

HOUSE BILL NO. 656

INTRODUCED BY WALLIN, VINCENT, HOFMAN

IN THE HOUSE

FEBRUARY 11, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
FEBRUARY 13, 1989	FIRST READING.
FEBRUARY 17, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
	PRINTING REPORT.
FEBRUARY 20, 1989	SECOND READING, DO PASS.
FEBRUARY 21, 1989	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 99; NOES, 0.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 28, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
	FIRST READING.
MARCH 22, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 23, 1989	SECOND READING, CONCURRED IN.
MARCH 28, 1989	THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.
	RETURNED TO HOUSE.

MARCH 29, 1989

IN THE HOUSE

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

House BILL NO. *656*

INTRODUCED BY *William Vincent*

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS GOVERNING THE FINANCING OF SPECIAL IMPROVEMENT DISTRICTS; AUTHORIZING A CITY OR TOWN COUNCIL TO WITHDRAW ACCELERATED ASSESSMENT DELINQUENCIES OF A SPECIAL IMPROVEMENT DISTRICT AND TO WAIVE PENALTIES AND INTEREST ON THE PAYMENT OF DELINQUENT ASSESSMENTS OF SPECIAL IMPROVEMENT DISTRICTS; CHANGING THE ANNUAL SERIAL BOND INSTALLMENT MATURITY FORMULA; SPECIFYING THAT REFUNDING BONDS MAY MATURE 30 YEARS AFTER THE UNDERLYING BONDS WERE ISSUED; AUTHORIZING THE ISSUANCE OF REFUNDING BONDS UPON A 50 PERCENT ANNUAL DEFAULT IN DISTRICT ASSESSMENT PAYMENTS; REPEALING SECTIONS THAT SET FORTH THE FORM OF A BOND OR WARRANT; AMENDING SECTIONS 7-12-2171, 7-12-2172, 7-12-2191, 7-12-2193, 7-12-4102, 7-12-4182, 7-12-4183, 7-12-4192, 7-12-4194, 7-12-4203, 7-12-4244, 7-12-4247, 7-13-114, 15-16-102, AND 15-16-103, MCA; REPEALING SECTIONS 7-12-2170 AND 7-12-4202, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-12-2171, MCA, is amended to read:

"7-12-2171. Details relating to rural improvement district bonds and warrants -- definitions of bond forms.

(1) The bonds and warrants shall be drawn against either the special--improvement--district construction or maintenance fund created for the special improvement district ~~{that--is, either the construction or maintenance fund, as the case may be}~~ and shall bear interest from the date of registration until called for redemption or paid in full. The interest shall be payable annually or semiannually, at the discretion of the board of county commissioners, on such the dates as the board prescribes. Such The warrants or bonds shall bear the signatures of the chairman of the board and the county clerk and shall bear the corporate seal of the county. They shall be registered in the office of the county clerk and the county treasurer, and if interest coupons be are attached ~~thereto~~ to the warrants or bonds, they shall also be ~~so~~ registered and shall bear the signatures of the chairman of the board and the county clerk. Said The coupons may bear the facsimile signatures of said the officers in the discretion of the board.

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

(3) All special improvement district bonds must be



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1 amortization bonds unless, in the judgment of the board,
2 serial bonds will be more advantageous to the district and
3 can be sold at a comparatively reasonable rate or rates of
4 interest.

5 (4) As used in this part, unless the context clearly
6 indicates otherwise, the following definitions apply:

7 (a) "Amortization bonds" means the form of bonds on
8 which:

9 (i) a part of the principal must be paid each time
10 interest becomes payable;

11 (ii) the part payment of principal increases at each
12 installment in the same amount that the interest decreases;

13 (iii) the combined interest and principal due on each
14 due date remains the same until the bonds are paid;

15 (iv) the final payment may vary from prior payments in
16 the amount resulting from disregarding fractional costs in
17 prior payments; and

18 (v) the initial payment may be larger than subsequent
19 payments if such the increase represents interest accrued
20 over an additional period not greater than 6 months.

21 (b) "Serial bonds" means the form of bonds that are
22 payable in annual installments and on which the amount
23 maturing each year may not be more than three five times the
24 principal amount of bonds maturing in any previous year."

25 **Section 2.** Section 7-12-2172, MCA, is amended to read:

1 **"7-12-2172. Procedure to issue bonds and warrants. (1)**
2 The board of county commissioners shall sell bonds or
3 warrants issued under the provisions of 7-12-2169 through
4 and 7-12-2171 through 7-12-2174, in an amount sufficient to
5 pay that part of the total cost and expense of the
6 improvements which is to be assessed against the benefited
7 property within the district, to the highest and best bidder
8 ~~therefor~~ for cash, at a price, including interest ~~thereon~~ to
9 date of delivery, not less than that prescribed by the board
10 in the resolution calling for the sale of the bonds or
11 warrants. The board may fix the minimum price for the bonds
12 or warrants in an amount less than the face value ~~thereof~~ of
13 the bonds or warrants if it determines that ~~such the~~ sale is
14 in the best interests of the district and the county.

15 (2) The bonds or warrants may be sold at a private
16 negotiated sale to the United States or the state of
17 Montana, or an agency, instrumentality, corporation, or
18 department thereof.

19 (3) In all other cases, the provisions of 7-7-4251
20 through 7-7-4254 which relate to the notice of sale,
21 publication of notice, and manner and method of selling
22 bonds by cities and towns, insofar as ~~the same they~~ they are
23 applicable ~~thereto~~ and not in conflict with the provisions
24 of this section and 7-12-2173, shall apply to, govern, and
25 control the form of notice of sale, publication of notice,

1 and manner and method of selling ~~such~~ bonds or warrants."

2 **Section 3.** Section 7-12-2191, MCA, is amended to read:

3 "7-12-2191. Change in outstanding principal of
4 district -- relevy of assessments. If proceeds of the bonds
5 or warrants of the special improvement district, including
6 investment income ~~thereon~~, are applied to the redemption and
7 prepayment of ~~such the~~ bonds or warrants, as provided in
8 7-12-2173 and 7-12-2174, or if refunding bonds are issued
9 pursuant to 7-12-2193 and the principal amount of the
10 outstanding bonds of the district is decreased or increased,
11 the assessments levied in the district and then outstanding
12 must be reduced or increased, respectively, pro rata by the
13 principal amount of ~~such the~~ prepayment or the increment
14 above or below the outstanding principal amount of bonds
15 represented by the refunding bonds. If refunding bonds are
16 issued, the assessments may be relevied over a term ending
17 not later than either the final maturity date of the
18 refunding bonds or the date 30 years after the date the
19 bonds to be refunded were issued. The board shall reassess
20 and relevy ~~such the~~ assessments, with the same effect as an
21 original levy, in ~~such~~ reduced or increased amounts, in
22 accordance with the provisions of 7-12-2158 through
23 7-12-2160."

