

SENATE BILL NO. 284

INTRODUCED BY TOWE

IN THE SENATE

January 31, 1985	Introduced and referred to Committee on Taxation.
February 22, 1985	Committee recommend bill do pass as amended. Report adopted.
February 23, 1985	Bill printed and placed on members' desks.
February 25, 1985	Second reading, do pass.
February 26, 1985	Considered correctly engrossed.
February 27, 1985	Third reading, passed. Ayes, 50; Noes, 0.
	Transmitted to House.

IN THE HOUSE

March 7, 1985	Introduced and referred to Committee on Natural Resources.
March 26, 1985	Committee recommend bill be concurred in. Report adopted.
March 30, 1985	Second reading, concurred in.
April 1, 1985	Third reading, concurred in. Returned to Senate.

IN THE SENATE

April 1, 1985

Received from House.

Sent to enrolling.

Reported correctly enrolled.

1 Senate BILL NO. 284  
2 INTRODUCED BY [Signature]

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROVISIONS FOR  
5 REPAYMENT OF COAL BOARD LOANS; AMENDING SECTIONS 7-3-1321,  
6 7-6-2211, 7-6-4121, 7-7-2101, 7-7-2402, 7-16-2327, AND  
7 90-6-209, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 90-6-209, MCA, is amended to read:

11 "90-6-209. Limitations on grants and loans. (1) The  
12 board may commit itself to the expenditure of funds for more  
13 than 1 year for a single project, as long as the grant or  
14 loan does not extend over more than 10 years and does not  
15 exceed reasonable revenue expectations. The total amount of  
16 grants and loans to state agencies and Indian tribes may not  
17 exceed 7% of the total money allocated to the board during  
18 each fiscal year.

19 (2) (a) ~~No~~ Except as provided in subsection  
20 (2)(a)(ii), no loan may be approved by the board if the  
21 source of money for repayment would be derived from property  
22 taxes. Repayment may be made from:

23 (i) fees, rentals, admissions, use charges, special  
24 assessments; and

25 (ii) property taxes to the extent that the loan

1 repayment does not exceed the total tax collected during the  
2 same fiscal year on gross proceeds of coal produced in the  
3 county where the local government borrower is located.

4 (b) Provisions in this code limiting indebtedness of a  
5 city, town, county, school district, or any other local or  
6 state governmental unit or agency do not apply to a loan  
7 approved by the board except to the extent that the loan  
8 causes the borrower's total indebtedness to exceed 200% of  
9 the limits provided.

10 (c) Provisions in this code requiring a city, town,  
11 county, school district, or any other local or state  
12 governmental unit or agency to conduct an election to  
13 authorize borrowing do not apply to a loan approved by the  
14 board.

15 (b)(d) The repayment period for loans approved by the  
16 board may not exceed 20 years.

17 (e)(e) The board shall hold all loan contracts within  
18 its administrative offices. The board may not sell, assign,  
19 or pledge a loan contract to any other entity.

20 (d)(f) A local government unit or the governing body  
21 of a federally recognized Indian tribe receiving a loan from  
22 the board shall use or commit for use the loan money within  
23 1 year of the date of the board's final approval of the  
24 loan.

25 (e)(g) If a local government unit or the governing

1 body of a federally recognized Indian tribe fails to comply  
2 with subsection ~~(4)~~ (2)(f), the entire loan must be repaid  
3 within 30 days following expiration of the 1-year period.

4 (3) No loan or grant to an Indian tribe under 90-6-205  
5 may be approved by the board unless, with respect to that  
6 loan or grant:

7 (a) the governing body of the tribe has agreed:

8 (i) to waive its immunity from suit on any issue  
9 specifically arising from the transaction of a loan or grant  
10 obtained under this part; and

11 (ii) to the adjudication of any dispute arising out of  
12 the loan or grant transaction in the district court of the  
13 first judicial district of the state of Montana; and

14 (b) approval of the transaction has been obtained from  
15 the secretary of the United States department of the  
16 interior whenever such approval is necessary."

17 Section 2. Section 7-3-1321, MCA, is amended to read:

18 "7-3-1321. Authorization to incur indebtedness --  
19 limitation. (1) The consolidated municipality may borrow  
20 money or issue bonds for any municipal purpose to the extent  
21 and in the manner provided by the constitution and laws of  
22 Montana for the borrowing of money or issuing of bonds by  
23 counties and cities and towns.

24 (2) The Except as provided in 90-6-209, the  
25 municipality may not become indebted in any manner or for

1 any purpose to an amount, including existing indebtedness,  
2 in the aggregate exceeding 28% of the taxable value of the  
3 taxable property therein, as ascertained by the last  
4 assessment for state and county taxes prior to incurring  
5 such indebtedness. All warrants, bonds, or obligations in  
6 excess of such amount given by or on behalf of the  
7 municipality shall be void."

8 Section 3. Section 7-6-2211, MCA, is amended to read:

9 "7-6-2211. Authorization to conduct county business on  
10 a cash basis. (1) In case the total indebtedness of a  
11 county, lawful when incurred, exceeds the limit of ~~22.5%~~ 23%  
12 established in 7-7-2101 by reason of great diminution of  
13 taxable value, the county may conduct its business affairs  
14 on a cash basis and pay the reasonable and necessary current  
15 expenses of the county out of the cash in the county  
16 treasury derived from its current revenue and under such  
17 restrictions and regulations as may be imposed by the board  
18 of county commissioners of the county by a resolution duly  
19 adopted and included in the minutes of the board.

20 (2) Nothing in this section restricts the right of the  
21 board to make the necessary tax levies for interest and  
22 sinking fund purposes, and nothing in this section affects  
23 the right of any creditor of the county to pursue any remedy  
24 now given him by law to obtain payment of his claim.

