

IN THE HOUSE

APRIL 8, 1987

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS NOT
CONCURRED IN.

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 10, 1987

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 15, 1987

CONFERENCE COMMITTEE REPORTED.

APRIL 16, 1987

SECOND READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

APRIL 17, 1987

THIRD READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE SENATE

APRIL 17, 1987

CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE HOUSE

APRIL 17, 1987

SENT TO ENROLLING.

1 House BILL NO. 697
 2 INTRODUCED BY Connelly Lybeck Vincent Moon
 3 SALES Long Bradley Warden

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS
 5 RELATING TO SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL
 6 IMPROVEMENT DISTRICTS; PROVIDING FOR SEMIANNUAL BOND
 7 PAYMENTS; CLARIFYING WHEN BONDS MAY BE REFUNDED; PROVIDING
 8 FOR THE ASSESSED VALUATION OPTION FOR SPECIAL IMPROVEMENT
 9 DISTRICTS; AUTHORIZING A CHANGE IN THE ASSESSMENT METHOD IF
 10 DISTRICT BONDS ARE REFUNDED; AMENDING SECTIONS 7-12-2167,
 11 7-12-2193, 7-12-4190, AND 7-12-4194, MCA; AND PROVIDING AN
 12 IMMEDIATE EFFECTIVE DATE."

13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 Section 1. Section 7-12-2167, MCA, is amended to read:

16 "7-12-2167. Term of payment of assessments. (1) Except
 17 as provided in subsection (2), the payment of the assessment
 18 to defray the cost of constructing any improvements in
 19 special improvement districts may be spread over a term of
 20 not to exceed 30 years.

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

23 (3) ~~if the bonds of the special improvement district~~
 24 ~~are issued as serial bonds, the~~ The assessments must be are
 25 payable in equal ~~annual~~ semiannual installments, ~~if the~~

1 ~~bonds are issued as amortization bonds, the assessments must~~
 2 ~~be payable of principal, with interest on the unpaid~~
 3 ~~installments, or if the board of county commissioners so~~
 4 ~~prescribes in the resolution authorizing issuance of the~~
 5 ~~special improvement district bonds, in equal annual~~
 6 ~~semiannual installments of principal and interest, each in~~
 7 the amount required to pay the principal over the term of
 8 payment, with interest at the rate then borne by the
 9 assessment.

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

16 Section 2. Section 7-12-2193, MCA, is amended to read:

17 "7-12-2193. Refunding bonds. (1) A county may issue
 18 special improvement district bonds for the purpose of
 19 providing the money needed to pay principal of and interest
 20 on outstanding special improvement district bonds. To issue
 21 bonds for such purpose, the board of county commissioners,
 22 at a 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;



-2- INTRODUCED BILL
 HB 697

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 board may not authorize the issuance of
6 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 7-12-2105(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 board 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 Unless there is, or will be on the next
19 payment date, a default in the payment of bond principal or
20 interest, bonds may not be refunded by the issuance of
21 refunding bonds unless the rate of interest offered on the
22 refunding bonds is at least 1/2 of 1% a year less than the
23 rate of interest on the bonds to be refunded.

24 (5) (a) Refunding bonds issued pursuant to this
25 section may be issued to refund outstanding bonds in advance

1 of the date on which such bonds mature or are subject to
2 redemption, but the proceeds of the refunding bonds, less
3 any accrued interest or premium received upon the sale
4 thereof, must be deposited with other funds appropriated for
5 the payment of the outstanding bonds in escrow with a
6 suitable banking institution or trust company, which may be
7 located either in or out of the state.

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

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

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

20 (iii) any redemption premium.

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

24 (d) Funds to the credit of the debt service fund for
25 the payment of the refunded bonds and not required for the

1 payment of principal thereof or interest thereon due prior
2 to issuance of the refunding bonds may be appropriated by
3 the board to the escrow account.

4 (e) The county may pay the reasonable costs and
5 expenses of issuing the refunding bonds and of establishing
6 and maintaining the escrow account.

7 (6) Refunding bonds may be issued under this section
8 to pay principal of or interest on special improvement
9 district bonds outstanding on April 30, 1985, only if:

10 (a) one-third or more of the term for which such bonds
11 were issued has expired; or

12 (b) there is a deficiency in the bond account or
13 interest account of the special improvement district fund
14 from which such bonds are payable."

15 Section 3. Section 7-12-4190, MCA, is amended to read:

16 "7-12-4190. Payment of assessments in installments.

17 (1) The payment of assessments to defray the cost of
18 acquiring or constructing any improvements in special
19 improvement districts may be spread over a term of not to
20 exceed 20 years.

21 ~~(2) If the bonds of the special improvement district~~
22 ~~are issued as serial bonds, the~~ The assessments must be ~~are~~
23 ~~payable in equal annual semiannual installments; if the~~
24 ~~bonds are issued as amortization bonds, the assessments must~~
25 ~~be payable of principal, with interest on the unpaid~~

1 installments, or if the city council or commission so
2 prescribes in the resolution authorizing the issuance of
3 special improvement district bonds, in equal annual
4 semiannual installments of principal and interest, each in
5 the amount required to pay the principal over the term of
6 payment, with interest at the rate then borne by the
7 assessment.

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

14 Section 4. Section 7-12-4194, MCA, is amended to read:

15 "7-12-4194. Refunding bonds. (1) A city may issue
16 special improvement district bonds for the purpose of
17 providing the money needed to pay principal of and interest
18 on outstanding special improvement district bonds. To issue
19 bonds for such purpose, the city council, at a regular
20 meeting or a duly called special meeting, shall adopt a
21 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 Unless there is, or will be on the next
 17 payment date, a default in the payment of bond principal or
 18 interest, 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 April 30, 1985, only if:

8 (a) the proceeds of such refunding bonds do not redeem
9 such outstanding bonds until one-third or more of the term
10 for which such bonds 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 5. Assessment of costs --
15 assessed valuation option. The city council or city
16 commission may assess the cost of an improvement against
17 each lot or parcel of land in the district based on the
18 assessed value of the benefited lots or parcels of land
19 within the district if the council or commission determines
20 such assessment to be equitable and in proportion to and not
21 exceeding the benefits derived from the improvement by the
22 lot or parcel.

23 NEW SECTION. Section 6. Change in method of
24 assessment and relevy of assessments upon refunding. If
25 refunding bonds are proposed to be issued pursuant to

1 7-12-2193 and it appears that the special assessments levied
2 in the rural special improvement district could more
3 equitably be assessed on a different basis under 7-12-2151,
4 then the board, after conducting a public hearing on the
5 desirability of relevyng the special assessments following
6 published and mailed notice as provided in 7-12-2105(2), may
7 reassess and relevy the special assessments that are
8 outstanding but not delinquent in accordance with the
9 provisions of 7-12-2158 through 7-12-2160, with the same
10 effect as an original levy. Before the board may reassess
11 and relevy such assessments, it must find by resolution that
12 under the new method of assessment no lot, parcel, or tract
13 of land in the rural special improvement district will be
14 assessed in an amount, including the amounts levied as part
15 of the original assessment that have been paid or are
16 delinquent, greater than the benefits derived by the lot,
17 parcel, or tract from the improvement undertaken in or for
18 the benefit of the district.