24 **Section 4.** Section 7-12-2193, MCA, is amended to read:

25 "7-12-2193. Refunding bonds. (1) A county may issue

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

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

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

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

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

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

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

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

1 (4) ~~Unless there is, or will be on the next payment~~
 2 ~~date, a default in the payment of bond principal or~~
 3 ~~interest, bonds~~ Bonds may not be refunded by the issuance of
 4 refunding bonds unless:

5 (a) the rate of interest offered on the refunding
 6 bonds is at least 1/2 of 1% a year less than the rate of
 7 interest on the bonds to be refunded;

8 (b) there is, or will be on the next payment date,
 9 default in the payment of bond principal or interest; or

10 (c) 50% or more of the installments of special
 11 assessments levied in the special improvement district and
 12 payable in a single fiscal year have been delinquent for at
 13 least 1 year.

14 (5) (a) Refunding bonds issued pursuant to this
 15 section may be issued to refund outstanding bonds in advance
 16 of the date on which such the bonds mature or are subject to
 17 redemption, but the proceeds of the refunding bonds, less
 18 any accrued interest or premium received ~~upon the~~ from their
 19 sale thereof, must be deposited with other funds
 20 appropriated for the payment of the outstanding bonds in
 21 escrow with a suitable banking institution or trust company,
 22 which may be located either in or out of the state.

23 (b) ~~Funds so deposited~~ Deposited funds must be
 24 invested in securities that are general obligations of the
 25 United States or securities the principal of and interest on

1 which are guaranteed by the United States. ~~Such~~ The
 2 securities must mature or be callable at the option of the
 3 holder on such the dates and bear interest at such the rates
 4 and be payable on such the dates as may be required to
 5 provide funds sufficient, with any cash deposited in the
 6 escrow account, to pay when due:

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

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

11 (iii) any redemption premium.

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

15 (d) Funds to the credit of the debt service fund for
 16 the payment of the refunded bonds and not required for the
 17 payment of principal ~~thereof~~ or interest ~~thereon~~ due prior
 18 to issuance of the refunding bonds may be appropriated by
 19 the board to the escrow account.

20 (e) The county may pay the reasonable costs and
 21 expenses of issuing the refunding bonds and of establishing
 22 and maintaining the escrow account.

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

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

4 (b) there is a deficiency in the bond account or
 5 interest account of the special improvement district fund
 6 from which such the bonds are payable; or

7 (c) 50% or more of the installments of special
 8 assessments levied in the special improvement district and
 9 payable in a single fiscal year have been delinquent for at
 10 least 1 year."

11 **Section 5.** Section 7-12-4102, MCA, is amended to read:

12 "7-12-4102. Authorization for creation of special
 13 improvement districts. (1) The city or town council has
 14 power to create special improvement districts, designating
 15 the same them by number; to extend the time for payment of
 16 assessments levied upon such the districts for the district
 17 improvements thereon for a period not exceeding 20 years or,
 18 if refunding bonds are issued pursuant to 7-12-4194, for a
 19 period not exceeding 30 years; to make such the assessments
 20 payable in installments; and to pay all expenses of whatever
 21 character incurred in making such the improvements with
 22 special improvement warrants or bonds.

23 (2) Whenever the public interest or convenience may
 24 require requires, the city council ~~is hereby authorized--and~~
 25 ~~empowered to~~ may:

1 (a) create special improvement districts for acquiring
 2 by purchase, building, constructing, or maintaining devices
 3 intended to protect the safety of the public from open
 4 ditches carrying irrigation or other water;

5 (b) create special improvement districts for acquiring
 6 by purchase or building and constructing municipal swimming
 7 pools and other recreation facilities;

8 (c) create special improvement districts and order the
 9 whole or any portion or portions, either in length or width,
 10 of any one or more of the streets, avenues, alleys, or
 11 places or public ways of ~~any-such the~~ city:

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

13 (ii) planked or replanked;

14 (iii) paved or repaved;

15 (iv) macadamized or remacadamized;

16 (v) graveled or regreveled;

17 (vi) piled or repiled;

18 (vii) capped or recapped;

19 (viii) surfaced or resurfaced;

20 (ix) oiled or reoiled;

21 (d) create special improvement districts and order the
 22 acquisition, construction, or reconstruction therein within
 23 the districts of:

24 (i) sidewalks, crosswalks, culverts, bridges, gutters,
 25 curbs, steps, parkings (including the planting of grassplots

1 and setting out of trees);

2 (ii) sewers, ditches, drains, conduits, and channels
3 for sanitary and/or drainage purposes, with outlets,
4 cesspools, manholes, catchbasins, flush tanks, septic tanks,
5 connecting sewers, ditches, drains, conduits, channels, and
6 other appurtenances;

7 (iii) waterworks, water mains, and extensions of water
8 mains;

9 (iv) pipes, hydrants, hose connections for irrigating
10 purposes;

11 (v) appliances for fire protection;

12 (vi) tunnels, viaducts, conduits, subways, breakwaters,
13 levees, retaining walls, bulkheads, and walls of rock or
14 other material to protect the same from overflow or injury
15 by water;

16 (vii) the opening of streets, avenues, and alleys and
17 the planting of trees thereon on the streets, avenues, and
18 alleys;

19 (e) create special improvement districts and order the
20 construction or reconstruction in, over, or through property
21 or rights-of-way owned by such the city of:

22 (i) tunnels, sewers, ditches, drains, conduits, and
23 channels for sanitary and/or drainage purposes, with
24 necessary outlets, cesspools, manholes, catchbasins, flush
25 tanks, septic tanks, connection sewers, ditches, drains,

1 conduits, channels, and other appurtenances;

2 (ii) pipes, hose connections for irrigating; hydrants
3 and appliances for fire protection;

4 (iii) breakwaters, levees, retaining walls, and
5 bulkheads; and

6 (iv) walls of rock or other material to protect the
7 streets, avenues, lanes, alleys, courts, places, public
8 ways, and other property in ~~any-such~~ the city from overflow
9 by water;

10 (f) create special improvement districts to make
11 monetary advances or contributions to aid in the
12 construction of additional natural gas and electric
13 distribution lines and telecommunications facilities in
14 order to extend ~~such~~ those public utility services;

15 (g) create special improvement districts and order any
16 work to be done ~~which-shall-be--deemed~~ that is considered
17 necessary to improve the whole or any portion of ~~such the~~
18 streets, avenues, sidewalks, alleys, places, or public ways,
19 property, or right-of-way of ~~such the~~ city; and

20 (h) maintain, preserve, and care for any and all of
21 the improvements ~~herein--mentioned~~ authorized in this
22 section.

