

## 1 SENATE BILL NO. 2

2 INTRODUCED BY CRIPPEN

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS CONCERNING THE  
6 FINANCING OF SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL IMPROVEMENT DISTRICTS;  
7 REVISING THE INFORMATION THAT MUST BE INCLUDED IN THE NOTICE OF INTENTION TO CREATE AN  
8 IMPROVEMENT DISTRICT; ALLOWING A BOARD OF COUNTY COMMISSIONERS OR A MUNICIPAL  
9 GOVERNING BODY TO CREATE A SPECIAL IMPROVEMENT DISTRICT RESERVE ACCOUNT; ALLOWING  
10 A BOARD OF COUNTY COMMISSIONERS OR A MUNICIPAL GOVERNING BODY TO IMPOSE AN  
11 ADDITIONAL INTEREST RATE ON UNPAID ASSESSMENTS; REQUIRING THAT 5 PERCENT OF THE  
12 PRINCIPAL AMOUNT OF BONDS OR WARRANTS BE DEPOSITED IN THE REVOLVING FUND FOR BONDS  
13 AND WARRANTS SECURED BY THE REVOLVING FUND; LIMITING THE DURATION OF THE REVOLVING  
14 FUND OBLIGATION; ESTABLISHING FACTORS TO BE CONSIDERED BEFORE PLEDGING THE REVOLVING  
15 FUND; AMENDING SECTIONS 7-12-2105, 7-12-2153, 7-12-2176, 7-12-2182, 7-12-2183, 7-12-2185,  
16 7-12-4106, 7-12-4169, 7-12-4189, 7-12-4222, 7-12-4223, 7-12-4225, 7-14-4712, AND 7-14-4732,  
17 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

18  
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
2021 **Section 1.** Section 7-12-2105, MCA, is amended to read:22 **"7-12-2105. Notice of resolution of intention to create district -- hearing.** (1) Upon having passed  
23 the resolution of intention pursuant to 7-12-2103, the board of county commissioners ~~must~~ shall publish  
24 notice of the passage of ~~such~~ the resolution of intention as provided in 7-1-2121.25 (2) ~~The board shall also cause a copy of such notice to be posted in three public places within the~~  
26 ~~boundaries of such special improvement district.~~ A copy of ~~such~~ the notice ~~shall~~ must be mailed, as  
27 provided in 7-1-2122, to ~~every~~ each person, firm, or corporation or the agent of ~~such~~ the person, firm, or  
28 corporation owning real property within the proposed district listed in ~~his~~ the owner's name upon the ~~last~~  
29 ~~completed~~ last-completed assessment roll for state, county, and school district taxes.30 (3) (a) ~~Such~~ The notice must describe the general character of the improvement or improvements

1 se proposed to be made or acquired by purchase, state the estimated cost ~~thereof~~ of the improvements,  
 2 describe generally the method ~~or methods~~ by which the costs of the improvements will be assessed, and  
 3 designate the time when and the place where the board will hear and pass upon all protests that may be  
 4 made against the making or maintenance of ~~such~~ the improvements or the creation of ~~such~~ the district.

5 (b) If the revolving fund is to be pledged to secure the payment of bonds and warrants, the notice  
 6 must include a statement that, subject to the limitations in 7-12-2182:

7 (i) the county general fund may be used to provide loans to the revolving fund; or

8 (ii) a general tax levy may be imposed on all taxable property in the county to meet the financial  
 9 requirements of the revolving fund.

10 (c) The notice shall ~~shall~~ must refer to the resolution on file in the office of the county clerk for the  
 11 description of the boundaries. If the proposal is for the purchase of an existing improvement, the notice  
 12 shall ~~shall~~ must state the exact purchase price of ~~such~~ the existing improvement."