19 NEW SECTION. Section 7. Change in method of
20 assessment and relevy of assessments upon refunding. If
21 refunding bonds are proposed to be issued pursuant to
22 7-12-4194 and it appears that the special assessments levied
23 in the special improvement district could more equitably be
24 assessed on a different basis under 7-12-4162 through
25 7-12-4165, then the city council, after conducting a public

1 hearing on the desirability of relevyng the special
 2 assessments following published and mailed notice as
 3 provided in 7-12-4106(2), may reassess and relevy the
 4 special assessments that are outstanding but not delinquent
 5 in accordance with the provisions of 7-12-4176 through
 6 7-12-4178, with the same effect as an original levy. Before
 7 the city council may reassess and relevy such assessments,
 8 it must find by resolution that under the new method of
 9 assessment no lot, parcel, or tract of land in the special
 10 improvement district will be assessed in an amount,
 11 including the amounts levied as part of the original
 12 assessment that have been paid or are delinquent, greater
 13 than the benefits derived by the lot, parcel, or tract from
 14 the improvement undertaken in or for the benefit of the
 15 district.

16 NEW SECTION. Section 8. Codification instructions.
 17 (1) Sections 5 and 7 are intended to be codified as an
 18 integral part of Title 7, chapter 12, part 41, and the
 19 provisions of Title 7, chapter 12, part 41, apply to
 20 sections 5 and 7.

21 (2) Section 6 is intended to be codified as an
 22 integral part of Title 7, chapter 12, part 21, and the
 23 provisions of Title 7, chapter 12, part 21, apply to section
 24 6.

25 NEW SECTION. Section 9. Severability. If a part of

1 this act is invalid, all valid parts that are severable from
 2 the invalid part remain in effect. If a part of this act is
 3 invalid in one or more of its applications, the part remains
 4 in effect in all valid applications that are severable from
 5 the invalid applications.

6 NEW SECTION. Section 10. Saving clause. Sections 2
 7 and 4 of this act are remedial in nature and do not imply
 8 any lack of authority or invalidity of refunding bonds
 9 issued prior to the effective date of this act.

10 NEW SECTION. Section 11. Effective date. This act is
 11 effective on passage and approval.

-End-

APPROVED BY COMM.
ON LOCAL GOVERNMENT

1 HOUSE BILL NO. 697
2 INTRODUCED BY CONNELLY, LYBECK, VINCENT, MOORE,
3 SALES, LORY, BRADLEY, HARDING, WALLIN, MERCER
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS
6 RELATING TO SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL
7 IMPROVEMENT DISTRICTS; PROVIDING FOR SEMIANNUAL BOND
8 PAYMENTS; CLARIFYING WHEN BONDS MAY BE REFUNDED; PROVIDING
9 FOR THE ASSESSED VALUATION OPTION FOR SPECIAL IMPROVEMENT
10 DISTRICTS; AUTHORIZING A CHANGE IN THE ASSESSMENT METHOD IF
11 DISTRICT BONDS ARE REFUNDED; AMENDING SECTIONS 7-12-2167,
12 7-12-2193, 7-12-4190, AND 7-12-4194, MCA; AND PROVIDING AN
13 IMMEDIATE EFFECTIVE DATE."
14

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

16 Section 1. Section 7-12-2167, MCA, is amended to read:
17 "7-12-2167. Term of payment of assessments. (1) Except
18 as provided in subsection (2), the payment of the assessment
19 to defray the cost of constructing any improvements in
20 special improvement districts may be spread over a term of
21 not to exceed 30 years.

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

24 (3) ~~If the bonds of the special improvement district~~
25 ~~are issued as serial bonds, the~~ The assessments must be are

1 payable in equal ~~annual~~ semiannual installments; ~~if the~~
2 ~~bonds are issued as amortization bonds, the assessments must~~
3 ~~be payable of principal, with interest on the unpaid~~
4 ~~installments, or if the board of county commissioners so~~
5 ~~prescribes in the resolution authorizing issuance of the~~
6 ~~special improvement district bonds, in equal annual~~
7 ~~semiannual installments of principal and interest, each in~~
8 the amount required to pay the principal over the term of
9 payment, with interest at the rate then borne by the
10 assessment.

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

17 Section 2. Section 7-12-2193, MCA, is amended to read:
18 "7-12-2193. Refunding bonds. (1) A county may issue
19 special improvement district bonds for the purpose of
20 providing the money needed to pay principal of and interest
21 on outstanding special improvement district bonds. To issue
22 bonds for such purpose, the board of county commissioners,
23 at a regular meeting or a duly called special meeting, shall
24 adopt a resolution setting forth:

25 (a) the facts regarding the outstanding bonds that are



1 to be refunded;

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

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

4 (2) If the refunding bonds are proposed to be issued

5 in an amount greater than the amount of outstanding bonds to

6 be refunded, the board may not authorize the issuance of

7 such bonds until it has conducted a public hearing on the

8 desirability of issuing the bonds, after published and

9 mailed notice as provided in 7-12-2105(2), and found by

10 resolution that such an issuance of refunding bonds is in

11 the best interest of the special improvement district.

12 (3) After the adoption of the required resolution or

13 resolutions, the board may:

14 (a) sell the refunding bonds at a private negotiated

15 sale; or

16 (b) at its option, give notice of the sale and sell

17 the refunding bonds in the same manner that other special

18 improvement district bonds are sold.

19 (4) Bonds Unless there is, or will be on the next

20 payment date, a default in the payment of bond principal or

21 interest, bonds may not be refunded by the issuance of

22 refunding bonds unless the rate of interest offered on the

23 refunding bonds is at least 1/2 of 1% a year less than the

24 rate of interest on the bonds to be refunded.

25 (5) (a) Refunding bonds issued pursuant to this

1 section may be issued to refund outstanding bonds in advance

2 of the date on which such bonds mature or are subject to

3 redemption, but the proceeds of the refunding bonds, less

4 any accrued interest or premium received upon the sale

5 thereof, must be deposited with other funds appropriated for

6 the payment of the outstanding bonds in escrow with a

7 suitable banking institution or trust company, which may be

8 located either in or out of the state.

9 (b) Funds so deposited must be invested in securities

10 that are general obligations of the United States or

11 securities the principal of and interest on which are

12 guaranteed by the United States. Such securities must mature

13 or be callable at the option of the holder on such dates and

14 bear interest at such rates and be payable on such dates as

15 may be required to provide funds sufficient, with any cash

16 deposited in the escrow account, to pay when due:

17 (i) the interest to accrue on each refunded bond to

18 its maturity or redemption date, if called for redemption;

19 (ii) the principal on each refunded bond at maturity or

20 upon such redemption date; and

21 (iii) any redemption premium.

22 (c) The escrow account must be irrevocably

23 appropriated to the payment of the principal of an interest

24 and redemption premium, if any, on the refunded bonds.

25 (d) Funds to the credit of the debt service fund for

1 the payment of the refunded bonds and not required for the
 2 payment of principal thereof or interest thereon due prior
 3 to issuance of the refunding bonds may be appropriated by
 4 the board to the escrow account.

5 (e) The county may pay the reasonable costs and
 6 expenses of issuing the refunding bonds and of establishing
 7 and maintaining the escrow account.