23 (3) The city governing body may order and create
24 special improvement districts covering projects abutting the
25 city limits and include properties outside the city where

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

16 **Section 6.** Section 7-12-4182, MCA, is amended to read:

17 "7-12-4182. Collection of district assessments by city
 18 treasurer in cities collecting their own taxes --
 19 delinquencies. (1) In every city or town which shall provide
 20 by ordinance for the collection of its taxes for general,
 21 municipal, and administrative purposes by its city treasurer
 22 or town clerk, such the city treasurer or town clerk shall
 23 collect all special assessments and taxes levied and
 24 assessed in accordance with any of the provisions of this
 25 part and part 42 in the same manner and at the same time as

1 ~~said~~ taxes for general, municipal, and administrative
 2 purposes are collected by him. All of the provisions of
 3 7-6-4423 ~~shall~~ apply to the collection of such the special
 4 taxes and assessments in the same manner as such the
 5 provisions apply to the collection of other city or town
 6 taxes.

7 (2) (a) When the payment of an installment of a
 8 special assessment becomes delinquent, all payments of
 9 subsequent installments may, at the option of the city or
 10 town council and upon adoption of the appropriate
 11 resolutions, become delinquent. The city or town may,
 12 pursuant to 7-12-4184, order that all assessments that are
 13 delinquent for specific parcels of land as a result of
 14 acceleration be withdrawn.

15 (b) Upon delinquency in one or all installments, the
 16 whole property shall be sold the same as other property is
 17 sold for taxes. The enforcement of the lien of any
 18 installment of a special assessment by any method authorized
 19 by law does not prevent the enforcement of the lien of any
 20 subsequent installment when it becomes delinquent."

21 **Section 7.** Section 7-12-4183, MCA, is amended to read:

22 "7-12-4183. Collection of district assessments by city
 23 treasurer in cities where county collects taxes. (1) In any
 24 city or town where taxes for general, municipal, and
 25 administrative purposes are certified to and collected by

1 the county treasurer in accordance with the provisions of
 2 7-6-4407 and 7-6-4423, the city or town may, nevertheless,
 3 provide by ordinance for the collection by its city
 4 treasurer or town clerk of all special assessments and taxes
 5 levied and assessed in accordance with any of the provisions
 6 of this part and part 42 in the same manner and at the same
 7 time as ~~said~~ taxes for general, municipal, and
 8 administrative purposes are collected by the county
 9 treasurer. All of the provisions of 7-6-4423 ~~shall~~ apply to
 10 the collection of ~~such the~~ special taxes and assessments in
 11 the same manner as ~~such the~~ provisions apply to the
 12 collection of other city or town taxes.

13 (2) (a) When the payment of any one installment of any
 14 special assessment becomes delinquent, all payments of
 15 subsequent installments shall, at the option of the city or
 16 town council and by appropriate resolution duly adopted,
 17 become delinquent. The city or town council may order that
 18 all assessments that are delinquent as a result of
 19 acceleration be withdrawn.

20 (b) ~~Such--delinquent Delinquent~~ special assessments
 21 shall be certified to the county clerk of the county in
 22 which ~~such the~~ city or town is situated. ~~7-and-the~~ The county
 23 treasurer must collect ~~such the~~ delinquent special
 24 assessments and taxes in the same manner and at the same
 25 time as ~~said~~ taxes for general, municipal, and

1 administrative purposes are collected by him. In case the
 2 ~~same they~~ are not paid, the whole property shall be sold, in
 3 the same manner as other property is sold for taxes. The
 4 enforcement of the lien of any installment of a special
 5 assessment by any method authorized by law does not prevent
 6 the enforcement of the lien of any subsequent installment
 7 when it becomes delinquent."

8 **Section 8.** Section 7-12-4192, MCA, is amended to read:

9 "7-12-4192. Change in outstanding principal of
 10 district -- relevy of assessments. If proceeds of the bonds
 11 or warrants of the special improvement district, including
 12 investment income ~~thereon~~, are applied to the redemption and
 13 prepayment of ~~such the~~ bonds or warrants, as provided in
 14 7-12-4205 and 7-12-4206, or if refunding bonds are issued
 15 pursuant to 7-12-4194 and the principal amount of the
 16 outstanding bonds of the district is decreased or increased,
 17 the assessments levied in the district and then outstanding
 18 must be reduced or increased, respectively, pro rata by the
 19 principal amount of ~~such the~~ prepayment or the increment
 20 above or below the outstanding principal amount of bonds
 21 represented by the refunding bonds. If refunding bonds are
 22 issued, the assessments may be relevied over a term ending
 23 not later than either the final maturity date of the
 24 refunding bonds or the date 30 years after the date the
 25 bonds to be refunded were issued. The city council shall

1 reassess and relevy such the assessments, with the same
 2 effect as an original levy, in such reduced or increased
 3 amounts in accordance with the provisions of 7-12-4176
 4 through 7-12-4178."

5 **Section 9.** Section 7-12-4194, MCA, is amended to read:

6 "7-12-4194. Refunding bonds. (1) A city may issue
 7 special improvement district bonds for the purpose of
 8 providing the money needed to pay principal of and interest
 9 on outstanding special improvement district bonds. To issue
 10 bonds for such that purpose, the city council, at a regular
 11 meeting or a duly called special meeting, shall adopt a
 12 resolution setting forth:

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

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

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

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

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

1 resolutions, the council may:

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

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

7 ~~(4) Unless there is, or will be on the next payment~~
 8 ~~date, a default in the payment of bond principal or~~
 9 ~~interest, bonds~~ Bonds may not be refunded by the issuance of
 10 refunding bonds unless:

11 (a) the rate of interest offered on the refunding
 12 bonds is at least 1/2 of 1% a year less than the rate of
 13 interest on the bonds to be refunded;

14 (b) there is, or will be on the next payment date,
 15 default in the payment of bond principal or interest; or

16 (c) 50% or more of the installments of special
 17 assessments levied in the special improvement district and
 18 payable in a single fiscal year have been delinquent for at
 19 least 1 year.

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

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

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

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

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

17 (iii) any redemption premium.

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

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

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

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

7 (a) the proceeds of ~~such the~~ such the refunding bonds do not
8 redeem ~~such the~~ such the outstanding bonds until one-third or more of
9 the term for which ~~such the~~ such the bonds were issued has expired;
10 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 the~~ such the bonds are payable that will not be
14 satisfied by a loan from the revolving fund; or

15 (c) 50% or more of the installments of special
16 assessments levied in the special improvement district and
17 payable in a single fiscal year have been delinquent for at
18 least 1 year."

19 **Section 10.** Section 7-12-4203, MCA, is amended to
20 read:

21 "7-12-4203. Details relating to special improvement
22 district bonds and warrants -- definitions of bond forms.
23 (1) The bonds and warrants shall be drawn against the
24 special improvement district fund created for the district
25 and shall bear interest from the date of registration until

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

11 (2) ~~Said The~~ bonds shall be in denominations of \$100
 12 or fractions or multiples thereof, may be issued in
 13 installments, and may extend over a period not to exceed 20
 14 years or, if refunding bonds are issued pursuant to
 15 7-12-4194, over a period ending not later than 30 years
 16 after the date the bonds to be refunded were issued.