25 (3) The provisions of this section do not apply to

1 loans approved under 90-6-209."

2 Section 4. Section 7-6-4121, MCA, is amended to read:

3 "7-6-4121. Authorization to conduct municipal business  
4 on a cash basis. (1) In case the total indebtedness of a  
5 city or town has reached 17% of the total taxable value of  
6 the property of the city or town subject to taxation, as  
7 ascertained by the last assessment for state and county  
8 taxes, the city or town may conduct its affairs and business  
9 on a cash basis as provided by subsection (2).

10 (2) (a) Whenever a city or town is conducting its  
11 business affairs on a cash basis, the reasonable and  
12 necessary current expenses of the city or town may be paid  
13 out of the cash in the city or town treasury and derived  
14 from its current revenues, under such restrictions and  
15 regulations as the city or town council may by ordinance  
16 prescribe.

17 (b) In the event that payment is made in advance, the  
18 city or town may require a cash deposit as collateral  
19 security and indemnity, equal in amount to such payment, and  
20 may hold the same as a special deposit with the city  
21 treasurer or town clerk, in package form, as a pledge for  
22 the fulfillment and performance of the contract or  
23 obligation for which the advance is made.

24 (c) Before the payment of the current expenses  
25 mentioned above, the city or town council shall first set

1 apart sufficient money to pay the interest upon its legal,  
2 valid, and outstanding bonded indebtedness and any sinking  
3 funds therein provided for and shall be authorized to pay  
4 all valid claims against funds raised by tax especially  
5 authorized by law for the purpose of paying such claims.

6 (3) The provisions of this section do not apply to  
7 loans approved under 90-6-209."

8 Section 5. Section 7-7-2101, MCA, is amended to read:

9 "7-7-2101. Limitation on amount of county  
10 indebtedness. (1) No county may become indebted in any  
11 manner or for any purpose to an amount, including existing  
12 indebtedness, in the aggregate exceeding 23% of the taxable  
13 value of the property therein subject to taxation as  
14 ascertained by the last assessment for state and county  
15 taxes previous to the incurring of such indebtedness.

16 (2) No county may incur indebtedness or liability for  
17 any single purpose to an amount exceeding \$150,000 without  
18 the approval of a majority of the electors thereof voting at  
19 an election to be provided by law, except as provided in  
20 7-21-3413 and 7-21-3414.

21 (3) The provisions of this section do not apply to  
22 loans approved under 90-6-209."

23 Section 6. Section 7-7-2402, MCA, is amended to read:

24 "7-7-2402. Election required to borrow money --  
25 exceptions. (1) Except as provided in subsection (3), the

1 board of county commissioners must not borrow money for any  
2 of the purposes mentioned in this title or for any single  
3 purpose to an amount exceeding \$10,000 without:

4 (a) first having submitted the question of a loan to a  
5 vote of the electors of the county; and

6 (b) the approval of a majority of the electors of the  
7 county.

8 (2) If a majority of the votes cast are in favor of  
9 the loan, then the board may make the loan, issuing bonds or  
10 otherwise as may seem best for the interests of the county.

11 (3) It shall not be necessary to submit to the  
12 electors the question of borrowing money:

13 (a) to refund outstanding bonds; or

14 (b) for the purpose of enabling any county to  
15 liquidate its indebtedness to another county incident to the  
16 creation of a new county or the change of any county  
17 boundary lines; or

18 (c) under the provisions of 90-6-209."

19 Section 7. Section 7-16-2327, MCA, is amended to read:

20 "7-16-2327. Indebtedness for park purposes. (1)  
21 Subject to the provisions of subsection (2), a county park  
22 board, in addition to powers and duties now given under law,  
23 shall have the power and duty to contract an indebtedness in  
24 behalf of a county, upon the credit thereof, for the  
25 purposes of 7-16-2321(1) and (2).

1 (2) (a) The total amount of indebtedness authorized to  
2 be contracted in any form, including the then-existing  
3 indebtedness, must not at any time exceed 13% of the taxable  
4 value of the taxable property in the county ascertained by  
5 the last assessment for state and county taxes previous to  
6 the incurring of such indebtedness.

7 (b) No money may be borrowed on bonds issued for the  
8 purchase of lands and improving same for any such purpose  
9 until the proposition has been submitted to the vote of  
10 those qualified under the provisions of the state  
11 constitution to vote at such election in the county affected  
12 thereby and a majority vote is cast in favor thereof.

13 (3) The provisions of subsection (2) do not apply to  
14 loans approved under 90-6-209."

15 NEW SECTION. Section 8. Extension of authority. Any  
16 existing authority of the coal board to make rules on the  
17 subject of the provisions of this act is extended to the  
18 provisions of this act.

19 NEW SECTION. Section 9. Effective date. This act is  
20 effective on passage and approval.

-End-

APPROVED BY COMMITTEE  
ON TAXATION

SENATE BILL NO. 284  
INTRODUCED BY TOWE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROVISIONS FOR REPAYMENT OF COAL BOARD LOANS; AMENDING SECTIONS--7-3-1321, 7-6-2211,--7-6-4121,--7-7-2101,--7-7-2402,--7-16-2327--AND SECTION 90-6-209, MCA,--AND PROVIDING AN IMMEDIATE--EFFECTIVE DATE."

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

Section 1. Section 90-6-209, MCA, is amended to read:

"90-6-209. Limitations on grants and loans. (1) The board may commit itself to the expenditure of funds for more than 1 year for a single project, as long as the grant or loan does not extend over more than 10 years and does not exceed reasonable revenue expectations. The total amount of grants and loans to state agencies and Indian tribes may not exceed 7% of the total money allocated to the board during each fiscal year.

