of bond or
4 warrant proceeds during the construction of improvements
5 must be credited to the construction account of the
6 improvement district fund from which the proceeds were
7 withdrawn.

8 (3) Any proceeds of the bonds or warrants, including
9 investment income thereon, remaining after payment of all
10 costs of the improvements must be transferred to the sinking
11 fund in the improvement district fund and applied, to the
12 extent possible, to the prepayment and redemption of bonds
13 or warrants on the next succeeding redemption date for which
14 notice of redemption may properly be given."

15 Section 24. Section 7-12-2174, MCA, is amended to
16 read:

17 "7-12-2174. Redemption of bonds and warrants. (1) The
18 county treasurer shall first pay out of the proper special
19 improvement district fund, annually on each interest payment
20 date, the interest on all outstanding warrants (or bonds) on
21 presentation of the coupons belonging thereto, or otherwise
22 then payable and any the principal, if any, then payable on
23 the warrants or bonds. Any funds remaining in the proper
24 fund shall be applied to the payment of the principal and
25 the redemption of the warrants (or bonds) in order of their

1 registration as provided in subsection (2).

2 (2) Such Special improvement district warrants (or
3 bonds) shall be redeemed by the county treasurer when there
4 are funds available therefor in the special improvement
5 district fund against which said warrants (or bonds) are
6 issued. Whenever there are any funds in any special
7 improvement district fund after paying the interest on such
8 warrants (or bonds) drawn against said fund, the county
9 treasurer shall call in for payment outstanding warrants (or
10 bonds) which, together with the interest thereon to the date
11 of redemption, will equal the amount of said fund on that
12 date, on any interest payment date from the proceeds of the
13 bonds or warrants remaining after payment of all costs of
14 the improvements, as provided in 7-12-2173, or from the
15 prepayment of assessments levied in the district. Special
16 improvement district bonds or warrants are subject to
17 redemption and prepayment at the option of the county on
18 any interest payment date after one-half of the term for
19 which they were issued AFTER ONE-THIRD OF THE
20 TERM FOR WHICH THEY WERE ISSUED HAS EXPIRED.

21 (3) The date of redemption shall be fixed by the
22 county treasurer and shall not be less than 10 days after
23 the date of publication or of service mailing of notice. The
24 county treasurer shall give notice by publication once in a
25 newspaper published in the city or, at the option of the

1 county-treasurer, by written notice to the holders of such
 2 the warrants for bonds to be redeemed, if their addresses
 3 be are known, of the number of warrants for bonds to be
 4 redeemed and the date on which payment will be made. If the
 5 addresses of the holders of all bonds or warrants to be
 6 redeemed are not known, the county treasurer shall publish
 7 notice of redemption once in a newspaper published in the
 8 county. On the date fixed for redemption interest shall
 9 cease."

10 Section-25:--Section--7-12-2182,--MCA,--is--amended--to
 11 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)--shall,--in--addition-to-such-transfer-or-transfers
 22 from-the-general-fund-or-in-lieu-thereof,--levy--and--collect
 23 for--such--revolving--fund-such-a-tax, hereby-declared-to-be
 24 for-a-public-purpose, on-all-the-taxable-property--in--such
 25 county--as--shall-be-necessary--to--meet--the--financial

1 requirements-of-such-fund;--However, a-tax-may-not-be-levied
 2 if-the-balance-in-the-revolving-fund-exceeds-5% 15% of--the
 3 principal--amount--of--the--then-outstanding--rural--special
 4 improvement-district-bonds-and-warrants-secured-thereby;--If
 5 a--tax--is--levied,--the-tax-may-not-be-an-amount-that-would
 6 increase-the-balance-in-the-revolving-fund-above-5% 15% of
 7 the--then-outstanding--rural--special--improvement--district
 8 bonds-and-warrants-secured-thereby;

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

20 Section-26:--Section--7-12-2186,--MCA,--is--amended--to
 21 read:

22 "7-12-2186,--Utilization-of-excess-money--in--revolving
 23 fund:--Whenever--there--is--in--the--revolving-fund--an-amount--in
 24 excess-of-5% 15% of--the--then-outstanding--rural--special
 25 improvement--district-bonds-and-warrants-secured-thereby--and

1 the board considers any part of the excess to be greater
2 than the amount necessary for payment or redemption of
3 maturing bonds or warrants secured thereby or interest
4 thereon, the board may order the amount the board considers
5 greater than the amount necessary or any part thereof:

6 (1) transferred to the general fund of the county, if
7 approved by a unanimous vote of the board at a meeting
8 called for that purpose; or

9 (2) if there are outstanding special improvement
10 district bonds or warrants of the county, applied to the
11 purchase of property:

12 (a) that is being sold because of delinquent taxes or
13 assessments, or both; and

14 (b) that has against it unpaid assessments for special
15 improvements;"

16 NEW SECTION: Section 25. Sale of tax certificates--
17 proceeds--(1) The board may sell any tax certificates
18 issued on any sale or sales referred to in 7-12-2186. After
19 acquiring title to property referred to in 7-12-21 5, the
20 county may lease such property or sell it at public or
21 private sale and make conveyance thereof or the board may
22 otherwise dispose of it as the interest of the county may
23 require.

24 (2) All proceeds from such sales of tax certificates
25 and from such leasing, sale, or other disposition of the

1 property must be paid into the revolving fund and is subject
2 to transfer in whole or in part to the general fund by a
3 unanimous vote of all the members of the board at a meeting
4 called for that purpose.

5 NEW SECTION. Section 25. Refunding bonds. (1) A
6 county may issue special improvement district bonds for the
7 purpose of providing the money needed to pay principal of
8 and interest on outstanding special improvement district
9 bonds. To issue bonds for such purpose, the board of county
10 commissioners, at a regular meeting or a duly called special
11 meeting, shall adopt a resolution setting forth:

12 (a) the facts regarding the outstanding bonds that are
13 to be refunded;

14 (b) the reasons for issuing refunding bonds; and

15 (c) the term and details of the refunding bonds.

16 (2) If the refunding bonds are proposed to be issued
17 in an amount greater than the amount of outstanding bonds to
18 be refunded, the board may not authorize the issuance of
19 such bonds until it has conducted a public hearing on the
20 desirability of issuing the bonds, after published and
21 mailed notice as provided in 7-12-2105(2), and found by
22 resolution that such an issuance of refunding bonds is in
23 the best interest of the special improvement district.