8 (6) Refunding bonds may be issued under this section
 9 to pay principal of or interest on special improvement
 10 district bonds outstanding on April 30, 1985, only if:

11 (a) one-third or more of the term for which such bonds
 12 were issued has expired; or

13 (b) there is a deficiency in the bond account or
 14 interest account of the special improvement district fund
 15 from which such bonds are payable."

16 Section 3. Section 7-12-4190, MCA, is amended to read:

17 "7-12-4190. Payment of assessments in installments.

18 (1) The payment of assessments to defray the cost of
 19 acquiring or constructing any improvements in special
 20 improvement districts may be spread over a term of not to
 21 exceed 20 years.

22 ~~(2) If--the--bonds--of--the--special--improvement--district~~
 23 ~~are--issued--as--serial--bonds,--the~~ The assessments must be are
 24 payable in equal annual semiannual installments. ~~--if--the~~
 25 ~~bonds--are--issued--as--amortization--bonds,--the--assessments--must~~

1 ~~be--payable of principal, with interest on the unpaid~~
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 3 ~~prescribes in the resolution authorizing the issuance of~~
 4 ~~special improvement district bonds, in equal annual~~
 5 ~~semiannual installments of principal and interest, each in~~
 6 the amount required to pay the principal over the term of
 7 payment, with interest at the rate then borne by the
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9 (3) Any assessment that is not delinquent may be
 10 prepaid, in whole but not in part, at any time after the
 11 assessment is levied, by the payment of the assessment, with
 12 interest accrued and to accrue thereon through the next date
 13 on which interest on bonds of the special improvement
 14 district is payable."

15 Section 4. Section 7-12-4194, MCA, is amended to read:

16 "7-12-4194. Refunding bonds. (1) A city may issue
 17 special improvement district bonds for the purpose of
 18 providing the money needed to pay principal of and interest
 19 on outstanding special improvement district bonds. To issue
 20 bonds for such purpose, the city council, at a regular
 21 meeting or a duly called special meeting, shall adopt a
 22 resolution setting forth:

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

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

1 (c) the term and details of the refunding bonds.
 2 (2) If the refunding bonds are proposed to be issued
 3 in an amount greater than the amount of outstanding bonds to
 4 be refunded, the city council may not authorize the issuance
 5 of such bonds until it has conducted a public hearing on the
 6 desirability of issuing the bonds, after published and
 7 mailed notice as provided in 7-12-4106(2), and found by
 8 resolution that such an issuance of refunding bonds is in
 9 the best interest of the special improvement district.
 10 (3) After the adoption of the required resolution or
 11 resolutions, the council may:
 12 (a) sell the refunding bonds at a private negotiated
 13 sale; or
 14 (b) at its option, give notice of the sale and sell
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 16 improvement district bonds are sold.
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 18 payment date, a default in the payment of bond principal or
 19 interest, bonds may not be refunded by the issuance of
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 21 refunding bonds is at least 1/2 of 1% a year less than the
 22 rate of interest on the bonds to be refunded.
 23 (5) (a) Refunding bonds issued pursuant to this
 24 section may be issued to refund outstanding bonds in advance
 25 of the date on which such bonds mature or are subject to

1 redemption, but the proceeds of the refunding bonds, less
 2 any accrued interest or premium received upon the sale
 3 thereof, must be deposited with other funds appropriated for
 4 the payment of the outstanding bonds in escrow with a
 5 suitable banking institution or trust company, which may be
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 7 (b) Funds so deposited must be invested in securities
 8 that are general obligations of the United States or
 9 securities the principal of and interest on which are
 10 guaranteed by the United States. Such securities must mature
 11 or be callable at the option of the holder on such dates and
 12 bear interest at such rates and be payable on such dates as
 13 may be required to provide funds sufficient, with any cash
 14 deposited in the escrow account, to pay when due:
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 16 its maturity or redemption date, if called for redemption;
 17 (ii) the principal on each refunded bond at maturity or
 18 upon such redemption date; and
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 20 (c) The escrow account must be irrevocably
 21 appropriated to the payment of the principal of an interest
 22 and redemption premium, if any, on the refunded bonds.
 23 (d) Funds to the credit of the debt service fund for
 24 the payment of the refunded bonds and not required for the
 25 payment of principal thereof or interest thereon due prior

1 to issuance of the refunding bonds may be appropriated by
2 the council to the escrow account.

3 (e) The city may pay the reasonable costs and expenses
4 of printing the refunding bonds and of establishing and
5 maintaining the escrow account.

6 (6) Refunding bonds may be issued under this section
7 to pay principal of or interest on special improvement
8 district bonds outstanding on April 30, 1985, only if:

9 (a) the proceeds of such refunding bonds do not redeem
10 such outstanding bonds until one-third or more of the term
11 for which such bonds were issued has expired; or

12 (b) there is a deficiency in the bond account or
13 interest account of the special improvement district fund
14 from which such bonds are payable."

15 NEW SECTION. Section 5. Assessment of costs --
16 assessed valuation option. The city council or city
17 commission may assess the cost of an improvement against
18 each lot or parcel of land in the district based on the
19 assessed value of the benefited lots or parcels of land
20 within the district if the council or commission determines
21 such assessment to be equitable and in proportion to and not
22 exceeding the benefits derived from the improvement by the
23 lot or parcel.

24 NEW SECTION. Section 6. Change in method of
25 assessment and relevy of assessments upon refunding. If

1 refunding bonds are proposed to be issued pursuant to
2 7-12-2193 and it appears that the special assessments levied
3 in the rural special improvement district could more
4 equitably be assessed on a different basis under 7-12-2151,
5 then the board, after conducting a public hearing on the
6 desirability of relevyng the special assessments following
7 published and mailed notice as provided in 7-12-2105(2), may
8 reassess and relevy the special assessments that are
9 outstanding but not delinquent in accordance with the
10 provisions of 7-12-2158 through 7-12-2160, with the same
11 effect as an original levy. Before the board may reassess
12 and relevy such assessments, it must find by resolution that
13 under the new method of assessment no lot, parcel, or tract
14 of land in the rural special improvement district will be
15 assessed in an amount, including the amounts levied as part
16 of the original assessment that have been paid or are
17 delinquent, greater than the benefits derived by the lot,
18 parcel, or tract from the improvement undertaken in or for
19 the benefit of the district.

20 NEW SECTION. Section 7. Change in method of
21 assessment and relevy of assessments upon refunding. If
22 refunding bonds are proposed to be issued pursuant to
23 7-12-4194 and it appears that the special assessments levied
24 in the special improvement district could more equitably be
25 assessed on a different basis under 7-12-4162 through

1 7-12-4165, then the city council, after conducting a public
 2 hearing on the desirability of relevying the special
 3 assessments following published and mailed notice as
 4 provided in 7-12-4106(2), may reassess and relevy the
 5 special assessments that are outstanding but not delinquent
 6 in accordance with the provisions of 7-12-4176 through
 7 7-12-4178, with the same effect as an original levy. Before
 8 the city council may reassess and relevy such assessments,
 9 it must find by resolution that under the new method of
 10 assessment no lot, parcel, or tract of land in the special
 11 improvement district will be assessed in an amount,
 12 including the amounts levied as part of the original
 13 assessment that have been paid or are delinquent, greater
 14 than the benefits derived by the lot, parcel, or tract from
 15 the improvement undertaken in or for the benefit of the
 16 district.