(2) (a) No ~~Except--as--provided--in--subsection~~ ~~(2)(a)(i)~~ NO loan may be approved by the board if the source of money for repayment would be derived from property taxes. Repayment may be made from:

(i) fees, rentals, admissions, use charges, AND special assessments; and.

~~(ii) property taxes to the extent that the loan repayment does not exceed the total tax collected during the same fiscal year on gross proceeds of coal produced in the county where the local government borrower is located;~~

~~(b) Provisions in this code limiting indebtedness of a city, town, county, school district, or any other local or state governmental unit or agency do not apply to a loan approved by the board except to the extent that the loan causes the borrower's total indebtedness to exceed 200% of the limits provided;~~

~~(c) Provisions in this code requiring a city, town, county, school district, or any other local or state governmental unit or agency to conduct an election to authorize borrowing do not apply to a loan approved by the board;~~

(b)(d)(B) The repayment period for loans approved by the board may not exceed 20 years.

(c)(e)(C) The board shall hold all loan contracts within its administrative offices. The board may not sell, assign, or pledge a loan contract to any other entity.

(d)(f)(D) A local government unit or the governing body of a federally recognized Indian tribe receiving a loan from the board shall use or commit for use the loan money within 1 year of the date of the board's final approval of the loan.



1        ~~(e)~~(E) If a local government unit or the governing  
2 body of a federally recognized Indian tribe fails to comply  
3 with subsection ~~(4)~~ (2)~~(f)~~(D), the entire loan must be  
4 repaid within 30 days following expiration of the 1-year  
5 period.

6        (3) No loan or grant to an Indian tribe under 90-6-205  
7 may be approved by the board unless, with respect to that  
8 loan or grant:

9        (a) the governing body of the tribe has agreed:

10        (i) to waive its immunity from suit on any issue  
11 specifically arising from the transaction of a loan or grant  
12 obtained under this part; and

13        (ii) to the adjudication of any dispute arising out of  
14 the loan or grant transaction in the district court of the  
15 first judicial district of the state of Montana; and

16        (b) approval of the transaction has been obtained from  
17 the secretary of the United States department of the  
18 interior whenever such approval is necessary."

19        Section 2, Section 7-3-1321, MCA, is amended to read:

20        "7-3-1321. Authorization to incur indebtedness ---  
21 limitation; --- (1) The consolidated municipality may borrow  
22 money or issue bonds for any municipal purpose to the extent  
23 and in the manner provided by the constitution and laws of  
24 Montana for the borrowing of money or issuing of bonds by  
25 counties and cities and towns;

1        ~~(2) The Except as provided in 90-6-209, the~~  
2 ~~municipality may not become indebted in any manner or for~~  
3 ~~any purpose to an amount, including existing indebtedness,~~  
4 ~~in the aggregate exceeding 28% of the taxable value of the~~  
5 ~~taxable property therein, as ascertained by the last~~  
6 ~~assessment for state and county taxes prior to incurring~~  
7 ~~such indebtedness. All warrants, bonds, or obligations in~~  
8 ~~excess of such amount given by or on behalf of the~~  
9 ~~municipality shall be void."~~

10        Section 3, Section 7-6-2211, MCA, is amended to read:

11        "7-6-2211. Authorization to conduct county business on  
12 a cash basis; --- (1) in case the total indebtedness of a  
13 county, lawful when incurred, exceeds the limit of 22.5% ~~23%~~  
14 established in 7-7-2101 by reason of great diminution of  
15 taxable value, the county may conduct its business affairs  
16 on a cash basis and pay the reasonable and necessary current  
17 expenses of the county out of the cash in the county  
18 treasury derived from its current revenue and under such  
19 restrictions and regulations as may be imposed by the board  
20 of county commissioners of the county by a resolution duly  
21 adopted and included in the minutes of the board;

22        (2) Nothing in this section restricts the right of the  
23 board to make the necessary tax levies for interest and  
24 sinking fund purposes, and nothing in this section affects  
25 the right of any creditor of the county to pursue any remedy



1 now-given-him-by-law-to-obtain-payment-of-his-claim-

2 (3)--The-provisions-of-this-section-do-not-apply-to  
3 loans-approved-under-90-6-209."

4 Section-4--Section--7-6-4121--MCA--is-amended-to-read-

5 "7-6-4121--Authorization-to-conduct-municipal-business  
6 on-a-cash-basis--(1)-in-case-the-total--indebtedness--of--a  
7 city--or--town-has-reached-17%--of-the-total-taxable-value-of  
8 the-property-of-the-city-or-town--subject--to--taxation--as  
9 ascertained--by--the--last--assessment--for--state--and--county  
10 taxes--the-city-or-town-may-conduct-its-affairs-and-business  
11 on-a-cash-basis-as-provided-by-subsection-(2)-

12 (2)--(a)-Whenever-a-city--or--town--is--conducting--its  
13 business--affairs--on--a--cash--basis--the--reasonable--and  
14 necessary-current-expenses-of-the-city-or-town-may-be-paid  
15 out--of--the--cash--in-the-city-or-town-treasury-and-derived  
16 from-its--current--revenues--under--such--restrictions--and  
17 regulations--as--the--city--or--town-council--may-by-ordinance  
18 prescribe-

19 (b)--In-the-event-that-payment-is-made-in-advance--the  
20 city--or--town--may--require--a--cash--deposit-as-collateral  
21 security-and-indemnity--equal-in-amount-to-such-payment--and  
22 may-hold-the--same--as--a--special--deposit--with--the--city  
23 treasurer--or--town--clerk--in-package-form--as-a-pledge-for  
24 the--fulfillment--and--performance--of--the--contract--or  
25 obligation-for-which-the-advance-is-made-

1 (c)--Before---the---payment---of---the---current---expenses  
2 mentioned-above--the-city-or-town-council--shall--first--set  
3 apart--sufficient--money-to-pay-the-interest-upon-its-legal--  
4 valid--and-outstanding-bonded-indebtedness--and--any--sinking  
5 funds--therein--provided--for--and--shall-be-authorized-to-pay  
6 all-vaid-claims-against--funds--raised--by--tax--especially  
7 authorized-by-law-for-the-purpose-of-paying-such-claims-

8 (3)--The-provisions-of-this-section-do-not-apply-to  
9 loans-approved-under-90-6-209."

