

HOUSE FINAL STATUS

HB 14 INTRODUCED BY NATHE

REVISING PROVISIONS FOR REPAYMENT OF COAL BOARD
LOANS

BY REQUEST OF COAL TAX OVERSIGHT SUBCOMMITTEE

1/05 INTRODUCED

1/05 REFERRED TO LOCAL GOVERNMENT

1/06 REREFERRED TO TAXATION

1/12 HEARING

1/14 COMMITTEE REPORT--BILL NOT PASSED

1/15 ADVERSE COMMITTEE REPORT ADOPTED 95 1

1 HOUSE BILL NO. 14
 2 INTRODUCED BY NATHE
 3 BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROVISIONS FOR
 6 REPAYMENT OF COAL BOARD LOANS; AMENDING SECTIONS 7-3-1321,
 7 7-6-2211, 7-6-4121, 7-7-2101, 7-7-2402, 7-16-2327, 20-9-509,
 8 AND 90-6-209, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
 9 DATE."
 10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 Section 1. Section 90-6-209, MCA, is amended to read:
 13 "90-6-209. Limitations on grants and loans. (1) The
 14 board may commit itself to the expenditure of funds for more
 15 than 1 year for a single project, as long as the grant or
 16 loan does not extend over more than 10 years and does not
 17 exceed reasonable revenue expectations. The total amount of
 18 grants and loans to state agencies, except grants made
 19 pursuant to 90-6-205(5)(b), and Indian tribes may not exceed
 20 7% of the total money allocated to the board during each
 21 fiscal year.
 22 (2) (a) No loan may be approved by the board if the
 23 source of money for repayment would be derived from property
 24 taxes. Repayment may be made from fees, rentals,
 25 admissions, use charges, and special assessments.

1 (b) No provision in the MCA that limits indebtedness
 2 of a city, town, county, school district, or any other local
 3 or state governmental unit or agency applies to a loan
 4 approved by the board except to the extent that the loan
 5 causes the borrower's total indebtedness to exceed 200% of
 6 the limits provided.
 7 (c) No provision in the MCA that requires a city,
 8 town, county, school district, or any other local or state
 9 governmental unit or agency to conduct an election or issue
 10 bonds before it may borrow money applies to a loan approved
 11 by the board.
 12 ~~(b)~~(d) The repayment period for loans approved by the
 13 board may not exceed 20 years.
 14 ~~(c)~~(e) The board shall hold all loan contracts within
 15 its administrative offices. The board may not sell, assign,
 16 or pledge a loan contract to any other entity.
 17 ~~(d)~~(f) A local government unit or the governing body
 18 of a federally recognized Indian tribe receiving a loan from
 19 the board shall use or commit for use the loan money within
 20 1 year of the date of the board's final approval of the
 21 loan.
 22 ~~(e)~~(g) If a local government unit or the governing
 23 body of a federally recognized Indian tribe fails to comply
 24 with subsection ~~(2)(f)~~ (2)(f), the entire loan must be
 25 repaid within 30 days following expiration of the 1-year

1 period.

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

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

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

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

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

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

16 "7-3-1321. Authorization to incur indebtedness --
17 limitation. (1) The consolidated municipality may borrow
18 money or issue bonds for any municipal purpose to the extent
19 and in the manner provided by the constitution and laws of
20 Montana for the borrowing of money or issuing of bonds by
21 counties and cities and towns.

22 (2) The Except as provided in 90-6-209, the
23 municipality may not become indebted in any manner or for
24 any purpose to an amount, including existing indebtedness,
25 in the aggregate exceeding 28% of the taxable value of the

1 taxable property therein, as ascertained by the last
2 assessment for state and county taxes prior to incurring
3 such indebtedness. All warrants, bonds, or obligations in
4 excess of such amount given by or on behalf of the
5 municipality shall be void."

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

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

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

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

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

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

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

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

22 (c) Before the payment of the current expenses
23 mentioned above, the city or town council shall first set
24 apart sufficient money to pay the interest upon its legal,
25 valid, and outstanding bonded indebtedness and any sinking

1 funds therein provided for and shall be authorized to pay
2 all valid claims against funds raised by tax especially
3 authorized by law for the purpose of paying such claims.

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

6 Section 5. Section 7-7-2101, MCA, is amended to read:
7 "7-7-2101. Limitation on amount of county
8 indebtedness. (1) No county may become indebted in any
9 manner or for any purpose to an amount, including existing
10 indebtedness, in the aggregate exceeding 23% of the total of
11 the taxable value of the property therein subject to
12 taxation, plus the amount of new production taxes levied
13 divided by the appropriate tax rates described in
14 15-23-607(2)(a) or (2)(b) and multiplied by 60%, as
15 ascertained by the last assessment for state and county
16 taxes previous to the incurring of such indebtedness.

17 (2) No county may incur indebtedness or liability for
18 any single purpose to an amount exceeding \$500,000 without
19 the approval of a majority of the electors thereof voting at
20 an election to be provided by law, except as provided in
21 7-21-3413 and 7-21-3414.

22 (3) Nothing in this section shall apply to the
23 acquisition of conservation easements as set forth in Title
24 76, chapter 6.

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

1 loans approved under 90-6-209."

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

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

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

10 (b) the approval of a majority of the electors of the
11 county.

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

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

17 (a) to refund outstanding bonds; or

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

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

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

24 "7-16-2327. Indebtedness for park purposes. (1)
25 Subject to the provisions of subsection (2), a county park

1 board, in addition to powers and duties now given under law,
2 shall have the power and duty to contract an indebtedness in
3 behalf of a county, upon the credit thereof, for the
4 purposes of 7-16-2321(1) and (2).

5 (2) (a) The total amount of indebtedness authorized to
6 be contracted in any form, including the then-existing
7 indebtedness, must not at any time exceed 13% of the total
8 of the taxable value of the taxable property in the county,
9 plus the amount of new production taxes levied divided by
10 the appropriate tax rates described in 15-23-607(2)(a) or
11 (2)(b) and multiplied by 60%, ascertained by the last
12 assessment for state and county taxes previous to the
13 incurring of such indebtedness.

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

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

22 Section 8. Section 20-9-509, MCA, is amended to read:

23 "20-9-509. Housing and dormitory fund. (1) The
24 trustees of any district that provides pupil or teacher
25 housing in district-owned buildings under a lease or rental

1 agreement with pupils or teachers or receives moneys under
 2 the provision of 20-6-607 may establish a housing and
 3 dormitory fund. All moneys received from such lease or
 4 rental agreements may be deposited with the county treasurer
 5 to the credit of the housing and dormitory fund, general
 6 fund, the debt service fund, or any other appropriate fund.
 7 Whenever the end-of-the-year cash balance of a housing and
 8 dormitory fund is more than \$10,000, such cash balance in
 9 excess of \$10,000 shall be transferred to the general fund
 10 of the district.

11 (2) Any expenditure of moneys from a housing and
 12 dormitory fund shall be made for the maintenance and
 13 operation of the district-owned buildings to which the lease
 14 or rental agreements apply, or for the acquisition of
 15 additional housing or dormitory facilities, or for the
 16 repayment of a loan made to the district by the coal board
 17 under 90-6-209. The financial administration of the housing
 18 and dormitory fund shall be in accordance with the financial
 19 administration provisions of this title for a nonbudgeted
 20 fund."

21 NEW SECTION. Section 9. Extension of authority. Any
 22 existing authority of the coal board to make rules on the
 23 subject of the provisions of this act is extended to the
 24 provisions of this act.

25 NEW SECTION. Section 10. Effective date. This act is

1 effective on passage and approval.

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