13  
 14 **Section 2.** Section 7-12-2153, MCA, is amended to read:

15 **"7-12-2153. Incidental expenses considered as cost of improvements -- costs for bonds or**  
 16 **warrants secured by revolving fund -- district reserve account.** (1) ~~The cost and expense~~ Incidental  
 17 expenses connected with ~~and incidental to~~ the formation of ~~any a~~ a special improvement district, including  
 18 the cost of preparation of plans, specifications, maps, or plats; engineering, superintendence, and  
 19 inspection; preparation of assessment rolls; and the other incidental expenses described in 7-12-2101(7)  
 20 ~~shall be~~ are considered a part of the cost ~~and expenses~~ of making the improvements within ~~such~~ the special  
 21 improvement district.

22 (2) ~~The~~ If the bonds or warrants are secured by the revolving fund pursuant to 7-12-2185, the  
 23 original costs of any improvement may, at the option of the board of county commissioners, must include  
 24 an amount ~~not to exceed~~ equal to 5% of the principal amount of any bonds or warrants to be issued, which  
 25 shall ~~shall~~ must be deposited in the revolving fund created in 7-12-2181.

26 (3) (a) Subject to the provisions of subsections (3)(b) through (3)(e), the board of county  
 27 commissioners may create a district reserve account.

28 (b) As part of the original costs of the improvements, the board of county commissioners may  
 29 include an amount, in addition to the amount, if any, specified in subsection (2), not to exceed 5% of the  
 30 principal amount of any rural special improvement district bonds or warrants issued. The amount must be

1 deposited in a district reserve account created and maintained in the district fund.

2 (c) If there are insufficient funds in the district bond and interest accounts to pay when due the  
 3 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used  
 4 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

5 (d) If bonds or warrants are secured by the revolving fund, the district reserve account, if  
 6 established, must be exhausted before a loan may be made from the revolving fund pursuant to 7-12-2183.

7 (e) Money remaining in the district reserve account after the principal and interest on all bonds and  
 8 warrants drawn on the district have been paid or discharged must be transferred to the revolving fund.

9 (4) The establishment of a district reserve account does not preclude the board of county  
 10 commissioners from requiring additional security from the owners of real property in the district."

11  
 12 **Section 3.** Section 7-12-2176, MCA, is amended to read:

13 **"7-12-2176. Interest rate on unpaid assessments.** (1) The installments of assessments remaining  
 14 unpaid bear simple interest at an annual rate of ~~of~~ equal to the sum of:

15 (a) 1/2 of 1% a year; plus

16 (b) the average interest rate payable on the outstanding bonds or warrants of the rural special  
 17 improvement district; plus

18 (c) at the option of the board of county commissioners, up to an additional 1/2 of 1% a year.

19 (2) The board of county commissioners may subsequently reduce or eliminate the additional interest  
 20 rate allowed under subsection (1)(c). If the additional interest rate is reduced or eliminated, it may not be  
 21 subsequently increased or reimposed."

22  
 23 **Section 4.** Section 7-12-2182, MCA, is amended to read:

24 **"7-12-2182. Sources of money for revolving fund.** (1) For the purpose of providing funds for ~~each~~  
 25 the revolving fund, the board of county commissioners:

26 (a) shall, if the bonds or warrants are secured by the revolving fund pursuant to 7-12-2185, include  
 27 in the cost of the improvements to be defrayed from the proceeds of the bonds or warrants an amount  
 28 equal to 5% of the principal amount of the bonds or warrants to be issued as provided in 7-12-2153(2);

29 ~~(a)(b)~~ may, in its discretion and from time to time, transfer to the revolving fund from the general  
 30 fund of the county ~~such an~~ an amount ~~of amounts~~ as may be ~~deemed~~ necessary; which. The amount of

1 ~~amounts so transferred shall be considered and shall be loans~~ is a loan from ~~such the~~ general fund to the  
2 revolving fund; ~~and.~~

3 ~~(b)(c)~~ shall, in addition to ~~such a~~ transfer or transfers from the general fund or in lieu ~~thereof of a~~  
4 transfer, levy and collect for ~~such the~~ revolving fund ~~such a~~ tax, hereby declared to be for a public purpose,  
5 on all ~~the~~ taxable property in ~~such the~~ county as ~~shall be~~ is necessary to meet the financial requirements  
6 of ~~such the~~ revolving fund. ~~However, a~~ A tax may not be levied if the balance in the revolving fund exceeds  
7 5% of the principal amount of the then-outstanding rural special improvement district bonds and warrants  
8 secured ~~thereby by the revolving fund~~. If a tax is levied, the tax may not be an amount that would increase  
9 the balance in the revolving fund above 5% of the then-outstanding rural special improvement district bonds  
10 and warrants secured ~~thereby by the revolving fund~~.