10 Section-5--Section-7-7-2101--MCA--is-amended-to--read-

11 "7-7-2101--Limitation-----on-----amount-----of-----county  
12 indebtedness--(1)-No-county--may--become--indebted--in--any  
13 manner--or--for-any-purpose-to-an-amount--including-existing  
14 indebtedness--in-the-aggregate-exceeding-23%--of-the--taxable  
15 value--of--the--property--therein--subject--to--taxation--as  
16 ascertained-by-the-last--assessment--for--state--and--county  
17 taxes-previous-to-the-incurring-of-such-indebtedness-

18 (2)--No--county-may-incur-indebtedness-or-liability-for  
19 any-single-purpose-to-an-amount-exceeding--\$150,000--without  
20 the-approval-of-a-majority-of-the-electors-thereof-voting-at  
21 an--election--to--be--provided-by-law--except-as-provided-in  
22 7-21-3413-and-7-21-3414-

23 (3)--The-provisions-of-this-section-do-not-apply-to  
24 loans-approved-under-90-6-209."

25 Section-6--Section--7-7-2402--MCA--is-amended-to-read-

1        ~~47-7-2402, Election required to borrow money~~  
 2        ~~exceptions: (1) Except as provided in subsection (3), the~~  
 3        ~~board of county commissioners must not borrow money for any~~  
 4        ~~of the purposes mentioned in this title or for any single~~  
 5        ~~purpose to an amount exceeding \$10,000 without:~~  
 6        ~~(a) first having submitted the question of a loan to a~~  
 7        ~~vote of the electors of the county; and~~  
 8        ~~(b) the approval of a majority of the electors of the~~  
 9        ~~county;~~  
 10       ~~(2) If a majority of the votes cast are in favor of~~  
 11       ~~the loan, then the board may make the loan, issuing bonds or~~  
 12       ~~otherwise as may seem best for the interests of the county.~~  
 13       ~~(3) It shall not be necessary to submit to the~~  
 14       ~~electors the question of borrowing money:~~  
 15       ~~(a) to refund outstanding bonds; or~~  
 16       ~~(b) for the purpose of enabling any county to~~  
 17       ~~liquidate its indebtedness to another county incident to the~~  
 18       ~~creation of a new county or the change of any county~~  
 19       ~~boundary lines; or~~  
 20       ~~(c) under the provisions of 90-6-209."~~  
 21       ~~Section 7, Section 7-16-2327, MCA, is amended to read:~~  
 22       ~~47-16-2327, Indebtedness for park purposes: (1)~~  
 23       ~~Subject to the provisions of subsection (2), a county park~~  
 24       ~~board, in addition to powers and duties now given under law,~~  
 25       ~~shall have the power and duty to contract an indebtedness in~~

1        ~~behalf of a county, upon the credit thereof, for the~~  
 2        ~~purposes of 7-16-2321(1) and (2):~~  
 3        ~~(2) (a) The total amount of indebtedness authorized to~~  
 4        ~~be contracted in any form, including the then-existing~~  
 5        ~~indebtedness, must not at any time exceed 19% of the taxable~~  
 6        ~~value of the taxable property in the county ascertained by~~  
 7        ~~the last assessment for state and county taxes previous to~~  
 8        ~~the incurring of such indebtedness;~~  
 9        ~~(b) No money may be borrowed on bonds issued for the~~  
 10       ~~purchase of lands and improving same for any such purpose~~  
 11       ~~until the proposition has been submitted to the vote of~~  
 12       ~~those qualified under the provisions of the state~~  
 13       ~~constitution to vote at such election in the county affected~~  
 14       ~~thereby and a majority vote is cast in favor thereof;~~  
 15        ~~(3) The provisions of subsection (2) do not apply to~~  
 16        ~~loans approved under 90-6-209."~~  
 17        ~~NEW SECTION. Section 2. Extension of authority. Any~~  
 18        ~~existing authority of the coal board to make rules on the~~  
 19        ~~subject of the provisions of this act is extended to the~~  
 20        ~~provisions of this act.~~  
 21        ~~NEW SECTION. Section 9. Effective date. This act is~~  
 22        ~~effective on passage and approval:~~

-End-

1 SENATE BILL NO. 284

2 INTRODUCED BY TOWE

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROVISIONS FOR  
5 REPAYMENT OF COAL BOARD LOANS; AMENDING SECTIONS--7-3-1327  
6 7-6-2217--7-6-4217--7-7-2101--7-7-2402--7-16-2327--AND  
7 SECTION 90-6-209, MCA, AND PROVIDING AN IMMEDIATE EFFECTIVE  
8 DATE."

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

11 Section 1. Section 90-6-209, MCA, is amended to read:

12 "90-6-209. Limitations on grants and loans. (1) The  
13 board may commit itself to the expenditure of funds for more  
14 than 1 year for a single project, as long as the grant or  
15 loan does not extend over more than 10 years and does not  
16 exceed reasonable revenue expectations. The total amount of  
17 grants and loans to state agencies and Indian tribes may not  
18 exceed 7% of the total money allocated to the board during  
19 each fiscal year.