17 NEW SECTION. Section 8. Codification instructions.
 18 (1) Sections 5 and 7 are intended to be codified as an
 19 integral part of Title 7, chapter 12, part 41, and the
 20 provisions of Title 7, chapter 12, part 41, apply to
 21 sections 5 and 7.

22 (2) Section 6 is intended to be codified as an
 23 integral part of Title 7, chapter 12, part 21, and the
 24 provisions of Title 7, chapter 12, part 21, apply to section
 25 6.

1 NEW SECTION. Section 9. Severability. If a part of
 2 this act is invalid, all valid parts that are severable from
 3 the invalid part remain in effect. If a part of this act is
 4 invalid in one or more of its applications, the part remains
 5 in effect in all valid applications that are severable from
 6 the invalid applications.

7 NEW SECTION. Section 10. Saving clause. Sections 2
 8 and 4 of this act are remedial in nature and do not imply
 9 any lack of authority or invalidity of refunding bonds
 10 issued prior to the effective date of this act.

11 NEW SECTION. Section 11. Effective date. This act is
 12 effective on passage and approval.

-End-

APPROVED BY COMM.
ON LOCAL GOVERNMENT

1 HOUSE BILL NO. 697
2 INTRODUCED BY CONNELLY, LYBECK, VINCENT, MOORE,
3 SALES, LORY, BRADLEY, HARDING, WALLIN, MERCER
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS
6 RELATING TO SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL
7 IMPROVEMENT DISTRICTS; PROVIDING FOR SEMIANNUAL BOND
8 PAYMENTS; CLARIFYING WHEN BONDS MAY BE REFUNDED; PROVIDING
9 FOR THE ASSESSED VALUATION OPTION FOR SPECIAL IMPROVEMENT
10 DISTRICTS; AUTHORIZING A CHANGE IN THE ASSESSMENT METHOD IF
11 DISTRICT BONDS ARE REFUNDED; AMENDING SECTIONS 7-12-2167,
12 7-12-2193, 7-12-4190, AND 7-12-4194, MCA; AND PROVIDING AN
13 IMMEDIATE EFFECTIVE DATE."
14

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

16 Section 1. Section 7-12-2167, MCA, is amended to read:

17 "7-12-2167. Term of payment of assessments. (1) Except
18 as provided in subsection (2), the payment of the assessment
19 to defray the cost of constructing any improvements in
20 special improvement districts may be spread over a term of
21 not to exceed 30 years.

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

24 (3) ~~if--the--bonds--of--the--special--improvement--district~~
25 ~~are--issued--as--serial--bonds--the~~ The assessments must be are

1 payable in equal ~~annual~~ semiannual installments--~~if--the~~
2 ~~bonds--are--issued--as--amortization--bonds--the--assessments--must~~
3 ~~be--payable~~ of principal, with interest on the unpaid
4 installments, or if the board of county commissioners so
5 prescribes in the resolution authorizing issuance of the
6 special improvement district bonds, in equal annual
7 semiannual installments of principal and interest, each in
8 the amount required to pay the principal over the term of
9 payment, with interest at the rate then borne by the
10 assessment.

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

17 Section 2. Section 7-12-2193, MCA, is amended to read:

18 "7-12-2193. Refunding bonds. (1) A county may issue
19 special improvement district bonds for the purpose of
20 providing the money needed to pay principal of and interest
21 on outstanding special improvement district bonds. To issue
22 bonds for such purpose, the board of county commissioners,
23 at a regular meeting or a duly called special meeting, shall
24 adopt a resolution setting forth:

25 (a) the facts regarding the outstanding bonds that are

1 to be refunded;

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

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

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

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

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

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

19 (4) Bonds Unless there is, or will be on the next
20 payment date, a default in the payment of bond principal or
21 interest, bonds may not be refunded by the issuance of
22 refunding bonds unless the rate of interest offered on the
23 refunding bonds is at least 1/2 of 1% a year less than the
24 rate of interest on the bonds to be refunded.

25 (5) (a) Refunding bonds issued pursuant to this

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

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

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

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

21 (iii) any redemption premium.

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

25 (d) Funds to the credit of the debt service fund for

1 the payment of the refunded bonds and not required for the
 2 payment of principal thereof or interest thereon due prior
 3 to issuance of the refunding bonds may be appropriated by
 4 the board to the escrow account.

5 (e) The county may pay the reasonable costs and
 6 expenses of issuing the refunding bonds and of establishing
 7 and maintaining the escrow account.

8 (6) Refunding bonds may be issued under this section
 9 to pay principal of or interest on special improvement
 10 district bonds outstanding on April 30, 1985, only if:

11 (a) one-third or more of the term for which such bonds
 12 were issued has expired; or

13 (b) there is a deficiency in the bond account or
 14 interest account of the special improvement district fund
 15 from which such bonds are payable."

16 Section 3. Section 7-12-4190, MCA, is amended to read:

17 "7-12-4190. Payment of assessments in installments.

18 (1) The payment of assessments to defray the cost of
 19 acquiring or constructing any improvements in special
 20 improvement districts may be spread over a term of not to
 21 exceed 20 years.

22 ~~(2) If the bonds of the special improvement district~~
 23 ~~are issued as serial bonds, the~~ The assessments must be ~~are~~
 24 payable in equal ~~annual~~ semiannual ~~installments, if the~~
 25 ~~bonds are issued as amortization bonds, the assessments must~~

1 ~~be payable of principal, with interest on the unpaid~~
 2 ~~installments, or if the city council or commission so~~
 3 ~~prescribes in the resolution authorizing the issuance of~~
 4 ~~special improvement district bonds, in equal annual~~
 5 ~~semiannual~~ installments of principal and interest, each in
 6 the amount required to pay the principal over the term of
 7 payment, with interest at the rate then borne by the
 8 assessment.

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

15 Section 4. Section 7-12-4194, MCA, is amended to read:

16 "7-12-4194. Refunding bonds. (1) A city may issue
 17 special improvement district bonds for the purpose of
 18 providing the money needed to pay principal of and interest
 19 on outstanding special improvement district bonds. To issue
 20 bonds for such purpose, the city council, at a regular
 21 meeting or a duly called special meeting, shall adopt a
 22 resolution setting forth:

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

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

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

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

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

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

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

17 (4) Bonds Unless there is, or will be on the next
18 payment date, a default in the payment of bond principal or
19 interest, bonds may not be refunded by the issuance of
20 refunding bonds unless the rate of interest offered on the
21 refunding bonds is at least 1/2 of 1% a year less than the
22 rate of interest on the bonds to be refunded.

23 (5) (a) Refunding bonds issued pursuant to this
24 section may be issued to refund outstanding bonds in advance
25 of the date on which such bonds mature or are subject to

1 redemption, but the proceeds of the refunding bonds, less
2 any accrued interest or premium received upon the sale
3 thereof, must be deposited with other funds appropriated for
4 the payment of the outstanding bonds in escrow with a
5 suitable banking institution or trust company, which may be
6 located either in or out of the state.

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

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

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

19 (iii) any redemption premium.