24 (3) After the adoption of the required resolution or
25 resolutions, the board may:

1 (a) sell the refunding bonds at a private negotiated
2 sale; or

3 (b) at its option, give notice of the sale and sell
4 the refunding bonds in the same manner that other special
5 improvement district bonds are sold.

6 (4) Bonds may not be refunded by the issuance of
7 refunding bonds unless the rate of interest offered on the
8 refunding bonds is at least 1/2 of 1% a year less than the
9 rate of interest on the bonds to be refunded.

10 (5) (a) Refunding bonds issued pursuant to this
11 section may be issued to refund outstanding bonds in advance
12 of the date on which such bonds mature or are subject to
13 redemption, but the proceeds of the refunding bonds, less
14 any accrued interest or premium received upon the sale
15 thereof, must be deposited with other funds appropriated for
16 the payment of the outstanding bonds in escrow with a
17 suitable banking institution or trust company, which may be
18 located either in or out of the state.

19 (b) Funds so deposited must be invested in securities
20 that are general obligations of the United States or
21 securities the principal of and interest on which are
22 guaranteed by the United States. Such securities must mature
23 or be callable at the option of the holder on such dates and
24 bear interest at such rates and be payable on such dates as
25 may be required to provide funds sufficient, with any cash

1 deposited in the escrow account, to pay when due:

2 (i) the interest to accrue on each refunded bond to
3 its maturity or redemption date, if called for redemption;

4 (ii) the principal on each refunded bond at maturity or
5 upon such redemption date; and

6 (iii) any redemption premium.

7 (c) The escrow account must be irrevocably
8 appropriated to the payment of the principal of an interest
9 and redemption premium, if any, on the refunded bonds.

10 (d) Funds to the credit of the debt service fund for
11 the payment of the refunded bonds and not required for the
12 payment of principal thereof or interest thereon due prior
13 to issuance of the refunding bonds may be appropriated by
14 the board to the escrow account.

15 (e) The county may pay the reasonable costs and
16 expenses of issuing the refunding bonds and of establishing
17 and maintaining the escrow account.

18 (6) Refunding bonds may be issued under this section
19 to pay principal of or interest on special improvement
20 district bonds outstanding on [the effective date of this
21 act] only if:

22 (a) ~~one-half~~ ONE-THIRD or more of the term for which
23 such bonds were issued has expired; or

24 (b) there is a deficiency in the bond account or
25 interest account of the special improvement district fund

1 from which such bonds are payable.

2 Section 26. Section 7-12-4101, MCA, is amended to
3 read:

4 "7-12-4101. Definitions. Unless the context indicates
5 otherwise, as used in this part and part 42, the following
6 definitions apply:

7 (1) "Blocks" means blocks, whether regular or
8 irregular, that are bounded by main streets or by main
9 streets and a boundary line of the city.

10 (2) "City" or "municipality" means all corporations
11 organized for municipal purposes.

12 (3) "City clerk" or "clerk" means any person or
13 officer who is clerk of the council.

14 (4) "City council" means any body or board that is the
15 legislative department of the government of the city.

16 (5) "City engineer" means any person or officer who is
17 responsible for the maintenance and improvement of the
18 streets in a city.

19 (6) "City treasurer" means any person who under
20 whatever name or title, is the custodian of the funds of the
21 municipality.

22 (7) "Incidental expenses" means:

23 (a) the compensation of the city engineer for work
24 done by him;

25 (b) the cost of printing and advertising as provided

1 in this part and part 42;

2 (c) the compensation of persons appointed by the city
3 engineer to take charge of and superintend any of the work
4 mentioned in this part;

5 (d) the expenses of making the assessment for any work
6 authorized by this part;

7 (e) interest on warrants of the city issued to pay
8 costs of improvements;

9 (f) costs of issuance of bonds or warrants of the
10 special improvement district, including costs of printing
11 the bonds, bond registration fees, attorneys' and financial
12 consultants' fees, a premium for bond insurance, and any
13 price paid by the original purchaser of the bonds that is
14 less than the face amount thereof;

15 (g) interest to accrue on bonds or warrants of the
16 special improvement district before assessments levied in
17 the district are collected in amounts and at times
18 sufficient to pay such interest; and

19 (h) a reasonable administrative fee payable to the
20 city for the creation and administration of the district by
21 the city, its officers, and employees.

22 (8) "Main street" means such actually opened street as
23 bounds a block.

24 (9) "Paved" or "repaved" means pavement of stone
25 (whether paving blocks or macadam), of bituminous rock or

1 asphalt, or of wood, brick, or other material (whether
2 patented or not) which the city council adopts by ordinance
3 or resolution.

4 (10) "Quarter-block", when used in reference to
5 irregular blocks, means all lots or portions of lots having
6 any frontage on either of two intersecting streets halfway
7 from the intersection to the next main street or, when no
8 main street intervenes, all the way to a boundary line of
9 the city.

10 (11) "Street" means avenues, highways, lanes, alleys,
11 crossings or intersections, courts, and places which have
12 been dedicated and accepted according to the law or in
13 common and undisputed use by the public for a period of not
14 less than 5 years.

15 (12) "Street intersection" means that parcel of land at
16 the point of juncture or crossing of intersecting streets
17 which lies between lines drawn from corner to corner of all
18 lot lines immediately cornering at such juncture.

19 (13) "Work", "improved", or "improvement" means all
20 work or the securing of property mentioned in this part and
21 part 42 and also the construction, reconstruction, and
22 repair of all or any portion of work."

23 Section 27. Section 7-12-4102, MCA, is amended to
24 read:

25 "7-12-4102. Authorization for creation of special

1 improvement districts. (1) The city or town council has
2 power to create special improvement districts, designating
3 the same by number; to extend the time for payment of
4 assessments levied upon such districts for the improvements
5 thereon for a period not exceeding 20 years; to make such
6 assessments payable in installments; and to pay all expenses
7 of whatever character incurred in making such improvements
8 with special improvement warrants or bonds.