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

22 (4) As used in part 41 and this part, unless the
 23 context clearly indicates otherwise, the following
 24 definitions apply:

25 (a) "Amortization bonds" means the form of bonds on

1 which:

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

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

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

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

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

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

18 **Section 11.** Section 7-12-4244, MCA, is amended to
 19 read:

20 "7-12-4244. Issuance of bonds based upon supplemental
 21 revolving fund -- election. (1) At any time after the award
 22 of the contract for any of the improvements described in
 23 7-12-4241 and prior to the issuance of bonds or warrants
 24 therefor under the provisions of 7-12-4201 through and
 25 7-12-4203, the council may by resolution determine that such

1 the improvement is of a character that bonds may be issued
 2 under 7-12-4241 through 7-12-4258 in lieu of bonds under
 3 7-12-4201 through and 7-12-4203, and may submit to the
 4 qualified electors of the city or town the question whether
 5 such the bonds shall be issued.

6 (2) The proposal to issue bonds may be submitted at
 7 the same election as the proposal to create the supplemental
 8 revolving fund and must be approved by a majority of the
 9 qualified electors voting on the question."

10 **Section 12.** Section 7-12-4247, MCA, is amended to
 11 read:

12 "7-12-4247. Details relating to bonds. (1) The bonds
 13 may mature at one time, not exceeding the maximum maturity
 14 of the assessments to be levied for ~~said the~~ improvement, or
 15 may mature in installments at various times during the term
 16 of ~~said the~~ assessments, but ~~in--no--event--shall--such the~~
 17 bonds may not mature beyond later than 10 years from the
 18 date thereof of issuance.

19 (2) ~~Said The~~ bonds, as the council shall determine,
 20 ~~shall-be~~ are subject to redemption prior to maturity and may
 21 be payable at any suitable bank or trust company either
 22 within or without the state of Montana.

23 (3) The bonds issued under 7-12-4241 through 7-12-4258
 24 shall be in substantially the form provided in 7-12-4201
 25 through and 7-12-4203, as modified by the provisions of

1 7-12-4241 through 7-12-4258."

2 **Section 13.** Section 7-13-114, MCA, is amended to read:

3 "7-13-114. Applicable provisions of laws relating to
 4 rural improvement districts. The provisions of 7-12-2101,
 5 7-12-2106, 7-12-2107, 7-12-2110, 7-12-2115 through
 6 7-12-2120, 7-12-2131 through 7-12-2140, 7-12-2153,
 7 7-12-2154, 7-12-2161 through 7-12-2165, 7-12-2166(2),
 8 7-12-2168(2), and 7-12-2169 through and 7-12-2171 through
 9 7-12-2174 pertaining to rural improvement districts shall
 10 likewise apply under the provisions of this part unless in
 11 conflict with the provisions of this part."

12 **Section 14.** Section 15-16-102, MCA, is amended to
 13 read:

14 "15-16-102. Time for payment -- penalty for
 15 delinquency. All taxes levied and assessed in the state of
 16 Montana, except assessments made for special improvements in
 17 cities and towns payable under 15-16-103 and assessments
 18 made on interim production and new production as provided in
 19 Title 15, chapter 23, part 6, and payable under 15-16-121,
 20 shall be payable as follows:

21 (1) One-half of ~~the amount of such the~~ taxes ~~shall-be~~
 22 are payable on or before 5 p.m. on November 30 of each year
 23 or within 30 days after the tax notice is postmarked,
 24 whichever is later, and one-half on or before 5 p.m. on May
 25 31 of each year.

(2) Unless one-half of such the taxes are paid on or before 5 p.m. on November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later, then such the amount so payable shall become delinquent and shall draw interest at the rate of 5/6 of 1% per month from and after such the delinquency until paid and 2% shall be added to the delinquent taxes as a penalty.

(3) All taxes due and not paid on or before 5 p.m. on May 31 of each year shall be delinquent and shall draw interest at the rate of 5/6 of 1% per month from and after such the delinquency until paid and 2% shall be added to the delinquent taxes as a penalty.

(4) If the date on which taxes are due falls on a holiday or Saturday, taxes may be paid without penalty or interest on or before 5 p.m. of the next business day in accordance with 1-1-307.

(5) If the taxes become delinquent, the county treasurer may accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more full taxable years, provided both halves of the current tax year have been paid. Payment of delinquent taxes must be applied to the taxes that have been delinquent the longest.

(6) The penalty and interest on delinquent assessment payments for specific parcels of land may be waived by resolution of the city council. A copy of the resolution

must be certified to the county treasurer."

Section 15. Section 15-16-103, MCA, is amended to read:

"15-16-103. Special improvement districts with annual interest payments -- collection of special assessments for all special improvements. (1) Special assessments or installments of special assessments made for special improvements in towns and cities, the bonds for which annual interest payments have been specified and that were issued after July 1, 1981, and that have been duly and regularly made and levied by resolution according to law, shall be payable as follows:

(a) One-half of such the taxes ~~shall-be~~ are payable on or before 5 p.m. on November 30 of each year~~,-and-in-the-event.~~ If the same taxes are not paid on or before ~~said that~~ date, ~~the-same--shall--be~~ they are subject to the same interest and penalty for nonpayment as delinquent property taxes under 15-16-102. The penalty and interest may be waived by resolution of the city council, as provided in 15-16-102(6).

(b) One-half of such the taxes ~~shall-be~~ are payable on or before 5 p.m. on May 31 of each year~~,-and-in--the--event.~~ If the same taxes are not paid on or before ~~said that~~ date, ~~the-same-shall-be~~ they are subject to the same interest and penalty for nonpayment as delinquent property taxes under

1 15-16-102. The penalty and interest may be waived by
2 resolution of the city council, as provided in 15-16-102(6).

3 (2) The collection of special assessments or
4 installments of special assessments made for special
5 improvements in towns and cities ~~shall be had and made~~ are
6 as provided by 7-12-4181 ~~as the same is now in force or may~~
7 ~~be hereafter amended.~~"

8 NEW SECTION. Section 16. Repealer. Sections 7-12-2170
9 and 7-12-4202, MCA, are repealed.

10 NEW SECTION. Section 17. Saving clause. [This act]
11 does not affect rights and duties that matured, penalties
12 that were incurred, or proceedings that were begun before
13 [the effective date of this act].

14 NEW SECTION. Section 18. Severability. If a part of
15 [this act] is invalid, all valid parts that are severable
16 from the invalid part remain in effect. If a part of [this
17 act] is invalid in one or more of its applications, the part
18 remains in effect in all valid applications that are
19 severable from the invalid applications.