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

23 (d) Funds to the credit of the debt service fund for
24 the payment of the refunded bonds and not required for the
25 payment of principal thereof or interest thereon due prior

1 to issuance of the refunding bonds may be appropriated by
2 the council to the escrow account.

3 (e) The city may pay the reasonable costs and expenses
4 of printing the refunding bonds and of establishing and
5 maintaining the escrow account.

6 (6) Refunding bonds may be issued under this section
7 to pay principal of or interest on special improvement
8 district bonds outstanding on April 30, 1985, only if:

9 (a) the proceeds of such refunding bonds do not redeem
10 such outstanding bonds until one-third or more of the term
11 for which such bonds were issued has expired; or

12 (b) there is a deficiency in the bond account or
13 interest account of the special improvement district fund
14 from which such bonds are payable."

15 NEW SECTION. Section 5. Assessment of costs --
16 assessed valuation option. The city council or city
17 commission may assess the cost of an improvement against
18 each lot or parcel of land in the district based on the
19 assessed value of the benefited lots or parcels of land
20 within the district if the council or commission determines
21 such assessment to be equitable and in proportion to and not
22 exceeding the benefits derived from the improvement by the
23 lot or parcel.

24 NEW SECTION. Section 6. Change in method of
25 assessment and relevy of assessments upon refunding. If

1 refunding bonds are proposed to be issued pursuant to
2 7-12-2193 and it appears that the special assessments levied
3 in the rural special improvement district could more
4 equitably be assessed on a different basis under 7-12-2151,
5 then the board, after conducting a public hearing on the
6 desirability of relevyng the special assessments following
7 published and mailed notice as provided in 7-12-2105(2), may
8 reassess and relevy the special assessments that are
9 outstanding but not delinquent in accordance with the
10 provisions of 7-12-2158 through 7-12-2160, with the same
11 effect as an original levy. Before the board may reassess
12 and relevy such assessments, it must find by resolution that
13 under the new method of assessment no lot, parcel, or tract
14 of land in the rural special improvement district will be
15 assessed in an amount, including the amounts levied as part
16 of the original assessment that have been paid or are
17 delinquent, greater than the benefits derived by the lot,
18 parcel, or tract from the improvement undertaken in or for
19 the benefit of the district.

20 NEW SECTION. Section 7. Change in method of
21 assessment and relevy of assessments upon refunding. If
22 refunding bonds are proposed to be issued pursuant to
23 7-12-4194 and it appears that the special assessments levied
24 in the special improvement district could more equitably be
25 assessed on a different basis under 7-12-4162 through

1 7-12-4165, then the city council, after conducting a public
 2 hearing on the desirability of relevying the special
 3 assessments following published and mailed notice as
 4 provided in 7-12-4106(2), may reassess and relevy the
 5 special assessments that are outstanding but not delinquent
 6 in accordance with the provisions of 7-12-4176 through
 7 7-12-4178, with the same effect as an original levy. Before
 8 the city council may reassess and relevy such assessments,
 9 it must find by resolution that under the new method of
 10 assessment no lot, parcel, or tract of land in the special
 11 improvement district will be assessed in an amount,
 12 including the amounts levied as part of the original
 13 assessment that have been paid or are delinquent, greater
 14 than the benefits derived by the lot, parcel, or tract from
 15 the improvement undertaken in or for the benefit of the
 16 district.

17 NEW SECTION. Section 8. Codification instructions.
 18 (1) Sections 5 and 7 are intended to be codified as an
 19 integral part of Title 7, chapter 12, part 41, and the
 20 provisions of Title 7, chapter 12, part 41, apply to
 21 sections 5 and 7.

22 (2) Section 6 is intended to be codified as an
 23 integral part of Title 7, chapter 12, part 21, and the
 24 provisions of Title 7, chapter 12, part 21, apply to section
 25 6.

1 NEW SECTION. Section 9. Severability. If a part of
 2 this act is invalid, all valid parts that are severable from
 3 the invalid part remain in effect. If a part of this act is
 4 invalid in one or more of its applications, the part remains
 5 in effect in all valid applications that are severable from
 6 the invalid applications.

7 NEW SECTION. Section 10. Saving clause. Sections 2
 8 and 4 of this act are remedial in nature and do not imply
 9 any lack of authority or invalidity of refunding bonds
 10 issued prior to the effective date of this act.

11 NEW SECTION. Section 11. Effective date. This act is
 12 effective on passage and approval.

-End-

HOUSE BILL NO. 697

INTRODUCED BY CONNELLY, LYBECK, VINCENT, MOORE,
SALES, LORY, BRADLEY, HARDING, WALLIN, MERCER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS RELATING TO SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL IMPROVEMENT DISTRICTS; PROVIDING FOR SEMIANNUAL BOND PAYMENTS; CLARIFYING WHEN BONDS MAY BE REFUNDED; PROVIDING FOR THE ASSESSED VALUATION OPTION FOR SPECIAL IMPROVEMENT DISTRICTS; AUTHORIZING A CHANGE IN THE ASSESSMENT METHOD IF DISTRICT BONDS ARE REFUNDED; AMENDING SECTIONS 7-12-2167, 7-12-2193, 7-12-4190, AND 7-12-4194, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-12-2167, MCA, is amended to read:

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

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

(3) If ~~the bonds of the special improvement district are issued as serial bonds, the~~ The assessments must be ~~are~~

~~payable in equal annual~~ semiannual ~~installments,--if the bonds are issued as amortization bonds, the assessments must be--payable of principal, with interest on the unpaid installments, or if the board of county commissioners so prescribes in the resolution authorizing issuance of the special improvement district bonds,~~ in equal annual semiannual installments of principal and interest, each in the amount required to pay the principal over the term of payment, with interest at the rate then borne by the assessment.

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

Section 2. Section 7-12-2193, MCA, is amended to read:

"7-12-2193. 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



1 to be refunded;

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

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

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

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

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

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

19 (4) Bonds Unless there is, or will be on the next
20 payment date, a default in the payment of bond principal or
21 interest, bonds may not be refunded by the issuance of
22 refunding bonds unless the rate of interest offered on the
23 refunding bonds is at least 1/2 of 1% a year less than the
24 rate of interest on the bonds to be refunded.

25 (5) (a) Refunding bonds issued pursuant to this

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

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

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

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

21 (iii) any redemption premium.

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

25 (d) Funds to the credit of the debt service fund for

1 the payment of the refunded bonds and not required for the
2 payment of principal thereof or interest thereon due prior
3 to issuance of the refunding bonds may be appropriated by
4 the board to the escrow account.

5 (e) The county may pay the reasonable costs and
6 expenses of issuing the refunding bonds and of establishing
7 and maintaining the escrow account.

8 (6) Refunding bonds may be issued under this section
9 to pay principal of or interest on special improvement
10 district bonds outstanding on April 30, 1985, only if:

11 (a) one-third or more of the term for which such bonds
12 were issued has expired; or

13 (b) there is a deficiency in the bond account or
14 interest account of the special improvement district fund
15 from which such bonds are payable."

16 Section 3. Section 7-12-4190, MCA, is amended to read:

17 "7-12-4190. Payment of assessments in installments.

18 (1) The payment of assessments to defray the cost of
19 acquiring or constructing any improvements in special
20 improvement districts may be spread over a term of not to
21 exceed 20 years.