9 (2) Whenever the public interest or convenience may
10 require, the city council is hereby authorized and empowered
11 to:

12 (a) create special improvement districts for acquiring
13 by purchase, building, constructing, and or maintaining
14 devices intended to protect the safety of the public from
15 open ditches carrying irrigation or other water;

16 (b) create special improvement districts for acquiring
17 by purchase or building and constructing municipal swimming
18 pools and other recreation facilities;

19 (c) create special improvement districts and order the
20 whole or any portion or portions, either in length or width,
21 of any one or more of the streets, avenues, alleys, or
22 places or public ways of any such city:

23 (i) graded or regraded to the official grade;

24 (ii) planked or replanked;

25 (iii) paved or repaved;

- 1 (iv) macadamized or remacadamized;
- 2 (v) graveled or regraveled;
- 3 (vi) piled or repiled;
- 4 (vii) capped or recapped;
- 5 (viii) surfaced or resurfaced;
- 6 (ix) oiled or reoiled;
- 7 (d) create special improvement districts and order the
- 8 acquisition, construction, or reconstruction therein of:
- 9 (i) sidewalks, crosswalks, culverts, bridges, gutters,
- 10 curbs, steps, parkings (including the planting of grassplots
- 11 and setting out of trees);
- 12 (ii) sewers, ditches, drains, conduits, and channels
- 13 for sanitary and/or drainage purposes, with outlets,
- 14 cesspools, manholes, catchbasins, flush tanks, septic tanks,
- 15 connecting sewers, ditches, drains, conduits, channels, and
- 16 other appurtenances;
- 17 (iii) waterworks, water mains, and extensions of water
- 18 mains;
- 19 (iv) pipes, hydrants, hose connections for irrigating
- 20 purposes;
- 21 (v) appliances for fire protection;
- 22 (vi) tunnels, viaducts, conduits, subways, breakwaters,
- 23 levees, retaining walls, bulkheads, and walls of rock or
- 24 other material to protect the same from overflow or injury
- 25 by water;

- 1 (vii) the opening of streets, avenues, and alleys and
- 2 the planting of trees thereon;
- 3 (e) create special improvement districts and order the
- 4 construction or reconstruction in, over, or through property
- 5 or rights-of-way owned by such city of:
- 6 (i) tunnels, sewers, ditches, drains, conduits, and
- 7 channels for sanitary and/or drainage purposes, with
- 8 necessary outlets, cesspools, manholes, catchbasins, flush
- 9 tanks, septic tanks, connection sewers, ditches, drains,
- 10 conduits, channels, and other appurtenances;
- 11 (ii) pipes, hose connections for irrigating; hydrants
- 12 and appliances for fire protection;
- 13 (iii) breakwaters, levees, retaining walls, and
- 14 bulkheads; and
- 15 (iv) walls of rock or other material to protect the
- 16 streets, avenues, lanes, alleys, courts, places, public
- 17 ways, and other property in any such city from overflow by
- 18 water;
- 19 (f) create special improvement districts and order any
- 20 work to be done which shall be deemed necessary to improve
- 21 the whole or any portion of such streets, avenues,
- 22 sidewalks, alleys, places, or public ways, property, or
- 23 right-of-way of such city; and
- 24 (g) maintain, preserve, and care for any and all of
- 25 the improvements herein mentioned.

1 (3) The city governing body may order and create
 2 special improvement districts covering projects abutting the
 3 city limits and include properties outside the city where
 4 the special improvement district abuts and benefits that
 5 property. Property owners within the proposed district
 6 boundaries outside the city may not be included in the
 7 special improvement district only if ~~60%~~ 40% of those
 8 property owners approve protest the creation of the special
 9 improvement district. The property outside the city must be
 10 treated in a similar manner as to improvements, notices, and
 11 assessments as the property inside the city limits. A joint
 12 resolution of the city and county must be passed agreeing to
 13 the terms of the special improvement district prior to
 14 passing the resolution of intention or the resolution
 15 creating the special improvement district. A copy of the
 16 resolution of intention and the resolution creating the
 17 special improvement district must be provided to the county
 18 commissioners upon the passage of the respective
 19 resolutions."

20 Section 28. Section 7-12-4104, MCA, is amended to
 21 read:

22 "7-12-4104. Resolution of intention to create special
 23 improvement district. (1) Before creating any special
 24 improvement district for the purpose of making any of the
 25 improvements or acquiring any private property for any

1 purpose authorized by this part, the city council shall pass
 2 a resolution of intention to do so.

3 (2) The resolution shall:

4 (a) designate the number of such district~~s~~;

5 (b) describe the boundaries thereof~~s~~; and

6 (c) state therein the general character of the
 7 improvement or improvements which are to be made and an
 8 approximate estimate of the cost thereof; and

9 (d) specify the method or methods by which the costs
 10 of the improvements will be assessed against property in the
 11 district.

12 (3) When any improvement is to be made in paving, the
 13 city or town council may, in describing the general
 14 character of ~~the same~~ it in the resolution, describe several
 15 kinds of paving."

16 Section 29. Section 7-12-4106, MCA, is amended to
 17 read:

18 "7-12-4106. Notice of passage of resolution of
 19 intention. (1) Upon having passed such resolution, the
 20 council must give notice of the passage of such resolution
 21 of intention.

22 (2) The notice must be published for 5 days in a daily
 23 newspaper or in some one issue of a weekly paper published
 24 in the city or town or, in case no newspaper be published in
 25 such city, then by posting for 5 days in three public places

1 in the city or town. A copy of such notice shall be mailed
 2 to every person, firm, or corporation or the agent of such
 3 person, firm, or corporation having real property within the
 4 proposed district listed in his name upon the last completed
 5 assessment roll for state, county, and school district
 6 taxes, at his last-known address, upon the same day such
 7 notice is first published or posted.

8 (3) Such notice must describe the general character of
 9 the improvement or the improvements so proposed to be made,
 10 state the estimated cost thereof, describe generally the
 11 method or methods by which the costs of the improvements
 12 will be assessed, and designate the time when and the place
 13 where the council will hear and pass upon all written
 14 protests that may be made against the making or acquisition
 15 of such improvements or the creation of such district. Said
 16 The notice shall refer to the resolution on file in the
 17 office of the city clerk for the description of the
 18 boundaries. If the proposal is for the purchase of an
 19 existing improvement, the notice must state the exact
 20 purchase price of the existing improvement."

21 Section 30. Section 7-12-4109, MCA, is amended to
 22 read:

23 "7-12-4109. Extension of proposed district. The city
 24 council may charge the expenses of the work or improvement
 25 to ~~an extended district that may include other~~ lots no

1 fronting on the improvement and which the council in its
 2 resolution of intention declares to be, together with the
 3 lots abutting the improvement, the district property
 4 benefited by the work or improvements whenever:

5 (1) the contemplated work of improvement, in the
 6 opinion of the council, is of more than local or ordinary
 7 public benefit; or

8 (2) the total estimated costs and expenses thereof,
 9 according to estimates furnished by the city engineer, would
 10 exceed one-fifth of the total taxable value of the lots and
 11 lands fronting upon said proposed work or improvement
 12 according to the valuation fixed by the last assessment
 13 roll."