20 (2) (a) No ~~Except as provided in subsection~~  
21 ~~(2)(a)(i)~~, no NO loan may be approved by the board if the  
22 source of money for repayment would be derived from property  
23 taxes. Repayment may be made from  
24 (i) fees, rentals, admissions, use charges, AND  
25 special assessments, and.

1 ~~(ii) property taxes to the extent that the loan~~  
2 ~~repayment does not exceed the total tax collected during the~~  
3 ~~same fiscal year on gross proceeds of coal produced in the~~  
4 ~~county where the local government borrower is located.~~

5 ~~(b) Provisions in this code limiting indebtedness of a~~  
6 ~~city, town, county, school district, or any other local or~~  
7 ~~state governmental unit or agency do not apply to a loan~~  
8 ~~approved by the board except to the extent that the loan~~  
9 ~~causes the borrower's total indebtedness to exceed 200% of~~  
10 ~~the limits provided.~~

11 ~~(c) Provisions in this code requiring a city, town,~~  
12 ~~county, school district, or any other local or state~~  
13 ~~governmental unit or agency to conduct an election to~~  
14 ~~authorize borrowing do not apply to a loan approved by the~~  
15 ~~board.~~

16 ~~(b)(d)(B)~~ The repayment period for loans approved by  
17 the board may not exceed 20 years.

18 ~~(c)(e)(C)~~ The board shall hold all loan contracts  
19 within its administrative offices. The board may not sell,  
20 assign, or pledge a loan contract to any other entity.

21 ~~(d)(f)(D)~~ A local government unit or the governing  
22 body of a federally recognized Indian tribe receiving a loan  
23 from the board shall use or commit for use the loan money  
24 within 1 year of the date of the board's final approval of  
25 the loan.

1        ~~(e)~~~~(g)~~(E) If a local government unit or the governing  
 2 body of a federally recognized Indian tribe fails to comply  
 3 with subsection ~~(4)~~ (2)~~(f)~~(D), the entire loan must be  
 4 repaid within 30 days following expiration of the 1-year  
 5 period.

6        (3) No loan or grant to an Indian tribe under 90-6-205  
 7 may be approved by the board unless, with respect to that  
 8 loan or grant:

9        (a) the governing body of the tribe has agreed:

10        (i) to waive its immunity from suit on any issue  
 11 specifically arising from the transaction of a loan or grant  
 12 obtained under this part; and

13        (ii) to the adjudication of any dispute arising out of  
 14 the loan or grant transaction in the district court of the  
 15 first judicial district of the state of Montana; and

16        (b) approval of the transaction has been obtained from  
 17 the secretary of the United States department of the  
 18 interior whenever such approval is necessary."

19        ~~Section-2,--Section--7-3-1321,--MCA,--is--amended--to--read:~~

20        ~~"7-3-1321,--Authorization--to--incur--indebtedness-----~~  
 21 ~~limitation,--(1)--The--consolidated-municipality-may-borrow~~  
 22 ~~money-or-issue-bonds-for-any-municipal-purpose-to-the-extent~~  
 23 ~~and-in-the-manner-provided-by-the-constitution-and-laws-of~~  
 24 ~~Montana--for--the--borrowing-of-money-or-issuing-of-bonds-by~~  
 25 ~~counties-and-cities-and-towns.~~

1        ~~(2)--The Except--as--provided--in--90-6-209,--the~~  
 2 ~~municipality--may--not--become--indebted--in--any--manner--or--for~~  
 3 ~~any--purpose--to--an--amount,--including--existing--indebtedness,~~  
 4 ~~in--the--aggregate--exceeding--20%--of--the--taxable--value--of--the~~  
 5 ~~taxable--property--therein,--as--ascertained--by--the--last~~  
 6 ~~assessment--for--state--and--county--taxes--prior--to--incurring~~  
 7 ~~such--indebtedness. All--warrants,--bonds,--or--obligations--in~~  
 8 ~~excess--of--such--amount--given--by--or--on--behalf--of--the~~  
 9 ~~municipality--shall--be--void."~~

10        ~~Section-3,--Section-7-6-221,--MCA,--is--amended--to--read:~~

11        ~~"7-6-221,--Authorization--to--conduct--county--business--on~~  
 12 ~~a--cash--basis,--(1)--In--case--the--total--indebtedness--of--a~~  
 13 ~~county,--lawful--when--incurred,--exceeds--the--limit--of--22-5% 23%~~  
 14 ~~established--in--7-7-2101--by--reason--of--great--diminution--of~~  
 15 ~~taxable--value,--the--county--may--conduct--its--business--affairs~~  
 16 ~~on--a--cash--basis--and--pay--the--reasonable--and--necessary--current~~  
 17 ~~expenses--of--the--county--out--of--the--cash--in--the--county~~  
 18 ~~treasury--derived--from--its--current--revenue--and--under--such~~  
 19 ~~restrictions--and--regulations--as--may--be--imposed--by--the--board~~  
 20 ~~of--county--commissioners--of--the--county--by--a--resolution--duly~~  
 21 ~~adopted--and--included--in--the--minutes--of--the--board.~~

22        ~~(2)--Nothing--in--this--section--restricts--the--right--of--the~~  
 23 ~~board--to--make--the--necessary--tax--levies--for--interest--and~~  
 24 ~~sinking--fund--purposes,--and--nothing--in--this--section--affects~~  
 25 ~~the--right--of--any--creditor--of--the--county--to--pursue--any--remedy~~

1 now-given-him-by-law-to-obtain-payment-of-his-claim;

2 (3)--The-provisions-of-this-section-do-not-apply-to  
3 loans-approved-under-90-6-209."