11 (2) Whenever there ~~shall be~~ is money in the district fund ~~which that~~ is not required for payment  
12 of any bond or warrant of ~~such the~~ district secured by the revolving fund or of interest ~~thereon on the bond~~  
13 or warrant, ~~so~~ as much of ~~such the~~ money as may be necessary to pay the loan provided for in 7-12-2183  
14 ~~shall must~~, by order of the board, be transferred to the revolving fund and the balance of ~~such the~~ money  
15 or, if there is no outstanding loan, ~~so~~ as much of ~~such the~~ money as the board considers necessary may  
16 be transferred to the improvement district's maintenance fund. After all the bonds and warrants secured  
17 by the revolving fund issued on any rural special improvement district have been fully paid, all money  
18 remaining in ~~such the~~ district fund ~~shall must~~, by ~~the~~ order of the board, be transferred to and become part  
19 of the revolving fund or the improvement district's maintenance fund."  
20

21 **Section 5.** Section 7-12-2183, MCA, is amended to read:

22 **"7-12-2183. Loan from revolving fund to meet payments on bonds and warrants or to make**  
23 **emergency repairs.** (1) ~~Whenever~~ During the period described in 7-12-2185(2), when any rural special  
24 improvement district bond or warrant secured by the revolving fund ~~and~~ or any interest ~~thereon shall on~~  
25 the bond or warrant become becomes due and payable and there ~~shall then be~~ is either no money or ~~not~~  
26 sufficient insufficient money in the appropriate district fund after a transfer from the appropriate district  
27 reserve account, if established, with which to pay the ~~same~~ bond, warrant, or interest, an amount sufficient  
28 to make up the deficiency ~~may, by order of the board of county commissioners,~~ must be loaned by the  
29 revolving fund to ~~such the~~ district fund. ~~Thereupon, such~~ The bond, or warrant, or ~~such~~ interest ~~thereon~~  
30 ~~shall must~~ be paid from the money ~~so loaned or from the money so loaned when added to such~~ insufficient

1 amount, ~~as the case may require~~ and money available in the district fund.

2 (2) ~~Whenever any~~ If there is insufficient money in the rural special improvement district  
 3 maintenance fund does not have sufficient money to pay the cost of emergency repairs, the board of  
 4 county commissioners, by order or resolution, may loan money from the revolving fund to ~~such~~ the district  
 5 maintenance fund. ~~Such~~ The loan shall must be repaid in annual installments in not more than 3 years. ~~It~~  
 6 ~~no event may the~~ The loans may not interfere with cause a default in the payments of the principal of the  
 7 bonds or warrants or the interest on the bonds or warrants. The loan ~~shall~~ must be repaid by an assessment  
 8 as provided by 7-12-2120 if other funds are not available. If there are ~~not sufficient~~ insufficient funds in  
 9 the revolving fund to make the loans without ~~interfering with~~ causing a default in the payment of the  
 10 principal of the bonds or warrants or the interest on the bonds or warrants secured thereby by the revolving  
 11 fund, then the loans may not be made."