14 Section 31. Section 7-12-4110, MCA, is amended to
 15 read:

16 "7-12-4110. Protest against proposed work or district.
 17 (1) At any time within 15 days after the date of the first
 18 publication of the notice of the passage of the resolution
 19 of intention, any owner of property liable to be assessed
 20 for said work may make written protest against the proposed
 21 work or against the extent or creation of the district to be
 22 assessed or both.

23 (2) Such protest must be in writing and, identify the
 24 property in the district owned by the protestor, and be
 25 signed by all the owners of the property. The protest must

1 be delivered to the clerk of the city or town council or
2 commission not later than 5 p.m. of the last day within said
3 15-day period. Said clerk shall endorse thereon the date and
4 hour of its receipt by him."

5 Section 32. Section 7-12-4113, MCA, is amended to
6 read:

7 "7-12-4113. Sufficient protest to bar proceedings --
8 exceptions. (1) Except as provided in subsections (2) and
9 (3), no further proceedings shall be taken for a period of 6
10 months from the date when said sufficient protest shall have
11 been received by said clerk of the city or town council or
12 commission when ~~the protest is against the proposed work~~
13 and:

14 (a) ~~the cost thereof is to be assessed against~~
15 ~~property fronting thereon and~~ the council or commission
16 finds that such protest is made by the owners of property in
17 the district to be assessed for more than 50% of the
18 property fronting on cost of the proposed work, in
19 accordance with the method or methods of assessment
20 described in the resolution of intention; or

21 (b) the cost thereof is to be assessed upon the
22 property within an extended district and the council or
23 commission finds that such protest is made by the owners of
24 more than 50% of the area of the property to be assessed for
25 said improvements.

1 (2) The council or commission shall have the right to
2 overrule any and all objections and pave the proposed block
3 with gravel and oil surface when the improvement proposed is
4 the paving, with necessary incidentals, of not more than one
5 cross block to connect with streets or avenues already paved
6 for a continuous distance of three blocks or more running at
7 a right angle (or substantially so) with the single cross
8 block so proposed to be paved.

9 (3) In case the improvement is the construction of a
10 sanitary sewer, such protest may be overruled by an
11 affirmative vote of a majority of the members of the council
12 or commission unless such protest is made by the owners of
13 property in the district to be assessed for more than 75% of
14 the property affected, as herein provided cost of the
15 district, in accordance with the methods of assessment
16 described in the resolution of intention, in which event the
17 protest must be sustained as to the construction of such
18 sanitary sewer."

19 Section 33. Section 7-12-4123, MCA, is amended to
20 read:

21 "7-12-4123. Manner of making demands for incidental
22 expenses. All demands for incidental expenses mentioned in
23 7-12-4101(7), except the administrative fee of the city and
24 interest payable on warrants or bonds of the district, shall
25 be presented to the city clerk by itemized bill, duly

1 verified by oath of the demandant."

2 Section 34. Section 7-12-4145, MCA, is amended to
3 read:

4 "7-12-4145. Procedure for dealing with bid securities.

5 (1) If bids are rejected, the city council shall thereupon
6 return to the proper parties the bid securities
7 corresponding to the bids so rejected.

8 (2) The bid securities accompanying such accepted
9 proposals or bids shall be held by the city clerk of said
10 city until the contract for doing said work, as hereinafter
11 provided, has been entered into either by said lowest bidder
12 or by the owners of over ~~50%~~ 75% of the frontage, whereupon
13 said bid security shall be returned to said bidder.

14 (3) If said bidder fails, neglects, or refuses to
15 enter into the contract to perform said work or improvements
16 as hereinafter provided, then the bid securities
17 accompanying his bid and the amount therein mentioned shall
18 be declared to be forfeited to said city and shall be
19 collected by it and paid into the general fund."

20 NEW SECTION. Section 35. Purchase of existing
21 improvement. If the proposed improvement consists of the
22 purchase of an existing improvement, the city council may,
23 after the creation of the special improvement district and
24 after ordering the proposed improvement, enter into a
25 contract for the purchase of the improvement, upon such

1 terms as it considers just, without advertising for bids or
2 proposals. However, the total purchase price of the existing
3 improvement may not exceed the amount set forth in the
4 notice required by 7-12-4106.

5 Section 36. Section 7-12-4161, MCA, is amended to
6 read:

7 "7-12-4161. Choice in manner of assessing costs. (1)
8 Except as provided in subsection (2), to defray the cost of
9 the making of or acquiring any of the improvements provided
10 for in this part, including incidental expenses, the city
11 council or commission shall adopt one of the methods of
12 assessment, where applicable, provided in 7-12-4162 through
13 7-12-4165 ~~or {section 44 42}~~ for each improvement to be made
14 or acquired for the benefit of the district.

15 (2) ~~The method of assessment provided for in 7-12-4163~~
16 ~~shall not apply to assessments in improvement districts~~
17 ~~created under the provisions of 7-12-4109.~~ The city council
18 may use one or any combination of methods of assessment in a
19 single special improvement district, and if more than one
20 improvement is undertaken, each lot or parcel of land in the
21 district need not be assessed for the cost of all the
22 improvements."

23 Section 37. Section 7-12-4162, MCA, is amended to
24 read:

25 "7-12-4162. Assessment of costs -- area option. (1)

1 The city council or commission shall assess the entire cost
 2 of ~~such--improvements~~ an improvement against benefited
 3 property in the entire district, each lot or parcel of land
 4 assessed within such district to be assessed for that part
 5 of the whole cost which its assessable area bears to the
 6 assessable area of all benefited lots or parcels in the
 7 entire district, exclusive of streets, avenues, alleys, and
 8 public places. For the purposes of this subsection,
 9 "assessable area" means an area of a lot or parcel of land
 10 representing the benefit conferred on the lot or parcel by
 11 the improvement. Assessable area may be less than but may
 12 not exceed the actual area of the lot or parcel.

13 (2) The council or commission, in its discretion,
 14 shall have the power to pay the whole or any part of the
 15 cost of any street, avenue, or alley intersection out of any
 16 funds in its hands available for that purpose or to include
 17 the whole or any part of such costs within the amount of the
 18 assessment to be paid by the benefited property in the
 19 district.