22 ~~(2) If the bonds of the special improvement district~~
23 ~~are issued as serial bonds, the~~ The assessments must be ~~are~~
24 payable in equal annual semiannual installments. ~~---If the~~
25 ~~bonds are issued as amortization bonds, the assessments must~~

1 ~~be--payable of principal, with interest on the unpaid~~
2 ~~installments, or if the city council or commission so~~
3 ~~prescribes in the resolution authorizing the issuance of~~
4 ~~special improvement district bonds, in equal annual~~
5 ~~semiannual~~ installments of principal and interest, each in
6 the amount required to pay the principal over the term of
7 payment, with interest at the rate then borne by the
8 assessment.

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

15 Section 4. Section 7-12-4194, MCA, is amended to read:

16 "7-12-4194. Refunding bonds. (1) A city may issue
17 special improvement district bonds for the purpose of
18 providing the money needed to pay principal of and interest
19 on outstanding special improvement district bonds. To issue
20 bonds for such purpose, the city council, at a regular
21 meeting or a duly called special meeting, shall adopt a
22 resolution setting forth:

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

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

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

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

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

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

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

17 (4) Bonds Unless there is, or will be on the next
18 payment date, a default in the payment of bond principal or
19 interest, bonds may not be refunded by the issuance of
20 refunding bonds unless the rate of interest offered on the
21 refunding bonds is at least 1/2 of 1% a year less than the
22 rate of interest on the bonds to be refunded.

23 (5) (a) Refunding bonds issued pursuant to this
24 section may be issued to refund outstanding bonds in advance
25 of the date on which such bonds mature or are subject to

1 redemption, but the proceeds of the refunding bonds, less
2 any accrued interest or premium received upon the sale
3 thereof, must be deposited with other funds appropriated for
4 the payment of the outstanding bonds in escrow with a
5 suitable banking institution or trust company, which may be
6 located either in or out of the state.

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

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

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

19 (iii) any redemption premium.

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

23 (d) Funds to the credit of the debt service fund for
24 the payment of the refunded bonds and not required for the
25 payment of principal thereof or interest thereon due prior

1 to issuance of the refunding bonds may be appropriated by
2 the council to the escrow account.

3 (e) The city may pay the reasonable costs and expenses
4 of printing the refunding bonds and of establishing and
5 maintaining the escrow account.

6 (6) Refunding bonds may be issued under this section
7 to pay principal of or interest on special improvement
8 district bonds outstanding on April 30, 1985, only if:

9 (a) the proceeds of such refunding bonds do not redeem
10 such outstanding bonds until one-third or more of the term
11 for which such bonds were issued has expired; or

12 (b) there is a deficiency in the bond account or
13 interest account of the special improvement district fund
14 from which such bonds are payable."

15 NEW SECTION. Section 5. Assessment of costs --
16 assessed valuation option. The city council or city
17 commission may assess the cost of an improvement against
18 each lot or parcel of land in the district based on the
19 assessed value of the benefited lots or parcels of land
20 within the district if the council or commission determines
21 such assessment to be equitable and in proportion to and not
22 exceeding the benefits derived from the improvement by the
23 lot or parcel.

24 NEW SECTION. Section 6. Change in method of
25 assessment and relevy of assessments upon refunding. If

1 refunding bonds are proposed to be issued pursuant to
2 7-12-2193 and it appears that the special assessments levied
3 in the rural special improvement district could more
4 equitably be assessed on a different basis under 7-12-2151,
5 then the board, after conducting a public hearing on the
6 desirability of relevyng the special assessments following
7 published and mailed notice as provided in 7-12-2105(2), may
8 reassess and relevy the special assessments that are
9 outstanding but not delinquent in accordance with the
10 provisions of 7-12-2158 through 7-12-2160, with the same
11 effect as an original levy. Before the board may reassess
12 and relevy such assessments, it must find by resolution that
13 under the new method of assessment no lot, parcel, or tract
14 of land in the rural special improvement district will be
15 assessed in an amount, including the amounts levied as part
16 of the original assessment that have been paid or are
17 delinquent, greater than the benefits derived by the lot,
18 parcel, or tract from the improvement undertaken in or for
19 the benefit of the district.

20 NEW SECTION. Section 7. Change in method of
21 assessment and relevy of assessments upon refunding. If
22 refunding bonds are proposed to be issued pursuant to
23 7-12-4194 and it appears that the special assessments levied
24 in the special improvement district could more equitably be
25 assessed on a different basis under 7-12-4162 through

1 7-12-4165, then the city council, after conducting a public
 2 hearing on the desirability of relevyng the special
 3 assessments following published and mailed notice as
 4 provided in 7-12-4106(2), may reassess and relevy the
 5 special assessments that are outstanding but not delinquent
 6 in accordance with the provisions of 7-12-4176 through
 7 7-12-4178, with the same effect as an original levy. Before
 8 the city council may reassess and relevy such assessments,
 9 it must find by resolution that under the new method of
 10 assessment no lot, parcel, or tract of land in the special
 11 improvement district will be assessed in an amount,
 12 including the amounts levied as part of the original
 13 assessment that have been paid or are delinquent, greater
 14 than the benefits derived by the lot, parcel, or tract from
 15 the improvement undertaken in or for the benefit of the
 16 district.

17 NEW SECTION. Section 8. Codification instructions.

18 (1) Sections 5 and 7 are intended to be codified as an
 19 integral part of Title 7, chapter 12, part 41, and the
 20 provisions of Title 7, chapter 12, part 41, apply to
 21 sections 5 and 7.

22 (2) Section 6 is intended to be codified as an
 23 integral part of Title 7, chapter 12, part 21, and the
 24 provisions of Title 7, chapter 12, part 21, apply to section
 25 6.

1 NEW SECTION. Section 9. Severability. If a part of
 2 this act is invalid, all valid parts that are severable from
 3 the invalid part remain in effect. If a part of this act is
 4 invalid in one or more of its applications, the part remains
 5 in effect in all valid applications that are severable from
 6 the invalid applications.

7 NEW SECTION. Section 10. Saving clause. Sections 2
 8 and 4 of this act are remedial in nature and do not imply
 9 any lack of authority or invalidity of refunding bonds
 10 issued prior to the effective date of this act.

11 NEW SECTION. Section 11. Effective date. This act is
 12 effective on passage and approval.

-End-

1 HOUSE BILL NO. 697

2 INTRODUCED BY CONNELLY, LYBECK, VINCENT, MOORE,
3 SALES, LORY, BRADLEY, HARDING, WALLIN, MERCER

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS
6 RELATING TO SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL
7 IMPROVEMENT DISTRICTS; PROVIDING FOR SEMIANNUAL BOND
8 PAYMENTS; CLARIFYING WHEN BONDS MAY BE REFUNDED; PROVIDING
9 FOR THE ASSESSED VALUATION OPTION FOR SPECIAL IMPROVEMENT
10 DISTRICTS; ~~AUTHORIZING A CHANGE IN THE ASSESSMENT METHOD IF~~
11 ~~DISTRICT BONDS ARE REFUNDED~~; AMENDING SECTIONS 7-12-2167,
12 7-12-2193, 7-12-4190, AND 7-12-4194, MCA; AND PROVIDING AN
13 IMMEDIATE EFFECTIVE DATE."
14

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

16 Section 1. Section 7-12-2167, MCA, is amended to read:

17 "7-12-2167. Term of payment of assessments. (1) Except
18 as provided in subsection (2), the payment of the assessment
19 to defray the cost of constructing any improvements in
20 special improvement districts may be spread over a term of
21 not to exceed 30 years.