12  
 13 **Section 6.** Section 7-12-2185, MCA, is amended to read:

14 **"7-12-2185. Covenants to ~~utilize~~ use revolving fund -- duration of revolving fund obligation --**  
 15 **factors to be considered.** (1) In connection with the issuance of rural special improvement district bonds  
 16 or warrants, the board of county commissioners may undertake and agree:

17 (a) to ~~issue orders annually authorizing~~ make loans or advances from the revolving fund to the  
 18 district fund involved in amounts sufficient to make good any deficiency in the bond and interest accounts  
 19 ~~thereof~~, to the extent that funds are available; and

20 (b) to provide funds for ~~such~~ the revolving fund pursuant to the provisions of 7-12-2182 by  
 21 annually making ~~such~~ a tax levy (or, in lieu ~~thereof~~ of the tax levy, ~~such~~ a loan from the general fund) ~~as~~  
 22 ~~the board may so agree to and undertake~~, subject to the maximum limitations imposed by 7-12-2182.

23 (2) (a) The undertakings and agreements ~~shall be~~ are binding upon ~~said~~ the county ~~so long as any~~  
 24 ~~of said~~ with respect to the rural special improvement district bonds or warrants ~~so offered or any interest~~  
 25 ~~thereon remain unpaid~~ until the earlier of:

26 (i) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have  
 27 been fully paid; or

28 (ii) the date that is the later of:

29 (A) the final stated maturity date of the bonds or warrants; or

30 (B) the date on which all special assessments levied in the district have been either paid or

1 discharged.

2 (b) The discharge of delinquent special assessments levied with respect to a particular lot or parcel  
3 is considered to occur upon:

4 (i) the issuance of a tax deed, as provided in 15-18-214, or, if the county is the recipient of the  
5 tax deed, upon the sale, lease, or other disposition of the property by the county as provided in Title 7,  
6 chapter 8, part 22, 23, 24, or 25, or other applicable law; or

7 (ii) payment in full of the allowed secured claim for the special assessments in a bankruptcy case  
8 in which the owner of the lot or parcel is the debtor.

9 (3) Prior to entering into the undertakings and agreements set forth in subsection (1), the board  
10 of county commissioners shall take into consideration the following factors, including other circumstances  
11 that the board may determine to be material to the public interest of securing the bonds or warrants by the  
12 revolving fund:

13 (a) the estimated market value of the lots, parcels, or tracts included in the district at the time that  
14 the district is created in comparison to the estimated market value of the lots, parcels, or tracts after the  
15 improvements are made;

16 (b) the diversity of ownership of property in the district;

17 (c) the amount of the special assessments proposed to be levied against each lot, parcel, or tract  
18 in the district in comparison to the estimated market value of the lot, parcel, or tract after the improvements  
19 are made;

20 (d) the amount of any outstanding special assessments against the property in the district;

21 (e) the amount of delinquencies in the payment of outstanding special assessments or property  
22 taxes levied against property in the district;

23 (f) the public benefit of the improvements proposed to be financed; and

24 (g) in the case of a district created to make improvements in a newly platted subdivision;

25 (i) the prior subdivision development experience and credit rating or credit history of the person  
26 developing the land; and

27 (ii) any contribution by property owners to the costs of the improvements or any security given by  
28 property owners to secure payment of special assessments levied in the district.

29 (4) Any findings or determinations with respect to the factors contained in subsection (3) made  
30 by the board of county commissioners in a resolution authorizing the undertakings and agreements or the

1 issuance of bonds or warrants are conclusive evidence that the board has taken into consideration the  
 2 factors required by subsection (3).

3 ~~(3)~~(5) In lieu of the undertakings and agreements set forth in subsection (1), the board of county  
 4 commissioners may determine in the resolution authorizing the issuance of the bonds or warrants that the  
 5 revolving fund ~~shall~~ does not secure the bonds or warrants and that the bonds or warrants ~~shall be~~ are  
 6 payable solely from the district fund created ~~therefor~~ for the bonds or warrants and ~~shall do not~~ have no  
 7 a claim against the revolving fund."

8  
 9 **Section 7.** Section 7-12-4106, MCA, is amended to read:

10 **"7-12-4106. Notice of passage of resolution of intention.** (1) Upon having passed ~~such~~ the  
 11 resolution of intention pursuant to 7-12-4104, the council ~~must~~ shall give notice of the passage of ~~such~~  
 12 the resolution of intention.