20 (3) In order to equitably apportion the cost of any of
 21 the improvements herein provided for between that land
 22 within the district which lies within 25 feet of the line of
 23 the street on which the improvement is to be made and all
 24 other benefited land within the district, the council or
 25 commission may, in the resolution creating any improvement

1 district, provide that the amount of the assessment against
 2 the property in such district to defray the cost of such
 3 improvements shall be so assessed that each square foot of
 4 land within the district lying within 25 feet of the line of
 5 the street on which the improvements therein provided for
 6 are made shall bear double the amount of cost of such
 7 improvements per square foot of such land that each square
 8 foot of any other benefited land within the district shall
 9 bear."

10 Section 38. Section 7-12-4163, MCA, is amended to
 11 read:

12 "7-12-4163. Assessment of costs -- frontage option.

13 (1) The city council or commission shall assess the cost of
 14 such-improvements an improvement against benefited lots or
 15 parcels in the entire district, each lot or parcel of land
 16 within such district bordering or abutting upon a street or
 17 streets whereon or wherein the improvement has been made to
 18 be assessed in proportion to the lineal feet abutting or
 19 bordering the same.

20 (2) The council or commission, in its discretion,
 21 shall have the power to pay the whole or any part of the
 22 cost of any street, avenue, or alley intersections out of
 23 any funds in its hands available for that purpose or to
 24 include the whole or any part of such costs within the
 25 amount of the assessment to be paid by the benefited

1 property in the district."

2 Section 39. Section 7-12-4164, MCA, is amended to
3 read:

4 "7-12-4164. Assessment of costs -- combined
5 ~~area-frontage utility service connections~~ -- option. Where
6 ~~curbs, gutters, alley approaches, streets, crossings, and~~
7 ~~utility service connections are an integral part of the~~
8 ~~creation of storm sewer districts, sanitary sewer districts,~~
9 ~~or street pavement districts, the~~ The city council or
10 commission may assess ~~a portion of the improvements upon the~~
11 ~~area basis as set forth under 7-12-4162, other portions of~~
12 ~~the improvements upon a linear feet basis as set forth under~~
13 ~~7-12-4163, and~~ utility service connections upon a lump sum
14 based on the bid price in the improvement district contract
15 and assessed assess only against the lots, tracts, or
16 parcels of land served by the utility connection or
17 connections, ~~all~~ within the same special improvement
18 district, so long as such assessment is equitable."

19 Section 40. Section 7-12-4165, MCA, is amended to
20 read:

21 "7-12-4165. Assessment of costs -- offstreet parking
22 option. (1) When the purpose of the assessment is for the
23 establishment and/or improvement of offstreet parking as
24 provided in this section, the city council or commission
25 shall assess, against the real property specifically

1 benefited by the offstreet parking facilities, the cost of
2 the developments involved in proportion to the benefits
3 received by each benefited tract of land within said
4 district.

5 (2) In determining the benefit to be received by each
6 parcel of land, the council or commission shall consider:

7 (a) the relative distance of the parking facility from
8 each parcel of land within the area of the special
9 improvement district;

10 (b) the relative needs of parking spaces for each
11 parcel of land located within the boundaries of said
12 district, either as established by the city zoning
13 ordinance, if any, or otherwise, with relation to the use of
14 said parcel;

15 (c) the assessed value of each parcel within said
16 district;

17 (d) the square footage of each parcel within said
18 district as it relates to the whole;

19 (e) the square footage of floorspace in any
20 improvements on the parcel and the various uses of such
21 floorspace;

22 (f) the availability of existing on-site parking space
23 on any parcel of land within the district."

24 ~~NEW SECTION:--Section 42,--Other--equitable--methods--of~~
25 ~~assessment:--The city council may assess the cost of an~~

1 improvement--against-benefited-lots,-tracts,-or-parcels-in-a
 2 special-improvement-district-on--the--basis--of--such--other
 3 method-as-it-determines-to-be-equitable-in-proportion-to-the
 4 benefits--received--by--the--lot,-tract,-or-parcel-from-the
 5 improvement-

6 Section 41. Section 7-12-4169, MCA, is amended to
 7 read:

8 "7-12-4169. Incidental expenses considered as cost of
 9 improvements. (1) The costs and expenses connected with and
 10 incidental to the formation of any special improvement
 11 district, including costs of preparation of plans,
 12 specifications, maps, and plats; engineering,
 13 superintendence, and inspection; and preparation of
 14 assessment rolls; and the other incidental expenses
 15 described in 7-12-4101(7) shall be considered a part of the
 16 cost and expenses of making the improvements within such
 17 special improvement district.

18 (2) The costs of any improvement may, at the option of
 19 the municipal governing body, include an amount not to
 20 exceed 5% of the principal amount of any bonds or warrants
 21 to be issued, which shall be deposited in the revolving fund
 22 created in 7-12-4221."

23 Section 42. Section 7-12-4176, MCA, is amended to
 24 read:

25 "7-12-4176. Resolution for tax levy upon district

1 property. (1) To defray the cost of making or acquiring
 2 improvements in any special improvement district or of
 3 acquiring property for opening, widening, or extending any
 4 street or alley or to defray the cost and expense of
 5 changing any grade of any street, avenue, or alley, the city
 6 council shall by resolution levy and assess a tax upon all
 7 benefited property in any district created for such purpose,
 8 using for a basis for assessment ~~one--of the method or~~
 9 ~~methods set forth in 7-12-4161 through 7-12-4165~~ or {section
 10 44 42} and described in the resolution of intention.

11 (2) Such resolutions shall contain a description of
 12 each lot and parcel of land, with the name of the owner, if
 13 known, the amount of each partial payment to be made, and
 14 the day when the same shall become delinquent.

15 (3) Such resolution, signed by the mayor and clerk,
 16 shall be kept on file in the office of the city clerk."

17 Section 43. Section 7-12-4177, MCA, is amended to
 18 read:

19 "7-12-4177. Notice of resolution for tax levy --
 20 protest and hearing. (1) A notice signed by the city clerk,
 21 stating that the resolution levying the special assessment
 22 to defray the cost of such improvements is on file in his
 23 office and subject to inspection for a period of 5 10 days,
 24 shall be:

25 (a) published at least once in a newspaper published

1 in the city or town;

2 (b) mailed to the owner of each lot, tract, or parcel
3 of land to be assessed (such lands must be identified and
4 the mailing address determined from the last completed
5 assessment roll for state, county, and school district
6 taxes); and

7 (c) mailed to such other persons known to the clerk to
8 have an ownership interest in the property.

9 (2) Such notice shall state the time and place at
10 which objections to the final adoption of such resolution
11 will be heard by the council. The time for such hearing
12 shall not be less than 5 10 days after the publication and
13 mailing of such notice."