4 Section-4--Section--7-6-4121, MCA, is amended to read:

5 "7-6-4121--Authorization-to-conduct-municipal-business  
6 on-a-cash-basis--(1)-In-case-the-total--indebtedness--of--a  
7 city--or--town-has-reached-17%--of--the-total-taxable-value-of  
8 the-property-of-the-city-or-town--subject--to--taxation,--as  
9 ascertained--by--the--last--assessment--for--state--and--county  
10 taxes,--the-city-or-town-may-conduct-its-affairs-and-business  
11 on-a-cash-basis-as-provided-by-subsection-(2):

12 (2)--(a)--Whenever-a-city--or--town--is--conducting--its  
13 business--affairs--on--a--cash--basis,--the--reasonable--and  
14 necessary-current-expenses-of-the-city-or-town-may-be-paid  
15 out--of--the--cash--in--the-city-or-town-treasury--and--derived  
16 from-its--current--revenues,--under--such--restrictions--and  
17 regulations--as--the--city--or--town-council--may--by--ordinance  
18 prescribe;

19 (b)--In-the-event-that-payment-is-made-in-advance,--the  
20 city--or--town--may--require--a--cash--deposit--as--collateral  
21 security--and--indemnity,--equal--in--amount--to--such--payment,--and  
22 may--hold--the--same--as--a--special--deposit--with--the--city  
23 treasurer--or--town--clerk,--in--package--form,--as--a--pledge--for  
24 the--fulfillment--and--performance--of--the--contract--or  
25 obligation--for--which--the--advance--is--made;

1 (c)--Before--the--payment--of--the--current--expenses  
2 mentioned-above,--the-city-or-town-council--shall--first--set  
3 apart--sufficient--money--to--pay--the--interest--upon--its--legal,  
4 valid,--and--outstanding--bonded--indebtedness--and--any--sinking  
5 funds--therein--provided--for--and--shall--be--authorized--to--pay  
6 all--valid--claims--against--funds--raised--by--tax--especially  
7 authorized--by--law--for--the--purpose--of--paying--such--claims;

8 (3)--The-provisions-of-this-section-do-not-apply-to  
9 loans-approved-under-90-6-209."

10 Section-5--Section-7-7-2101, MCA, is amended to read:

11 "7-7-2101--Limitation-----on-----amount-----of-----county  
12 indebtedness,--(1)--No-county--may--become--indebted--in--any  
13 manner--or--for--any--purpose--to--an--amount,--including--existing  
14 indebtedness,--in--the--aggregate--exceeding--23%--of--the--taxable  
15 value--of--the--property--therein--subject--to--taxation--as  
16 ascertained--by--the--last--assessment--for--state--and--county  
17 taxes--previous--to--the--incurring--of--such--indebtedness;

18 (2)--No-county-may-incur-indebtedness-or-liability-for  
19 any-single-purpose-to-an-amount-exceeding--\$150,000--without  
20 the-approval-of-a-majority-of-the-electors-thereof-voting-at  
21 an-election--to--be--provided--by--law,--except--as--provided--in  
22 7-21-3413--and--7-21-3414;

23 (3)--The-provisions-of-this-section-do-not-apply-to  
24 loans-approved-under-90-6-209."

25 Section-6--Section--7-7-2402, MCA, is amended to read:

1       ~~"7-2402, Election required to borrow money and~~  
2 ~~exceptions. (1) Except as provided in subsection (3), the~~  
3 ~~board of county commissioners must not borrow money for any~~  
4 ~~of the purposes mentioned in this title or for any single~~  
5 ~~purpose to an amount exceeding \$10,000 without:~~

6       ~~(a) first having submitted the question of a loan to a~~  
7 ~~vote of the electors of the county; and~~

8       ~~(b) the approval of a majority of the electors of the~~  
9 ~~county;~~

10       ~~(2) if a majority of the votes cast are in favor of~~  
11 ~~the loan, then the board may make the loan, issuing bonds or~~  
12 ~~otherwise as may seem best for the interests of the county.~~

13       ~~(3) It shall not be necessary to submit to the~~  
14 ~~electors the question of borrowing money:~~

15       ~~(a) to refund outstanding bonds; or~~

16       ~~(b) for the purpose of enabling any county to~~  
17 ~~liquidate its indebtedness to another county incident to the~~  
18 ~~creation of a new county or the change of any county~~  
19 ~~boundary lines; or~~

20       ~~(c) under the provisions of 90-6-209."~~

21       Section 7, Section 7-16-2327, MCA, is amended to read:  
22       "7-16-2327, indebtedness for park purposes, (1)  
23 Subject to the provisions of subsection (2), a county park  
24 board, in addition to powers and duties now given under law,  
25 shall have the power and duty to contract an indebtedness in

1       behalf of a county, upon the credit thereof, for the  
2       purposes of 7-16-2321(1) and (2);

3       (2) (a) The total amount of indebtedness authorized to  
4       be contracted in any form, including the then existing  
5       indebtedness, must not at any time exceed 13% of the taxable  
6       value of the taxable property in the county ascertained by  
7       the last assessment for state and county taxes previous to  
8       the incurring of such indebtedness;

9       (b) No money may be borrowed on bonds issued for the  
10       purchase of lands and improving same for any such purpose  
11       until the proposition has been submitted to the vote of  
12       those qualified under the provisions of the state  
13       constitution to vote at such election in the county affected  
14       thereby and a majority vote is cast in favor thereof;

15       (3) The provisions of subsection (2) do not apply to  
16 loans approved under 90-6-209."