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

-End-

APPROVED BY COMM.
ON LOCAL GOVERNMENT

1 House BILL NO. 656
2 INTRODUCED BY William Vincent
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS
5 GOVERNING THE FINANCING OF SPECIAL IMPROVEMENT DISTRICTS;
6 AUTHORIZING A CITY OR TOWN COUNCIL TO WITHDRAW ACCELERATED
7 ASSESSMENT DELINQUENCIES OF A SPECIAL IMPROVEMENT DISTRICT
8 AND TO WAIVE PENALTIES AND INTEREST ON THE PAYMENT OF
9 DELINQUENT ASSESSMENTS OF SPECIAL IMPROVEMENT DISTRICTS;
10 CHANGING THE ANNUAL SERIAL BOND INSTALLMENT MATURITY
11 FORMULA; SPECIFYING THAT REFUNDING BONDS MAY MATURE 30 YEARS
12 AFTER THE UNDERLYING BONDS WERE ISSUED; AUTHORIZING THE
13 ISSUANCE OF REFUNDING BONDS UPON A 50 PERCENT ANNUAL DEFAULT
14 IN DISTRICT ASSESSMENT PAYMENTS; REPEALING SECTIONS THAT SET
15 FORTH THE FORM OF A BOND OR WARRANT; AMENDING SECTIONS
16 7-12-2171, 7-12-2172, 7-12-2191, 7-12-2193, 7-12-4102,
17 7-12-4182, 7-12-4183, 7-12-4192, 7-12-4194, 7-12-4203,
18 7-12-4244, 7-12-4247, 7-13-114, 15-16-102, AND 15-16-103,
19 MCA; REPEALING SECTIONS 7-12-2170 AND 7-12-4202, MCA; AND
20 PROVIDING AN IMMEDIATE EFFECTIVE DATE."
21
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
23 **Section 1.** Section 7-12-2171, MCA, is amended to read:
24 "7-12-2171. Details relating to rural improvement
25 district bonds and warrants -- definitions of bond forms.

There is no change on HB 656 and will not
be reprinted. Please refer to introduced
(white) for complete text.



APPROVED BY COMM.
ON LOCAL GOVERNMENT

1

House BILL NO. *656*

2

INTRODUCED BY

William Vincent Hoffman

3

4

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS

5

GOVERNING THE FINANCING OF SPECIAL IMPROVEMENT DISTRICTS;

6

AUTHORIZING A CITY OR TOWN COUNCIL TO WITHDRAW ACCELERATED

7

ASSESSMENT DELINQUENCIES OF A SPECIAL IMPROVEMENT DISTRICT

8

AND TO WAIVE PENALTIES AND INTEREST ON THE PAYMENT OF

9

DELINQUENT ASSESSMENTS OF SPECIAL IMPROVEMENT DISTRICTS;

10

CHANGING THE ANNUAL SERIAL BOND INSTALLMENT MATURITY

11

FORMULA; SPECIFYING THAT REFUNDING BONDS MAY MATURE 30 YEARS

12

AFTER THE UNDERLYING BONDS WERE ISSUED; AUTHORIZING THE

13

ISSUANCE OF REFUNDING BONDS UPON A 50 PERCENT ANNUAL DEFAULT

14

IN DISTRICT ASSESSMENT PAYMENTS; REPEALING SECTIONS THAT SET

15

FORTH THE FORM OF A BOND OR WARRANT; AMENDING SECTIONS

16

7-12-2171, 7-12-2172, 7-12-2191, 7-12-2193, 7-12-4102,

17

7-12-4182, 7-12-4183, 7-12-4192, 7-12-4194, 7-12-4203,

18

7-12-4244, 7-12-4247, 7-13-114, 15-16-102, AND 15-16-103,

19

MCA; REPEALING SECTIONS 7-12-2170 AND 7-12-4202, MCA; AND

20

PROVIDING AN IMMEDIATE EFFECTIVE DATE."

21

22

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

23

Section 1. Section 7-12-2171, MCA, is amended to read:

24

"7-12-2171. Details relating to rural improvement

25

district bonds and warrants -- definitions of bond forms.

There is no change on HB 656 and will not be reprinted. Please refer to introduced (white) or second reading (yellow) for complete text.

HOUSE BILL NO. 656

INTRODUCED BY WALLIN, VINCENT, HOFMAN

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE LAWS GOVERNING THE FINANCING OF SPECIAL IMPROVEMENT DISTRICTS; AUTHORIZING A CITY OR TOWN COUNCIL TO WITHDRAW ACCELERATED ASSESSMENT DELINQUENCIES OF A SPECIAL IMPROVEMENT DISTRICT AND TO WAIVE PENALTIES AND INTEREST ON THE PAYMENT OF DELINQUENT ASSESSMENTS OF SPECIAL IMPROVEMENT DISTRICTS; CHANGING THE ANNUAL SERIAL BOND INSTALLMENT MATURITY FORMULA; SPECIFYING THAT REFUNDING BONDS MAY MATURE 30 YEARS AFTER THE UNDERLYING BONDS WERE ISSUED; AUTHORIZING THE ISSUANCE OF REFUNDING BONDS UPON A 50 PERCENT ANNUAL DEFAULT IN DISTRICT ASSESSMENT PAYMENTS; REPEALING SECTIONS THAT SET FORTH THE FORM OF A BOND OR WARRANT; AMENDING SECTIONS 7-12-2171, 7-12-2172, 7-12-2191, 7-12-2193, 7-12-4102, 7-12-4182, 7-12-4183, 7-12-4192, 7-12-4194, 7-12-4203, 7-12-4244, 7-12-4247, 7-13-114, 15-16-102, AND 15-16-103, MCA; REPEALING SECTIONS 7-12-2170 AND 7-12-4202, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-12-2171, MCA, is amended to read:

"7-12-2171. Details relating to rural improvement district bonds and warrants -- definitions of bond forms.

(1) The bonds and warrants shall be drawn against either the special--improvement--district construction or maintenance fund created for the special improvement district (that--is, either-the-construction-or-maintenance-fund,-as-the-case-may be) and shall bear interest from the date of registration until called for redemption or paid in full. The interest shall be payable annually or semiannually, at the discretion of the board of county commissioners, on such the dates as the board prescribes. Such The warrants or bonds shall bear the signatures of the chairman of the board and the county clerk and shall bear the corporate seal of the county. They shall be registered in the office of the county clerk and the county treasurer, and if interest coupons be are attached thereto to the warrants or bonds, they shall also be so registered and shall bear the signatures of the chairman of the board and the county clerk. Said The coupons may bear the facsimile signatures of said the officers in the discretion of the board.

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

(3) All special improvement district bonds must be

1 amortization bonds unless, in the judgment of the board,
2 serial bonds will be more advantageous to the district and
3 can be sold at a comparatively reasonable rate or rates of
4 interest.

5 (4) As used in this part, unless the context clearly
6 indicates otherwise, the following definitions apply:

7 (a) "Amortization bonds" means the form of bonds on
8 which:

9 (i) a part of the principal must be paid each time
10 interest becomes payable;

11 (ii) the part payment of principal increases at each
12 installment in the same amount that the interest decreases;

13 (iii) the combined interest and principal due on each
14 due date remains the same until the bonds are paid;

15 (iv) the final payment may vary from prior payments in
16 the amount resulting from disregarding fractional costs in
17 prior payments; and

18 (v) the initial payment may be larger than subsequent
19 payments if such the increase represents interest accrued
20 over an additional period not greater than 6 months.