14 Section 44. Section 7-12-4179, MCA, is amended to
15 read:

16 "7-12-4179. Payment of maintenance costs -- resolution
17 for assessment. (1) The cost of maintaining each of the
18 improvements shall be paid by assessing the benefited
19 properties of the entire district under a permissible
20 assessment option as provided in 7-12-4162 through 7-12-4165
21 and {section 44 42}.

22 (2) It is the duty of the council to estimate, as
23 nearly as practicable, the cost of maintaining the
24 improvements in each district for the season. Before the
25 first Monday in September of each year, the council shall

1 pass and finally adopt a resolution levying and assessing
2 all the property within the several districts with an amount
3 equal to the whole cost of maintaining the improvements
4 within the several districts.

5 (3) The resolution levying assessments to defray the
6 cost of maintenance of the improvement shall be prepared and
7 certified in the same manner as a resolution levying
8 assessments for making improvements in the special
9 improvement district.

10 (4) The council may change by resolution, not more
11 than once a year, the boundaries of any maintenance
12 district, but the change of boundaries may not affect
13 indebtedness existing at the time of the change."

14 Section 45. Section 7-12-4188, MCA, is amended to
15 read:

16 "7-12-4188. Due date for district assessments. (1) All
17 special assessments or installments of special assessments
18 in cities and towns, duly and regularly levied by resolution
19 according to law, shall be payable in installments as
20 follows:

21 (a) one-half of the payment on or before 5 p.m. on
22 November 30 of each year ~~except as provided in subsection~~
23 ~~(2); and~~

24 ~~(2)(b) The governing body of a municipality may~~
25 ~~provide by resolution that one-half of the payment on~~

1 ~~special assessments or installments of special assessments~~
 2 ~~may be deferred to no later than~~ or before 5 p.m. on May 31
 3 of the following year.

4 ~~(3)~~(2) In the event the same are not paid on or before
 5 said ~~date~~ dates, the same shall be subject to the same
 6 interest and penalties for nonpayment as delinquent property
 7 taxes under 15-16-102."

8 Section 46. Section 7-12-4189, MCA, is amended to
 9 read:

10 "7-12-4189. Simple interest on assessments. (1) Upon
 11 all special assessments and taxes levied and assessed in
 12 accordance with any of the provisions of this part, simple
 13 interest shall be charged at an annual rate not exceeding
 14 the sum of 1/2 of 1% a year plus the average interest rate
 15 payable on the outstanding bonds or warrants of the special
 16 improvement district.

17 (2) The treasurer, in collecting such special
 18 assessment taxes if the same are payable in one installment,
 19 shall collect such interest as may be shown to be due
 20 thereon by the resolution levying such assessment. If such
 21 assessment be payable in installments, the treasurer shall,
 22 at the time of collecting the first installment, collect
 23 such interest as may be shown to be due on such assessment
 24 by the resolution levying such assessment, and thereafter he
 25 shall collect with each subsequent installment interest on

1 the whole amount remaining unpaid."

2 Section 47. Section 7-12-4190, MCA, is amended to
 3 read:

4 "7-12-4190. Payment of assessments in installments.
 5 (1) The payment of assessments to defray the cost of
 6 acquiring or constructing any improvements in special
 7 improvement districts may be spread over a term of not to
 8 exceed 20 years, payments to be made in equal annual
 9 installments.

10 (2) If the bonds of the special improvement district
 11 are issued as serial bonds, the assessments must be payable
 12 in equal annual installments. If the bonds are issued as
 13 amortization bonds, the assessments must be payable in equal
 14 annual installments of principal and interest, each in the
 15 amount required to pay the principal over the term of
 16 payment, with interest at the rate then borne by the
 17 assessment.

18 (3) Any assessment that is not delinquent may be
 19 prepaid, in whole but not in part, at any time after the
 20 assessment is levied, by the payment of the assessment, with
 21 interest accrued and to accrue thereon through the next date
 22 on which interest on bonds of the special improvement
 23 district is payable."

24 NEW SECTION. Section 48. Change in outstanding
 25 principal of district -- relevy of assessments. If proceeds

1 of the bonds or warrants of the special improvement
 2 district, including investment income thereon, are applied
 3 to the redemption and prepayment of such bonds or warrants,
 4 as provided in 7-12-4205 and 7-12-4206, or if refunding
 5 bonds are issued pursuant to [section 61 58] and the
 6 principal amount of the outstanding bonds of the district is
 7 decreased or increased, the assessments levied in the
 8 district and then outstanding must be reduced or increased,
 9 respectively, pro rata by the principal amount of such
 10 prepayment or the increment above or below the outstanding
 11 principal amount of bonds represented by the refunding
 12 bonds. The city council shall reassess and relevel such
 13 assessments, with the same effect as an original levy, in
 14 such reduced or increased amounts in accordance with the
 15 provisions of 7-12-4176 through 7-12-4178.

16 Section 49. Section 7-12-4201, MCA, is amended to
 17 read:

18 "7-12-4201. Use of bonds and warrants. All costs and
 19 expenses incurred in the acquisition or construction of any
 20 improvements specified in part 41 in any improvement
 21 district or incurred in the issuance of the bonds or
 22 warrants of the district, including incidental expenses,
 23 shall be paid for by special improvement district bonds or
 24 warrants. The city or town council shall provide for making
 25 payments for improvements in any special improvement

1 district by the method provided in 7-12-4204 and 7-12-4205."

2 Section 50. Section 7-12-4203, MCA, is amended to
 3 read:

4 "7-12-4203. Details relating to special improvement
 5 district bonds and warrants. (1) The bonds and warrants
 6 shall be drawn against the special improvement district fund
 7 created for the district and shall bear interest from the
 8 date of registration until called for redemption or paid in
 9 full. The interest shall be payable annually or
 10 semiannually, at the discretion of the governing body of the
 11 municipality, on such dates as the governing body
 12 prescribes. Such warrants (or bonds) shall bear the
 13 signatures of the mayor and clerk and shall bear the
 14 corporate seal of the city. They shall be registered in the
 15 office of the clerk and treasurer, and if interest coupons
 16 be attached thereto, they shall also be so registered and
 17 shall bear the signatures of the mayor and clerk.

18 (2) Said bonds shall be in denominations of \$100 or
 19 fractions or multiples thereof, may be issued in
 20 installments, and may extend over a period not to exceed 20
 21 years.

22 (3) All special improvement district bonds must be
 23 amortization bonds unless, in the judgment of the city
 24 council, serial bonds will be more advantageous to the
 25 district and can be sold at a comparatively reasonable rate

1 or rates of interest."