13 (2) The notice must be published ~~for 5 days in a daily newspaper or in some one issue of a weekly~~  
 14 ~~paper published in the city or town or, in case no newspaper be published in such city, then by posting for~~  
 15 ~~5 days in three public places in the city or town~~ as provided in 7-1-2121. A copy of ~~such~~ the notice shall  
 16 must be mailed to ~~every~~ each person, firm, or corporation or the agent of ~~such~~ the person, firm, or  
 17 corporation having real property within the proposed district listed in ~~his~~ the owner's name upon the ~~last~~  
 18 ~~completed~~ last-completed assessment roll for state, county, and school district taxes, at ~~his~~ the owner's  
 19 last-known address, upon the same day ~~such~~ that the notice is first published or posted.

20 (3) (a) ~~Such~~ The notice must describe the general character of the ~~improvement or the proposed~~  
 21 ~~improvements so proposed to be made~~, state the estimated cost ~~thereof~~ of the improvements, describe  
 22 generally the method ~~or methods~~ by which the costs of the improvements will be assessed, and designate  
 23 the time when and the place where the council will hear and pass upon all written protests that may be  
 24 made against the making or acquisition of ~~such~~ the improvements or the creation of ~~such~~ the district.

25 (b) If the revolving fund is to be pledged to secure the payment of bonds and warrants, the notice  
 26 must include a statement that, subject to the limitations in 7-12-4222:

27 (i) the general fund of the city or town may be used to provide loans to the revolving fund; or  
 28 (ii) a general tax levy may be imposed on all taxable property in the city or town to meet the  
 29 financial requirements of the revolving fund.

30 (c) The notice ~~shall~~ must refer to the resolution on file in the office of the city clerk for the

1 description of the boundaries. If the proposal is for the purchase of an existing improvement, the notice  
2 must state the exact purchase price of the existing improvement."

3  
4 **Section 8.** Section 7-12-4169, MCA, is amended to read:

5 **"7-12-4169. Incidental expenses considered as cost of improvements -- costs for bonds or**  
6 **warrants secured by revolving fund -- district reserve account.** (1) ~~The costs and expenses~~ Incidental  
7 expenses connected with ~~and incidental to~~ the formation of ~~any a~~ special improvement district, including  
8 costs of preparation of plans, specifications, maps, and plats; engineering, superintendence, and inspection;  
9 preparation of assessment rolls; and the other incidental expenses described in 7-12-4101(7) ~~shall be~~ are  
10 considered a part of the cost ~~and expenses~~ of making the improvements within ~~each~~ the special  
11 improvement district.

12 (2) ~~The~~ If the bonds or warrants are secured by the revolving fund under 7-12-4225, the costs of  
13 any improvement may, at the option of the municipal governing body, must include an amount ~~not to~~  
14 ~~exceed~~ equal to 5% of the principal amount of any bonds or warrants to be issued, which ~~shall~~ must be  
15 deposited in the revolving fund created in 7-12-4221.

16 (3) (a) Subject to the provisions of subsections (3)(b) through (3)(e), the city or town council may  
17 create a district reserve account.

18 (b) As part of the original costs of the improvements, the city or town council may include an  
19 amount, in addition to the amount, if any, specified in subsection (2), not to exceed 5% of the principal  
20 amount of any special improvement district bonds or warrants issued. The amount must be deposited in  
21 a district reserve account created and maintained in the district fund.

22 (c) If there are insufficient funds in the district bond and interest accounts to pay when due the  
23 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used  
24 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

25 (d) If bonds or warrants are secured by the revolving fund, the district reserve account, if  
26 established, must be exhausted before a loan may be made from the revolving fund pursuant to 7-12-4223.

27 (e) Money remaining in the district reserve account after the principal and interest on all bonds and  
28 warrants drawn on the district have been paid or discharged must be transferred to the revolving fund.

29 (4) The establishment of a district reserve account does not preclude the city or town council from  
30 requiring additional security from owners of real property in the district."