21 (b) "Serial bonds" means the form of bonds that are
22 payable in annual installments and on which the amount
23 maturing each year may not be more than three five times the
24 principal amount of bonds maturing in any previous year."

25 **Section 2.** Section 7-12-2172, MCA, is amended to read:

1 "7-12-2172. Procedure to issue bonds and warrants. (1)
2 The board of county commissioners shall sell bonds or
3 warrants issued under the provisions of 7-12-2169 through
4 and 7-12-2171 through 7-12-2174, in an amount sufficient to
5 pay that part of the total cost and expense of the
6 improvements which is to be assessed against the benefited
7 property within the district, to the highest and best bidder
8 therefor for cash, at a price, including interest thereon to
9 date of delivery, not less than that prescribed by the board
10 in the resolution calling for the sale of the bonds or
11 warrants. The board may fix the minimum price for the bonds
12 or warrants in an amount less than the face value thereof of
13 the bonds or warrants if it determines that such the sale is
14 in the best interests of the district and the county.

15 (2) The bonds or warrants may be sold at a private
16 negotiated sale to the United States or the state of
17 Montana, or an agency, instrumentality, corporation, or
18 department thereof.

19 (3) In all other cases, the provisions of 7-7-4251
20 through 7-7-4254 which relate to the notice of sale,
21 publication of notice, and manner and method of selling
22 bonds by cities and towns, insofar as ~~the same~~ they are
23 applicable thereto and not in conflict with the provisions
24 of this section and 7-12-2173, shall apply to, govern, and
25 control the form of notice of sale, publication of notice,

and manner and method of selling such bonds or warrants."

Section 3. Section 7-12-2191, MCA, is amended to read:

"7-12-2191. Change in outstanding principal of district -- relevy of assessments. If proceeds of the bonds or warrants of the special improvement district, including investment income thereon, are applied to the redemption and prepayment of such the bonds or warrants, as provided in 7-12-2173 and 7-12-2174, or if refunding bonds are issued pursuant to 7-12-2193 and the principal amount of the outstanding bonds of the district is decreased or increased, the assessments levied in the district and then outstanding must be reduced or increased, respectively, pro rata by the principal amount of such the prepayment or the increment above or below the outstanding principal amount of bonds represented by the refunding bonds. If refunding bonds are issued, the assessments may be relevied over a term ending not later than either the final maturity date of the refunding bonds or the date 30 years after the date the bonds to be refunded were issued. The board shall reassess and relevy such the assessments, with the same effect as an original levy, in such reduced or increased amounts, in accordance with the provisions of 7-12-2158 through 7-12-2160."

Section 4. 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 that purpose, the board of county commissioners, at a regular meeting or a duly called special meeting, shall adopt a resolution setting forth:

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

(b) the reasons for issuing refunding bonds; and

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

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

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

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

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

1 (4) ~~Unless there is, or will be on the next payment~~
2 ~~date, a default in the payment of bond principal or~~
3 ~~interest, bonds~~ Bonds may not be refunded by the issuance of
4 refunding bonds unless:

5 (a) the rate of interest offered on the refunding
6 bonds is at least 1/2 of 1% a year less than the rate of
7 interest on the bonds to be refunded;

8 (b) there is, or will be on the next payment date,
9 default in the payment of bond principal or interest; or

10 (c) 50% or more of the installments of special
11 assessments levied in the special improvement district and
12 payable in a single fiscal year have been delinquent for at
13 least 1 year.

14 (5) (a) Refunding bonds issued pursuant to this
15 section may be issued to refund outstanding bonds in advance
16 of the date on which such the bonds mature or are subject to
17 redemption, but the proceeds of the refunding bonds, less
18 any accrued interest or premium received ~~upon the~~ from their
19 sale thereof, must be deposited with other funds
20 appropriated for the payment of the outstanding bonds in
21 escrow with a suitable banking institution or trust company,
22 which may be located either in or out of the state.

23 (b) ~~Funds so deposited~~ Deposited funds must be
24 invested in securities that are general obligations of the
25 United States or securities the principal of and interest on

1 which are guaranteed by the United States. Such The
2 securities must mature or be callable at the option of the
3 holder on such the dates and bear interest at such the rates
4 and be payable on such the dates as may be required to
5 provide funds sufficient, with any cash deposited in the
6 escrow account, to pay when due:

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

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

11 (iii) any redemption premium.

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

15 (d) Funds to the credit of the debt service fund for
16 the payment of the refunded bonds and not required for the
17 payment of principal ~~thereof~~ or interest ~~thereon~~ due prior
18 to issuance of the refunding bonds may be appropriated by
19 the board to the escrow account.

20 (e) The county may pay the reasonable costs and
21 expenses of issuing the refunding bonds and of establishing
22 and maintaining the escrow account.

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

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

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

(c) 50% or more of the installments of special assessments levied in the special improvement district and payable in a single fiscal year have been delinquent for at least 1 year."

Section 5. Section 7-12-4102, MCA, is amended to read:

"7-12-4102. Authorization for creation of special improvement districts. (1) The city or town council has power to create special improvement districts, designating the same them by number; to extend the time for payment of assessments levied upon such the districts for the district improvements thereon for a period not exceeding 20 years or, if refunding bonds are issued pursuant to 7-12-4194, for a period not exceeding 30 years; to make such the assessments payable in installments; and to pay all expenses of whatever character incurred in making such the improvements with special improvement warrants or bonds.

(2) Whenever the public interest or convenience may require requires, the city council ~~is hereby authorized--and empowered to may:~~

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

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

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

(i) graded or regraded to the official grade;

(ii) planked or replanked;

(iii) paved or repaved;

(iv) macadamized or remacadamized;

(v) graveled or regraveled;

(vi) piled or repiled;

(vii) capped or recapped;

(viii) surfaced or resurfaced;

(ix) oiled or reoiled;

(d) create special improvement districts and order the acquisition, construction, or reconstruction therein within the districts of:

(i) sidewalks, crosswalks, culverts, bridges, gutters, curbs, steps, parkings (including the planting of grassplots

1 and setting out of trees);

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

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

4 cesspools, manholes, catchbasins, flush tanks, septic tanks,

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

6 other appurtenances;

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

8 mains;

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

10 purposes;

11 (v) appliances for fire protection;

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

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

14 other material to protect the same from overflow or injury

15 by water;

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

17 the planting of trees thereon on the streets, avenues, and

18 alleys;

19 (e) create special improvement districts and order the

20 construction or reconstruction in, over, or through property

21 or rights-of-way owned by such the city of:

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

23 channels for sanitary and/or drainage purposes, with

24 necessary outlets, cesspools, manholes, catchbasins, flush

25 tanks, septic tanks, connection sewers, ditches, drains,

1 conduits, channels, and other appurtenances;

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

3 and appliances for fire protection;

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

5 bulkheads; and

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

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

8 ways, and other property in any-such the city from overflow

9 by water;

10 (f) create special improvement districts to make

11 monetary advances or contributions to aid in the

12 construction of additional natural gas and electric

13 distribution lines and telecommunications facilities in

14 order to extend such those public utility services;

15 (g) create special improvement districts and order any

16 work to be done which-shall-be--deemed that is considered

17 necessary to improve the whole or any portion of such the

18 streets, avenues, sidewalks, alleys, places, or public ways,

19 property, or right-of-way of such the city; and

20 (h) maintain, preserve, and care for any and all of

21 the improvements herein--mentioned authorized in this

22 section.