2 NEW SECTION. Section 51. Definition of forms of
3 bonds. As used in part 41 and this part, unless the context
4 clearly indicates otherwise, the following definitions
5 apply:

6 (1) "Amortization bonds" means the form of bonds on
7 which:

8 (a) a part of the principal must be paid each time
9 interest becomes payable;

10 (b) the part payment of principal increases at each
11 installment in the same amount that the interest decreases;

12 (c) the combined interest and principal due on each
13 due date remains the same until the bonds are paid;

14 (d) the final payment may vary from prior payments in
15 the amount resulting from disregarding fractional costs in
16 prior payments; and

17 (e) the initial payment may be larger than subsequent
18 payments if such increase represents interest accrued over
19 an additional period not greater than 6 months.

20 (2) "Serial bonds" means the form of bonds that are
21 payable in annual installments and on which the amount
22 maturing each year may not be more than three times the
23 principal amount of bonds maturing in any previous year.

24 Section 52. Section 7-12-4204, MCA, is amended to
25 read:

1 "7-12-4204. Procedure to issue bonds and warrants. (1)
2 The city or town council shall sell bonds or warrants issued
3 under the provisions of 7-12-4201, in an amount sufficient
4 to pay that part of the total cost and expense of making the
5 improvement improvements which is to be assessed against the
6 benefited property within the district, to the highest and
7 best bidder therefor for cash ~~and-for-not-less-than-the-face~~
8 ~~value--of--such--bonds--or--warrants,~~ at a price, including
9 interest thereon: to date of delivery, not less than that
10 prescribed by the city council in the resolution calling for
11 the sale of the bonds or warrants. The city council may fix
12 the minimum price for the bonds or warrants in an amount
13 less than the face value thereof if it determines that such
14 sale is in the best interests of the district and the city.

15 (2) The bonds or warrants may be sold at a private
16 negotiated sale to the United States or the state of
17 Montana, or an agency, instrumentality, corporation, or
18 department thereof.

19 ~~{2}~~(3) The In all other cases, the provisions of
20 7-7-4251 through 7-7-4254 with regard to the notice of sale,
21 publication of notice, and manner and method of selling
22 bonds by cities and towns, insofar as the same are
23 applicable thereto and not in conflict with the provisions
24 of this section and 7-12-4205, shall apply to, govern, and
25 control the form of notice of sale, publication of notice,

1 and manner and method of selling such bonds or warrants."

2 NEW SECTION. Section 53. Pooling of bonds of
3 districts in city. (1) If the city council determines by
4 resolution that the pooling of bonds of more than one
5 special improvement district of the city is in the best
6 interest of the city and the respective districts and will
7 facilitate the sale of the bonds under more advantageous
8 terms or with lower interest rates, the city may issue bonds
9 of the districts combined in a single offering. Such bonds
10 must be secured by the special improvement district
11 revolving fund of the city.

12 (2) The title of the bonds issued pursuant to this
13 section shall denote that bonds of different special
14 improvement districts have been pooled and shall refer to
15 the numbers of the districts. The bonds must be drawn
16 against a sinking fund that has separate accounts for each
17 special improvement district combined for financing
18 purposes, into which accounts must be payable the
19 assessments levied in each of the districts.

20 Section 54. Section 7-12-4205, MCA, is amended to
21 read:

22 "7-12-4205. Disposition of bond or warrant proceeds.

23 (1) The city or town council shall use the proceeds of such
24 sale in making payment ~~to the contractor or contractors~~ for
25 the cost of the improvements. ~~Such payment~~ Payments to

1 contractors may be made either from time to time, on
2 estimates made by the engineer in charge of such
3 improvements for the city or town, or upon the entire
4 completion of the improvements and the acceptance thereof by
5 the city or town council.

6 (2) ~~All~~ During the construction of the improvements,
7 all interest earned on the investment of bond or warrant
8 proceeds must be credited to the construction account of the
9 improvement district fund from which the proceeds were
10 withdrawn.

11 (3) Any proceeds of the bonds or warrants, including
12 investment income thereon, remaining after payment of all
13 costs of the improvements must be transferred to the sinking
14 fund in the improvement district fund and applied, to the
15 extent possible, to the prepayment and redemption of bonds
16 or warrants on the next succeeding redemption date for which
17 notice of redemption may properly be given."

18 Section 55. Section 7-12-4206, MCA, is amended to
19 read:

20 "7-12-4206. Redemption of bonds and warrants. (1) The
21 Special improvement district warrants or bonds shall be
22 ~~redeemed by the treasurer when there is money in the special~~
23 ~~improvement--district--fund--against--which--the--warrants--or~~
24 ~~bonds--are--drawn--on--presentation--of--the--coupons--belonging~~
25 ~~thereto--and--any--money--remaining--shall--be--applied--to--the~~

1 ~~payment of the principal and the redemption of the warrants~~
 2 ~~or bonds in the order of their registration; on any interest~~
 3 ~~payment date from the proceeds of the bonds or warrants~~
 4 ~~remaining after payment of all costs of the improvements, as~~
 5 ~~provided in 7-12-4205, or from the prepayment of assessments~~
 6 ~~levied in the district. Special improvement district bonds~~
 7 ~~or warrants are subject to redemption and prepayment at the~~
 8 ~~option of the city, in order of registration, on any~~
 9 ~~interest payment date after one-half of the term for which~~
 10 ~~they were issued has expired AFTER ONE THIRD OF THE TERM FOR~~
 11 ~~WHICH THEY WERE ISSUED HAS EXPIRED.~~

12 (2) Whenever there is any money in any special
 13 improvement district fund after paying the interest on the
 14 warrants or bonds drawn against the fund; the treasurer
 15 shall call in for payment outstanding warrants or bonds
 16 which, together with the interest thereon to the date of
 17 redemption, will equal the amount of the fund on that date.
 18 The date of redemption shall be fixed by the treasurer and
 19 may not be less than 10 days after the date of publication
 20 or of service mailing of notice, and on the date so fixed,
 21 interest ceases. The treasurer shall give notice by
 22 publication once in a newspaper published in the city or, at
 23 the option of the treasurer, by written notice to the
 24 holders of the warrants or bonds to be redeemed, if their
 25 addresses are known, of the number of warrants or bonds to

1 be redeemed and the date on which payment will be made. If
 2 the addresses of the holders of all bonds or warrants to be
 3 redeemed are not known, the treasurer shall publish notice
 4 of redemption once in a newspaper published in the city."