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

24 (3) ~~if the bonds of the special improvement district~~
25 ~~are issued as serial bonds, the~~ The assessments must be are

1 payable in equal ~~annual~~ semiannual installments; ~~if the~~
2 ~~bonds are issued as amortization bonds, the assessments must~~
3 ~~be payable of principal, with interest on the unpaid~~
4 ~~installments, or if the board of county commissioners so~~
5 ~~prescribes in the resolution authorizing issuance of the~~
6 ~~special improvement district bonds, in equal annual~~
7 ~~semiannual~~ installments of principal and interest, each in
8 the amount required to pay the principal over the term of
9 payment, with interest at the rate then borne by the
10 assessment.

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

17 Section 2. Section 7-12-2193, MCA, is amended to read:

18 "7-12-2193. Refunding bonds. (1) A county may issue
19 special improvement district bonds for the purpose of
20 providing the money needed to pay principal of and interest
21 on outstanding special improvement district bonds. To issue
22 bonds for such purpose, the board of county commissioners,
23 at a regular meeting or a duly called special meeting, shall
24 adopt a resolution setting forth:

25 (a) the facts regarding the outstanding bonds that are

1 to be refunded;

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

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

4 (2) If the refunding bonds are proposed to be issued

5 in an amount greater than the amount of outstanding bonds to

6 be refunded, the board may not authorize the issuance of

7 such bonds until it has conducted a public hearing on the

8 desirability of issuing the bonds, after published and

9 mailed notice as provided in 7-12-2105(2), and found by

10 resolution that such an issuance of refunding bonds is in

11 the best interest of the special improvement district.

12 (3) After the adoption of the required resolution or

13 resolutions, the board may:

14 (a) sell the refunding bonds at a private negotiated

15 sale; or

16 (b) at its option, give notice of the sale and sell

17 the refunding bonds in the same manner that other special

18 improvement district bonds are sold.

19 (4) Bonds Unless there is, or will be on the next

20 payment date, a default in the payment of bond principal or

21 interest, bonds may not be refunded by the issuance of

22 refunding bonds unless the rate of interest offered on the

23 refunding bonds is at least 1/2 of 1% a year less than the

24 rate of interest on the bonds to be refunded.

25 (5) (a) Refunding bonds issued pursuant to this

1 section may be issued to refund outstanding bonds in advance

2 of the date on which such bonds mature or are subject to

3 redemption, but the proceeds of the refunding bonds, less

4 any accrued interest or premium received upon the sale

5 thereof, must be deposited with other funds appropriated for

6 the payment of the outstanding bonds in escrow with a

7 suitable banking institution or trust company, which may be

8 located either in or out of the state.

9 (b) Funds so deposited must be invested in securities

10 that are general obligations of the United States or

11 securities the principal of and interest on which are

12 guaranteed by the United States. Such securities must mature

13 or be callable at the option of the holder on such dates and

14 bear interest at such rates and be payable on such dates as

15 may be required to provide funds sufficient, with any cash

16 deposited in the escrow account, to pay when due:

17 (i) the interest to accrue on each refunded bond to

18 its maturity or redemption date, if called for redemption;

19 (ii) the principal on each refunded bond at maturity or

20 upon such redemption date; and

21 (iii) any redemption premium.

22 (c) The escrow account must be irrevocably

23 appropriated to the payment of the principal of an interest

24 and redemption premium, if any, on the refunded bonds.

25 (d) Funds to the credit of the debt service fund for

1 the payment of the refunded bonds and not required for the
 2 payment of principal thereof or interest thereon due prior
 3 to issuance of the refunding bonds may be appropriated by
 4 the board to the escrow account.

5 (e) The county may pay the reasonable costs and
 6 expenses of issuing the refunding bonds and of establishing
 7 and maintaining the escrow account.

8 (6) Refunding bonds may be issued under this section
 9 to pay principal of or interest on special improvement
 10 district bonds outstanding on April 30, 1985, only if:

11 (a) one-third or more of the term for which such bonds
 12 were issued has expired; or

13 (b) there is a deficiency in the bond account or
 14 interest account of the special improvement district fund
 15 from which such bonds are payable."

16 Section 3. Section 7-12-4190, MCA, is amended to read:

17 "7-12-4190. Payment of assessments in installments.

18 (1) The payment of assessments to defray the cost of
 19 acquiring or constructing any improvements in special
 20 improvement districts may be spread over a term of not to
 21 exceed 20 years.

22 ~~(2) If the bonds of the special improvement district~~
 23 ~~are issued as serial bonds, the~~ The assessments must be are
 24 payable in equal annual semiannual installments. ~~if the~~
 25 ~~bonds are issued as amortization bonds, the assessments must~~

1 be payable of principal, with interest on the unpaid
 2 installments, or if the city council or commission so
 3 prescribes in the resolution authorizing the issuance of
 4 special improvement district bonds, in equal annual
 5 semiannual installments of principal and interest, each in
 6 the amount required to pay the principal over the term of
 7 payment, with interest at the rate then borne by the
 8 assessment.

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

15 Section 4. Section 7-12-4194, MCA, is amended to read:

16 "7-12-4194. Refunding bonds. (1) A city may issue
 17 special improvement district bonds for the purpose of
 18 providing the money needed to pay principal of and interest
 19 on outstanding special improvement district bonds. To issue
 20 bonds for such purpose, the city council, at a regular
 21 meeting or a duly called special meeting, shall adopt a
 22 resolution setting forth:

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

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

1 (c) the term and details of the refunding bonds.
 2 (2) If the refunding bonds are proposed to be issued
 3 in an amount greater than the amount of outstanding bonds to
 4 be refunded, the city council may not authorize the issuance
 5 of such bonds until it has conducted a public hearing on the
 6 desirability of issuing the bonds, after published and
 7 mailed notice as provided in 7-12-4106(2), and found by
 8 resolution that such an issuance of refunding bonds is in
 9 the best interest of the special improvement district.
 10 (3) After the adoption of the required resolution or
 11 resolutions, the council may:
 12 (a) sell the refunding bonds at a private negotiated
 13 sale; or
 14 (b) at its option, give notice of the sale and sell
 15 the refunding bonds in the same manner that other special
 16 improvement district bonds are sold.
 17 (4) Bonds Unless there is, or will be on the next
 18 payment date, a default in the payment of bond principal or
 19 interest, bonds may not be refunded by the issuance of
 20 refunding bonds unless the rate of interest offered on the
 21 refunding bonds is at least 1/2 of 1% a year less than the
 22 rate of interest on the bonds to be refunded.
 23 (5) (a) Refunding bonds issued pursuant to this
 24 section may be issued to refund outstanding bonds in advance
 25 of the date on which such bonds mature or are subject to