17       NEW SECTION. Section 2. Extension of authority. Any  
18       existing authority of the coal board to make rules on the  
19       subject of the provisions of this act is extended to the  
20       provisions of this act.

21       NEW SECTION. Section 9. Effective date. This act is  
22       effective on passage and approval.

-End-

SENATE BILL NO. 284

INTRODUCED BY TOWE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROVISIONS FOR REPAYMENT OF COAL BOARD LOANS; AMENDING SECTIONS 7-3-132, 7-6-221, 7-6-412, 7-7-210, 7-7-240, 7-16-232, AND SECTION 90-6-209, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 90-6-209, MCA, is amended to read:

"90-6-209. Limitations on grants and loans. (1) The board may commit itself to the expenditure of funds for more than 1 year for a single project, as long as the grant or loan does not extend over more than 10 years and does not exceed reasonable revenue expectations. The total amount of grants and loans to state agencies and Indian tribes may not exceed 7% of the total money allocated to the board during each fiscal year.

(2) (a) No ~~Except as provided in subsection (2)(e)(ii),~~ NO loan may be approved by the board if the source of money for repayment would be derived from property taxes. Repayment may be made from:

(i) fees, rentals, admissions, use charges, AND special assessments; and.

~~(ii) property taxes to the extent that the loan repayment does not exceed the total tax collected during the same fiscal year on gross proceeds of coal produced in the county where the local government borrower is located;~~

~~(b) Provisions in this code limiting indebtedness of a city, town, county, school district, or any other local or state governmental unit or agency do not apply to a loan approved by the board except to the extent that the loan causes the borrower's total indebtedness to exceed 200% of the limits provided;~~

~~(c) Provisions in this code requiring a city, town, county, school district, or any other local or state governmental unit or agency to conduct an election to authorize borrowing do not apply to a loan approved by the board;~~

~~(b)(d)(B)~~ The repayment period for loans approved by the board may not exceed 20 years.

~~(c)(e)(C)~~ The board shall hold all loan contracts within its administrative offices. The board may not sell, assign, or pledge a loan contract to any other entity.

~~(d)(f)(D)~~ A local government unit or the governing body of a federally recognized Indian tribe receiving a loan from the board shall use or commit for use the loan money within 1 year of the date of the board's final approval of the loan.



1       ~~(e)~~(g)(E) If a local government unit or the governing  
2 body of a federally recognized Indian tribe fails to comply  
3 with subsection ~~(4)~~ (2)(f)(D), the entire loan must be  
4 repaid within 30 days following expiration of the 1-year  
5 period.

6       (3) No loan or grant to an Indian tribe under 90-6-205  
7 may be approved by the board unless, with respect to that  
8 loan or grant:

9       (a) the governing body of the tribe has agreed:

10       (i) to waive its immunity from suit on any issue  
11 specifically arising from the transaction of a loan or grant  
12 obtained under this part; and

13       (ii) to the adjudication of any dispute arising out of  
14 the loan or grant transaction in the district court of the  
15 first judicial district of the state of Montana; and

16       (b) approval of the transaction has been obtained from  
17 the secretary of the United States department of the  
18 interior whenever such approval is necessary."

19       Section 2, Section 7-3-1321, MCA, is amended to read:

20       "7-3-1321. Authorization to incur indebtedness-----  
21 limitation.---(1) The consolidated municipality may borrow  
22 money or issue bonds for any municipal purpose to the extent  
23 and in the manner provided by the constitution and laws of  
24 Montana for the borrowing of money or issuing of bonds by  
25 counties and cities and towns.

1       ~~(2)~~ The Except as provided in 90-6-209, the  
2 municipality may not become indebted in any manner or for  
3 any purpose to an amount, including existing indebtedness,  
4 in the aggregate exceeding 28% of the taxable value of the  
5 taxable property therein, as ascertained by the last  
6 assessment for state and county taxes prior to incurring  
7 such indebtedness. All warrants, bonds, or obligations in  
8 excess of such amount given by or on behalf of the  
9 municipality shall be void."

10       Section 3, Section 7-6-2211, MCA, is amended to read:

11       "7-6-2211. Authorization to conduct county business on  
12 a cash basis.---(1) In case the total indebtedness of a  
13 county, lawful when incurred, exceeds the limit of 22.5% 23%  
14 established in 7-7-2101 by reason of great diminution of  
15 taxable value, the county may conduct its business affairs  
16 on a cash basis and pay the reasonable and necessary current  
17 expenses of the county out of the cash in the county  
18 treasury derived from its current revenue and under such  
19 restrictions and regulations as may be imposed by the board  
20 of county commissioners of the county by a resolution duly  
21 adopted and included in the minutes of the board.

22       (2) Nothing in this section restricts the right of the  
23 board to make the necessary tax levies for interest and  
24 sinking fund purposes, and nothing in this section affects  
25 the right of any creditor of the county to pursue any remedy



1 now-given-him-by-law-to-obtain-payment-of-his-claim;

2 ~~{3}--The-provisions-of-this-section-do-not-apply-to~~

3 ~~loans-approved-under-90-6-209."~~

4 Section-4--Section--7-6-4121--MCA--is-amended-to-read:

5 "7-6-4121--Authorization-to-conduct-municipal-business

6 on-a-cash-basis--(1)-In-case-the-total--indebtedness--of--a

7 city--or--town-has-reached-17%--of--the-total-taxable-value-of

8 the-property-of-the-city-or-town--subject--to--taxation--as

9 ascertained--by--the--last--assessment--for--state-and-county

10 taxes--the-city-or-town-may-conduct-its-affairs-and-business

11 on-a-cash-basis-as-provided-by-subsection-(2);