5 Section 60, Section 7-12-4222, MCA, is amended to
 6 read:

7 "7-12-4222. Sources of money for revolving fund; (i)
 8 For the purpose of providing funds for such revolving fund,
 9 the city or town council:

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 city or town such amount or amounts as may be deemed
 13 necessary, which amount or amounts so transferred shall be
 14 deemed and considered and shall be loans from such general
 15 fund to the revolving fund; and

16 (ii) may include in the cost of the improvement to be
 17 defrayed from the proceeds of the bonds or warrants an
 18 amount up to 5% 15% of the principal amount of the bonds or
 19 warrants and deposit it in the revolving fund upon receipt
 20 of such proceeds; and

21 (b) shall, in addition to such transfer or transfers
 22 from the general fund or in lieu thereof, levy and collect
 23 for such revolving fund such a tax, hereby declared to be
 24 for a public purpose, on all the taxable property in such
 25 city or town as shall be necessary to meet the financial

1 requirements of such fund; However, a tax may not be levied
 2 if the balance in the revolving fund exceeds 5% 15% of the
 3 principal amount of the then outstanding special improvement
 4 district bonds and warrants secured thereby; If a tax is
 5 levied, the tax may not be an amount that would increase the
 6 balance in the revolving fund above 5% 15% of the
 7 then outstanding special improvement district bonds and
 8 warrants secured thereby.

9 (2) Whenever there shall be money in the district fund
 10 which is not required for payment of any bond or warrant of
 11 such district secured by the revolving fund or of interest
 12 thereon, so much of such money as may be necessary to pay
 13 the loan provided for in 7-12-4223 shall by order of the
 14 council be transferred to the revolving fund; After all the
 15 bonds and warrants issued on any special improvement
 16 district or sidewalk, curb, and alley approach warrants
 17 secured by the revolving fund have been fully paid, all
 18 money remaining in such district fund shall by order of the
 19 council be transferred to and become part of the revolving
 20 fund."

21 NEW SECTION. Section 56. Refunding bonds. (1) A city
 22 may issue special improvement district bonds for the purpose
 23 of providing the money needed to pay principal of and
 24 interest on outstanding special improvement district bonds.
 25 To issue bonds for such purpose, the city council, at a

1 regular meeting or a duly called special meeting, shall
 2 adopt a resolution setting forth:

3 (a) the facts regarding the outstanding bonds that are
 4 to be refunded;

5 (b) the reasons for issuing refunding bonds; and

6 (c) the term and details of the refunding bonds.

7 (2) If the refunding bonds are proposed to be issued
 8 in an amount greater than the amount of outstanding bonds to
 9 be refunded, the city council may not authorize the issuance
 10 of such bonds until it has conducted a public hearing on the
 11 desirability of issuing the bonds, after published and
 12 mailed notice as provided in 7-12-4106(2), and found by
 13 resolution that such an issuance of refunding bonds is in
 14 the best interest of the special improvement district.

15 (3) After the adoption of the required resolution or
 16 resolutions, the council may:

17 (a) sell the refunding bonds at a private negotiated
 18 sale; or

19 (b) at its option, give notice of the sale and sell
 20 the refunding bonds in the same manner that other special
 21 improvement district bonds are sold.

22 (4) Bonds may not be refunded by the issuance of
 23 refunding bonds unless the rate of interest offered on the
 24 refunding bonds is at least 1/2 of 1% a year less than the
 25 rate of interest on the bonds to be refunded.

1 (5) (a) Refunding bonds issued pursuant to this
 2 section may be issued to refund outstanding bonds in advance
 3 of the date on which such bonds mature or are subject to
 4 redemption, but the proceeds of the refunding bonds, less
 5 any accrued interest or premium received upon the sale
 6 thereof, must be deposited with other funds appropriated for
 7 the payment of the outstanding bonds in escrow with a
 8 suitable banking institution or trust company, which may be
 9 located either in or out of the state.

10 (b) Funds so deposited must be invested in securities
 11 that are general obligations of the United States or
 12 securities the principal of and interest on which are
 13 guaranteed by the United States. Such securities must mature
 14 or be callable at the option of the holder on such dates and
 15 bear interest at such rates and be payable on such dates as
 16 may be required to provide funds sufficient, with any cash
 17 deposited in the escrow account, to pay when due:

18 (i) the interest to accrue on each refunded bond to
 19 its maturity or redemption date, if called for redemption;

20 (ii) the principal on each refunded bond at maturity or
 21 upon such redemption date; and

22 (iii) any redemption premium.

23 (c) The escrow account must be irrevocably
 24 appropriated to the payment of the principal of an interest
 25 and redemption premium, if any, on the refunded bonds.

1 (d) Funds to the credit of the debt service fund for
 2 the payment of the refunded bonds and not required for the
 3 payment of principal thereof or interest thereon due prior
 4 to issuance of the refunding bonds may be appropriated by
 5 the council to the escrow account.

6 (e) The city may pay the reasonable costs and expenses
 7 of printing the refunding bonds and of establishing and
 8 maintaining the escrow account.

9 (6) Refunding bonds may be issued under this section
 10 to pay principal of or interest on special improvement
 11 district bonds outstanding on [the effective date of this
 12 act] only if:

13 (a) ~~one-half~~ ONE-THIRD or more of the term for which
 14 such bonds were issued has expired; or

15 (b) there is a deficiency in the bond account or
 16 interest account of the special improvement district fund
 17 from which such bonds are payable.

18 NEW SECTION. Section 57. Codification instruction.

19 (1) Sections 6, 16, 17, 20, 22, 27 AND 25~~7~~~~-and-28~~ 26 are
 20 intended to be codified as an integral part of Title 7,
 21 chapter 12, part 21, and the provisions of Title 7, chapter
 22 12, part 21, apply to sections 6, 16, 17, 20, 22, 27 AND 25
 23 and-28 26.

24 (2) Sections ~~38~~~~7-44~~~~7-52~~~~7-55~~~~7-57~~~~-and-61~~ 36~~7~~~~--42~~~~7--50~~
 25 53~~7--55~~~~7--AND--58~~ 35, 48, 51, 53, AND 56 are intended to be

1 codified as an integral part of Title 7, chapter 12, parts
2 41 and 42, and the provisions of Title 7, chapter 12, parts
3 41 and 42, apply to sections ~~38, 44, 52, 55, 57, and 61~~ 36,
4 42, 50, 53, 55, AND 58 35, 48, 51, 53, AND 56.

5 NEW SECTION. Section 58. Effective date. This act is
6 effective on passage and approval.

-End-