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

24 special improvement districts covering projects abutting the

25 city limits and include properties outside the city where

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

16 **Section 6.** Section 7-12-4182, MCA, is amended to read:

17 "7-12-4182. Collection of district assessments by city
 18 treasurer in cities collecting their own taxes --
 19 delinquencies. (1) In every city or town which shall provide
 20 by ordinance for the collection of its taxes for general,
 21 municipal, and administrative purposes by its city treasurer
 22 or town clerk, such the city treasurer or town clerk shall
 23 collect all special assessments and taxes levied and
 24 assessed in accordance with any of the provisions of this
 25 part and part 42 in the same manner and at the same time as

1 ~~said~~ taxes for general, municipal, and administrative
 2 purposes are collected by him. All of the provisions of
 3 7-6-4423 ~~shall~~ apply to the collection of ~~such the~~ special
 4 taxes and assessments in the same manner as ~~such the~~
 5 provisions apply to the collection of other city or town
 6 taxes.

7 (2) (a) When the payment of an installment of a
 8 special assessment becomes delinquent, all payments of
 9 subsequent installments may, at the option of the city or
 10 town council and upon adoption of the appropriate
 11 resolutions, become delinquent. The city or town may,
 12 pursuant to 7-12-4184, order that all assessments that are
 13 delinquent for specific parcels of land as a result of
 14 acceleration be withdrawn.

15 (b) Upon delinquency in one or all installments, the
 16 whole property shall be sold the same as other property is
 17 sold for taxes. The enforcement of the lien of any
 18 installment of a special assessment by any method authorized
 19 by law does not prevent the enforcement of the lien of any
 20 subsequent installment when it becomes delinquent."

21 **Section 7.** Section 7-12-4183, MCA, is amended to read:

22 "7-12-4183. Collection of district assessments by city
 23 treasurer in cities where county collects taxes. (1) In any
 24 city or town where taxes for general, municipal, and
 25 administrative purposes are certified to and collected by

1 the county treasurer in accordance with the provisions of
 2 7-6-4407 and 7-6-4423, the city or town may, nevertheless,
 3 provide by ordinance for the collection by its city
 4 treasurer or town clerk of all special assessments and taxes
 5 levied and assessed in accordance with any of the provisions
 6 of this part and part 42 in the same manner and at the same
 7 time as said taxes for general, municipal, and
 8 administrative purposes are collected by the county
 9 treasurer. All of the provisions of 7-6-4423 shall apply to
 10 the collection of such the special taxes and assessments in
 11 the same manner as such the provisions apply to the
 12 collection of other city or town taxes.

13 (2) (a) When the payment of any one installment of any
 14 special assessment becomes delinquent, all payments of
 15 subsequent installments shall, at the option of the city or
 16 town council and by appropriate resolution duly adopted,
 17 become delinquent. The city or town council may order that
 18 all assessments that are delinquent as a result of
 19 acceleration be withdrawn.

20 (b) Such--delinquent Delinquent special assessments
 21 shall be certified to the county clerk of the county in
 22 which such the city or town is situated, and the The county
 23 treasurer must collect such the delinquent special
 24 assessments and taxes in the same manner and at the same
 25 time as said taxes for general, municipal, and

1 administrative purposes are collected by him. In case the
 2 same they are not paid, the whole property shall be sold, in
 3 the same manner as other property is sold for taxes. The
 4 enforcement of the lien of any installment of a special
 5 assessment by any method authorized by law does not prevent
 6 the enforcement of the lien of any subsequent installment
 7 when it becomes delinquent."

8 **Section 8.** Section 7-12-4192, MCA, is amended to read:
 9 "7-12-4192. Change in outstanding principal of
 10 district -- relevy of assessments. If proceeds of the bonds
 11 or warrants of the special improvement district, including
 12 investment income thereon, are applied to the redemption and
 13 prepayment of such the bonds or warrants, as provided in
 14 7-12-4205 and 7-12-4206, or if refunding bonds are issued
 15 pursuant to 7-12-4194 and the principal amount of the
 16 outstanding bonds of the district is decreased or increased,
 17 the assessments levied in the district and then outstanding
 18 must be reduced or increased, respectively, pro rata by the
 19 principal amount of such the prepayment or the increment
 20 above or below the outstanding principal amount of bonds
 21 represented by the refunding bonds. If refunding bonds are
 22 issued, the assessments may be relevied over a term ending
 23 not later than either the final maturity date of the
 24 refunding bonds or the date 30 years after the date the
 25 bonds to be refunded were issued. The city council shall

1 reassess and relevel such the assessments, with the same
2 effect as an original levy, in such reduced or increased
3 amounts in accordance with the provisions of 7-12-4176
4 through 7-12-4178."

5 **Section 9.** Section 7-12-4194, MCA, is amended to read:

6 "7-12-4194. Refunding bonds. (1) A city may issue
7 special improvement district bonds for the purpose of
8 providing the money needed to pay principal of and interest
9 on outstanding special improvement district bonds. To issue
10 bonds for such that purpose, the city council, at a regular
11 meeting or a duly called special meeting, shall adopt a
12 resolution setting forth:

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

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

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

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

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

1 resolutions, the council may:

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

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

7 ~~(4) Unless there is, or will be on the next payment~~
8 ~~date, a default in the payment of bond principal or~~
9 ~~interest, bonds~~ Bonds may not be refunded by the issuance of
10 refunding bonds unless:

11 (a) the rate of interest offered on the refunding
12 bonds is at least 1/2 of 1% a year less than the rate of
13 interest on the bonds to be refunded;

14 (b) there is, or will be on the next payment date,
15 default in the payment of bond principal or interest; or

16 (c) 50% or more of the installments of special
17 assessments levied in the special improvement district and
18 payable in a single fiscal year have been delinquent for at
19 least 1 year.

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

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

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

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

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

17 (iii) any redemption premium.

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

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

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

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

7 (a) the proceeds of such the refunding bonds do not
8 redeem such the outstanding bonds until one-third or more of
9 the term for which such the bonds were issued has expired;
10 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 the bonds are payable that will not be
14 satisfied by a loan from the revolving fund; or

15 (c) 50% or more of the installments of special
16 assessments levied in the special improvement district and
17 payable in a single fiscal year have been delinquent for at
18 least 1 year."