1 redemption, but the proceeds of the refunding bonds, less
 2 any accrued interest or premium received upon the sale
 3 thereof, must be deposited with other funds appropriated for
 4 the payment of the outstanding bonds in escrow with a
 5 suitable banking institution or trust company, which may be
 6 located either in or out of the state.
 7 (b) Funds so deposited must be invested in securities
 8 that are general obligations of the United States or
 9 securities the principal of and interest on which are
 10 guaranteed by the United States. Such securities must mature
 11 or be callable at the option of the holder on such dates and
 12 bear interest at such rates and be payable on such dates as
 13 may be required to provide funds sufficient, with any cash
 14 deposited in the escrow account, to pay when due:
 15 (i) the interest to accrue on each refunded bond to
 16 its maturity or redemption date, if called for redemption;
 17 (ii) the principal on each refunded bond at maturity or
 18 upon such redemption date; and
 19 (iii) any redemption premium.
 20 (c) The escrow account must be irrevocably
 21 appropriated to the payment of the principal of an interest
 22 and redemption premium, if any, on the refunded bonds.
 23 (d) Funds to the credit of the debt service fund for
 24 the payment of the refunded bonds and not required for the
 25 payment of principal thereof or interest thereon due prior

1 to issuance of the refunding bonds may be appropriated by
2 the council to the escrow account.

3 (e) The city may pay the reasonable costs and expenses
4 of printing the refunding bonds and of establishing and
5 maintaining the escrow account.

6 (6) Refunding bonds may be issued under this section
7 to pay principal of or interest on special improvement
8 district bonds outstanding on April 30, 1985, only if:

9 (a) the proceeds of such refunding bonds do not redeem
10 such outstanding bonds until one-third or more of the term
11 for which such bonds were issued has expired; or

12 (b) there is a deficiency in the bond account or
13 interest account of the special improvement district fund
14 from which such bonds are payable."

15 NEW SECTION. Section 5. Assessment of costs --
16 assessed valuation option. The city council or city
17 commission may assess the cost of an improvement against
18 each lot or parcel of land in the district based on the
19 assessed value of the benefited lots or parcels of land
20 within the district if the council or commission determines
21 such assessment to be equitable and in proportion to and not
22 exceeding the benefits derived from the improvement by the
23 lot or parcel.

24 NEW SECTION. Section 6. Change in method of
25 assessment and relevy of assessments upon refunding if

1 refunding bonds are proposed to be issued pursuant to
2 7-12-2193 and it appears that the special assessments levied
3 in the rural special improvement district could more
4 equitably be assessed on a different basis under 7-12-2151
5 then the board, after conducting a public hearing on the
6 desirability of relevyng the special assessments following
7 published and mailed notice as provided in 7-12-2105(2), may
8 reassess and relevy the special assessments that are
9 outstanding but not delinquent in accordance with the
10 provisions of 7-12-2158 through 7-12-2160, with the same
11 effect as an original levy. Before the board may reassess
12 and relevy such assessments, it must find by resolution that
13 under the new method of assessment no lot, parcel, or tract
14 of land in the rural special improvement district will be
15 assessed in an amount, including the amounts levied as part
16 of the original assessment that have been paid or are
17 delinquent, greater than the benefits derived by the lot,
18 parcel, or tract from the improvement undertaken in or for
19 the benefit of the district.

20 NEW SECTION. Section 7. Change in method of
21 assessment and relevy of assessments upon refunding. If
22 refunding bonds are proposed to be issued pursuant to
23 7-12-4194 and it appears that the special assessments levied
24 in the special improvement district could more equitably be
25 assessed on a different basis under 7-12-4162 through

1 7-12-4165, then the city council, after conducting a public
 2 hearing on the desirability of relieving the special
 3 assessments following published and mailed notice as
 4 provided in 7-12-4186(2), may reassess and levy the
 5 special assessments that are outstanding but not delinquent
 6 in accordance with the provisions of 7-12-4176 through
 7 7-12-4178, with the same effect as an original levy. Before
 8 the city council may reassess and levy such assessments,
 9 it must find by resolution that under the new method of
 10 assessment no lot, parcel, or tract of land in the special
 11 improvement district will be assessed in an amount,
 12 including the amounts levied as part of the original
 13 assessment that have been paid or are delinquent, greater
 14 than the benefits derived by the lot, parcel, or tract from
 15 the improvement undertaken in or for the benefit of the
 16 district.

17 NEW SECTION. Section 6. Codification instructions.
 18 {1} Sections 5 and 7 are SECTION 5 IS intended to be
 19 codified as an integral part of Title 7, chapter 12, part
 20 41, and the provisions of Title 7, chapter 12, part 41,
 21 apply to sections 5 and 7 SECTION 5.

22 {2} Section 6 is intended to be codified as an
 23 integral part of Title 7, chapter 12, part 21, and the
 24 provisions of Title 7, chapter 12, part 21, apply to section
 25 6.

1 NEW SECTION. Section 7. Severability. If a part of
 2 this act is invalid, all valid parts that are severable from
 3 the invalid part remain in effect. If a part of this act is
 4 invalid in one or more of its applications, the part remains
 5 in effect in all valid applications that are severable from
 6 the invalid applications.

7 NEW SECTION. Section 8. Saving clause. Sections 2 and
 8 4 of this act are remedial in nature and do not imply any
 9 lack of authority or invalidity of refunding bonds issued
 10 prior to the effective date of this act.

11 NEW SECTION. Section 9. Effective date. This act is
 12 effective on passage and approval.

-End-

STANDING COMMITTEE REPORT

SENATE

SCRHB697

March 25, 1987

MR. PRESIDENT

Local Government

We, your committee on.....

House Bill

697

having had under consideration..... No.....

third reading copy (blue color)

Connelly (Lybeck)

REVISION OF SOME SID/RSID BONDING PROVISIONS

Respectfully report as follows: That.....House Bill..... No.....697.....

BE AMENDED AS FOLLOWS:

- 1. Title, lines 10 and 11. Following; "DISTRICTS;" Strike: "AUTHORIZING A CHANGE IN THE ASSESSMENT METHOD IF DISTRICT BONDS ARE REFUNDED;"
2. Page 9, line 24 through line 16 on page 11. Strike: sections 6 and 7 in their entirety Renumber: subsequent sections
3. Page 11, line 18. Strike: "(1) Sections 5 and 7 are" Insert: "Section 5 is"
4. Page 11, line 21. Strike: "sections 5 and 7" Insert: "section 5"
5. Page 11, lines 22 through 25. Strike: subsection (2) in its entirety

AF

DEPASS AND AS AMENDED, BE CONCURRED IN

Signature of Senator Crippen with handwritten date 3-25-87 and time 11:05

Chairman.

Senator Crippen

CONFERENCE COMMITTEE REPORT

Report No. One

..... 4-14..... 19.87....

MR. SPEAKER

We, your _____ Conference Committee on

House Bill 697

met and considered _____ Senate amendments to House Bill 697, third copy (blue)

dated March 24, 1987.

We recommend as follows:

That the Senate amendments to House Bill 697 be concurred in.

And that this Conference Committee report be adopted.

FOR THE SENATE

Lybeck

Sen. Lybeck

Eleanor L. Vaughn

Sen. Vaughn

D. Meyer

Sen. Meyer

FOR THE HOUSE

Walter Jones

Rep. Sales

Frank Wallin

Rep. Wallin

M. E. Connelly

Rep. Connelly

ADOPT REJECT

19