12 (2)--(a)-Whenever-a-city--or--town--is--conducting--its

13 business--affairs--on--a--cash--basis--the--reasonable--and

14 necessary-current-expenses-of-the-city-or-town-may-be-paid

15 out--of--the--cash--in--the--city--or--town--treasury--and--derived

16 from-its--current--revenues--under--such--restrictions--and

17 regulations--as--the--city--or--town--council--may--by--ordinance

18 prescribe;

19 (b)--in-the-event-that-payment-is-made-in-advance--the

20 city--or--town--may--require--a--cash--deposit--as--collateral

21 security--and--indemnity--equal--in--amount--to--such--payment--and

22 may-hold-the--same--as--a--special--deposit--with--the--city

23 treasurer--or--town--clerk--in--package-form--as--a--pledge--for

24 the--fulfillment--and--performance--of--the--contract--or

25 obligation--for--which--the--advance--is--made;

1 (c)--Before--the--payment--of--the--current--expenses

2 mentioned-above--the-city-or-town-council--shall--first--set

3 apart--sufficient--money--to--pay--the--interest--upon--its--legal

4 valid--and--outstanding--bonded--indebtedness--and--any--sinking

5 funds--therein--provided--for--and--shall--be--authorized--to--pay

6 all--valid--claims--against--funds--raised--by--tax--especially

7 authorized--by--law--for--the--purpose--of--paying--such--claims;

8 ~~{3}--The--provisions--of--this--section--do--not--apply--to~~

9 ~~loans-approved-under-90-6-209."~~

10 Section-5--Section-7-7-2101--MCA--is-amended-to-read:

11 "7-7-2101--Limitation-----on-----amount-----of-----county

12 indebtedness--(1)-No-county--may--become--indebted--in--any

13 manner--or--for--any--purpose--to--an--amount--including-existing

14 indebtedness--in--the--aggregate--exceeding--23%--of--the--taxable

15 value--of--the--property--therein--subject--to--taxation--as

16 ascertained--by--the--last--assessment--for--state--and--county

17 taxes--previous--to--the--incurring--of--such--indebtedness;

18 (2)--No--county--may--incur--indebtedness--or--liability--for

19 any--single--purpose--to--an--amount--exceeding--\$150,000--without

20 the--approval--of--a--majority--of--the--electors--thereof--voting--at

21 an--election--to--be--provided--by--law--except--as--provided--in

22 7-21-3413--and--7-21-3414;

23 ~~{3}--The-provisions-of-this-section-do-not-apply-to~~

24 ~~loans-approved-under-90-6-209."~~

25 Section-6--Section--7-7-2402--MCA--is-amended-to-read:

1       "7-7-2482,--Election--required--to--borrow--money-----  
2 exceptions,---(1)--Except-as-provided-in-subsection-(3),-the  
3 board-of-county-commissioners-must-not-borrow-money-for--any  
4 of--the--purposes--mentioned-in-this-title-or-for-any-single  
5 purpose-to-an-amount-exceeding-\$10,000-without:

6       (a)--first-having-submitted-the-question-of-a-loan-to-a  
7 vote-of-the-electors-of-the-county,-and

8       (b)--the-approval-of-a-majority-of-the-electors-of--the  
9 county;

10       (2)--If--a--majority--of-the-votes-cast-are-in-favor-of  
11 the-loan,-then-the-board-may-make-the-loan,-issuing-bonds-or  
12 otherwise-as-may-seem-best-for-the-interests-of-the--county;

13       (3)--It--shall--not--be--necessary--to--submit--to--the  
14 electors-the-question-of-borrowing-money;

15       (a)--to-refund-outstanding-bonds,-or

16       (b)--for--the--purpose--of--enabling--any--county--to  
17 liquidate-its-indebtedness-to-another-county-incident-to-the  
18 creation--of--a--new--county--or--the--change--of-any-county  
19 boundary-lines,-or

20       (c)--under-the-provisions-of-90-6-289;"

21       Section-7,--Section-7-16-2327,-MCA,-is-amended-to-read:

22       "7-16-2327,--Indebtedness--for--park--purposes,---(1)  
23 Subject--to--the-provisions-of-subsection-(2),-a-county-park  
24 board,-in-addition-to-powers-and-duties-now-given-under-law,  
25 shall-have-the-power-and-duty-to-contract-an-indebtedness-in

1       behalf-of--a--county,-upon--the--credit--thereof,-for--the  
2 purposes-of-7-16-2321(1)-and-(2);

3       (2)--(a)-The-total-amount-of-indebtedness-authorized-to  
4 be--contracted--in--any--form,-including--the-then-existing  
5 indebtedness,-must-not-at-any-time-exceed-13%--of-the-taxable  
6 value-of-the-taxable-property-in-the-county--ascertained--by  
7 the--last--assessment-for-state-and-county-taxes-previous-to  
8 the-incurring-of-such-indebtedness;

9       (b)--No-money-may-be-borrowed-on-bonds-issued--for--the  
10 purchase--of--lands--and-improving-same-for-any-such-purpose  
11 until-the-proposition-has-been--submitted--to--the--vote--of  
12 those---qualified---under---the---provisions--of--the--state  
13 constitution-to-vote-at-such-election-in-the-county-affected  
14 thereby-and-a-majority-vote-is-cast-in-favor-thereof;

15       (3)--The-provisions-of-subsection-(2)-do-not--apply--to  
16 loans-approved-under-90-6-289;"

17       NEW SECTION. Section 2. Extension of authority. Any  
18 existing authority of the coal board to make rules on the  
19 subject of the provisions of this act is extended to the  
20 provisions of this act.

21       NEW SECTION,--Section-9,--Effective-date,--This-act--is  
22 effective-on-passage-and-approval;

-End-