19 Section 10. Section 7-12-4203, MCA, is amended to
20 read:

21 "7-12-4203. Details relating to special improvement
22 district bonds and warrants -- definitions of bond forms.
23 (1) The bonds and warrants shall be drawn against the
24 special improvement district fund created for the district
25 and shall bear interest from the date of registration until

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

11 (2) ~~Said The~~ bonds shall be in denominations of \$100
 12 or fractions or multiples thereof, may be issued in
 13 installments, and may extend over a period not to exceed 20
 14 years or, if refunding bonds are issued pursuant to
 15 7-12-4194, over a period ending not later than 30 years
 16 after the date the bonds to be refunded were issued.

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

22 (4) As used in part 41 and this part, unless the
 23 context clearly indicates otherwise, the following
 24 definitions apply:

25 (a) "Amortization bonds" means the form of bonds on

1 which:

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

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

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

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

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

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

18 **Section 11.** Section 7-12-4244, MCA, is amended to
 19 read:

20 "7-12-4244. Issuance of bonds based upon supplemental
 21 revolving fund -- election. (1) At any time after the award
 22 of the contract for any of the improvements described in
 23 7-12-4241 and prior to the issuance of bonds or warrants
 24 therefor under the provisions of 7-12-4201 through and
 25 7-12-4203, the council may by resolution determine that such

1 the improvement is of a character that bonds may be issued
2 under 7-12-4241 through 7-12-4258 in lieu of bonds under
3 7-12-4201 through and 7-12-4203, and may submit to the
4 qualified electors of the city or town the question whether
5 such the bonds shall be issued.

6 (2) The proposal to issue bonds may be submitted at
7 the same election as the proposal to create the supplemental
8 revolving fund and must be approved by a majority of the
9 qualified electors voting on the question."

10 **Section 12.** Section 7-12-4247, MCA, is amended to
11 read:

12 "7-12-4247. Details relating to bonds. (1) The bonds
13 may mature at one time, not exceeding the maximum maturity
14 of the assessments to be levied for said the improvement, or
15 may mature in installments at various times during the term
16 of said the assessments, but ~~in--no--event--shall--such~~ the
17 bonds may not mature beyond later than 10 years from the
18 date thereof of issuance.

19 (2) Said The bonds, as the council shall determine,
20 ~~shall-be are~~ subject to redemption prior to maturity and may
21 be payable at any suitable bank or trust company either
22 within or without the state of Montana.

23 (3) The bonds issued under 7-12-4241 through 7-12-4258
24 shall be in substantially the form provided in 7-12-4201
25 through and 7-12-4203, as modified by the provisions of

1 7-12-4241 through 7-12-4258."

2 **Section 13.** Section 7-13-114, MCA, is amended to read:

3 "7-13-114. Applicable provisions of laws relating to
4 rural improvement districts. The provisions of 7-12-2101,
5 7-12-2106, 7-12-2107, 7-12-2110, 7-12-2115 through
6 7-12-2120, 7-12-2131 through 7-12-2140, 7-12-2153,
7 7-12-2154, 7-12-2161 through 7-12-2165, 7-12-2166(2),
8 7-12-2168(2), and 7-12-2169 through and 7-12-2171 through
9 7-12-2174 pertaining to rural improvement districts shall
10 likewise apply under the provisions of this part unless in
11 conflict with the provisions of this part."

12 **Section 14.** Section 15-16-102, MCA, is amended to
13 read:

14 "15-16-102. Time for payment -- penalty for
15 delinquency. All taxes levied and assessed in the state of
16 Montana, except assessments made for special improvements in
17 cities and towns payable under 15-16-103 and assessments
18 made on interim production and new production as provided in
19 Title 15, chapter 23, part 6, and payable under 15-16-121,
20 shall be payable as follows:

21 (1) ~~One-half of the amount of such the~~ taxes ~~shall-be~~
22 are payable on or before 5 p.m. on November 30 of each year
23 or within 30 days after the tax notice is postmarked,
24 whichever is later, and one-half on or before 5 p.m. on May
25 31 of each year.

(2) Unless one-half of such the taxes are paid on or before 5 p.m. on November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later, then such the amount so payable shall become delinquent and shall draw interest at the rate of 5/6 of 1% per month from and after such the delinquency until paid and 2% shall be added to the delinquent taxes as a penalty.

(3) All taxes due and not paid on or before 5 p.m. on May 31 of each year shall be delinquent and shall draw interest at the rate of 5/6 of 1% per month from and after such the delinquency until paid and 2% shall be added to the delinquent taxes as a penalty.

(4) If the date on which taxes are due falls on a holiday or Saturday, taxes may be paid without penalty or interest on or before 5 p.m. of the next business day in accordance with 1-1-307.

(5) If the taxes become delinquent, the county treasurer may accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more full taxable years, provided both halves of the current tax year have been paid. Payment of delinquent taxes must be applied to the taxes that have been delinquent the longest.

(6) The penalty and interest on delinquent assessment payments for specific parcels of land may be waived by resolution of the city council. A copy of the resolution

must be certified to the county treasurer."

Section 15. Section 15-16-103, MCA, is amended to read:

"15-16-103. Special improvement districts with annual interest payments -- collection of special assessments for all special improvements. (1) Special assessments or installments of special assessments made for special improvements in towns and cities, the bonds for which annual interest payments have been specified and that were issued after July 1, 1981, and that have been duly and regularly made and levied by resolution according to law, shall be payable as follows:

(a) One-half of such the taxes ~~shall be~~ are payable on or before 5 p.m. on November 30 of each year, ~~and in the event. If the same taxes are not paid on or before said that date, the same shall be~~ they are subject to the same interest and penalty for nonpayment as delinquent property taxes under 15-16-102. The penalty and interest may be waived by resolution of the city council, as provided in 15-16-102(6).

(b) One-half of such the taxes ~~shall be~~ are payable on or before 5 p.m. on May 31 of each year, ~~and in the event. If the same taxes are not paid on or before said that date, the same shall be~~ they are subject to the same interest and penalty for nonpayment as delinquent property taxes under

1 15-16-102. The penalty and interest may be waived by
2 resolution of the city council, as provided in 15-16-102(6).

3 (2) The collection of special assessments or
4 installments of special assessments made for special
5 improvements in towns and cities ~~shall be had and made~~ are
6 as provided by 7-12-4181 as the same is now in force or may
7 be hereafter amended."

8 NEW SECTION. Section 16. Repealer. Sections 7-12-2170
9 and 7-12-4202, MCA, are repealed.

10 NEW SECTION. Section 17. Saving clause. [This act]
11 does not affect rights and duties that matured, penalties
12 that were incurred, or proceedings that were begun before
13 [the effective date of this act].

14 NEW SECTION. Section 18. Severability. If a part of
15 [this act] is invalid, all valid parts that are severable
16 from the invalid part remain in effect. If a part of [this
17 act] is invalid in one or more of its applications, the part
18 remains in effect in all valid applications that are
19 severable from the invalid applications.

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

-End-