1           **Section 9.** Section 7-12-4189, MCA, is amended to read:

2           **"7-12-4189. Simple interest on assessments.** (1) Upon all special assessments and taxes levied  
3 and assessed in accordance with any of the provisions of this part, simple interest ~~shall~~ must be charged  
4 at an annual rate ~~not exceeding~~ equal to the sum of:

5           (a) 1/2 of 1% a year; plus

6           (b) the average interest rate payable on the outstanding bonds or warrants of the special  
7 improvement district; plus

8           (c) at the option of the city or town council, up to an additional 1/2 of 1% a year.

9           (2) The city or town council may subsequently reduce or eliminate the additional interest rate  
10 allowed under subsection (1)(c). If the additional interest rate is reduced or eliminated, it may not be  
11 subsequently increased or reimposed.

12           ~~(2)(3)~~ (3) The treasurer, in collecting ~~such~~ the special assessment taxes if the ~~same~~ taxes are payable  
13 in one installment, shall collect ~~such~~ the interest as may be shown to be due ~~thereon~~ on the taxes by the  
14 resolution levying ~~such~~ the assessment. If ~~such~~ the assessment ~~be~~ is payable in installments, the treasurer  
15 shall, at the time of collecting the first installment, collect ~~such~~ the interest as may be shown to be due on  
16 ~~such~~ the assessment by the resolution levying ~~such~~ the assessment, and ~~thereafter he~~ the treasurer shall  
17 collect with each subsequent installment interest on the ~~whole~~ amount remaining unpaid."

18

19           **Section 10.** Section 7-12-4222, MCA, is amended to read:

20           **"7-12-4222. Sources of money for revolving fund.** (1) For the purpose of providing funds for ~~such~~  
21 the revolving fund, the city or town council:

22           (a) ~~(i)~~ may, ~~in its discretion and~~ from time to time, transfer to the revolving fund from the general  
23 fund of the city or town ~~such an~~ an amount ~~or amounts~~ as may be ~~deemed~~ deemed necessary, ~~which. The amount or~~  
24 ~~amounts so transferred shall be deemed and considered and shall be loans~~ is a loan from ~~such the~~ the general  
25 fund to the revolving fund; ~~and,~~

26           ~~(ii)(b)~~ may shall, if the bonds or warrants are secured by the revolving fund pursuant to 7-12-4225,  
27 include in the cost of the improvement to be defrayed from the proceeds of the bonds or warrants an  
28 amount ~~up~~ equal to 5% of the principal amount of the bonds or warrants ~~and deposit it in the revolving~~  
29 ~~fund upon receipt of such proceeds as provided in 7-12-4169;~~ and

30           ~~(b)(c)~~ shall, in addition to ~~such a~~ a transfer or transfers from the general fund or in lieu ~~thereof~~ of a

1 ~~transfer~~, levy and collect for ~~such the~~ revolving fund ~~such~~ a tax, hereby declared to be for a public purpose,  
 2 on all the taxable property in ~~such the~~ city or town as ~~shall be~~ is necessary to meet the financial  
 3 requirements of ~~such the~~ revolving fund. ~~However, a~~ tax may not be levied if the balance in the revolving  
 4 fund exceeds 5% of the principal amount of the then-outstanding special improvement district bonds and  
 5 warrants secured ~~thereby by the~~ revolving fund. If a tax is levied, the tax may not be an amount that would  
 6 increase the balance in the revolving fund above 5% of the then-outstanding special improvement district  
 7 bonds and warrants secured ~~thereby by the~~ revolving fund.

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

15

16 **Section 11.** Section 7-12-4223, MCA, is amended to read:

17 **"7-12-4223. Loans from revolving fund to meet payments on bonds and warrants.** ~~Whenever~~  
 18 During the period described in 7-12-4225(2), when any special improvement district bond or sidewalk, curb,  
 19 and alley approach warrants ~~which that~~ are secured by the revolving fund or any interest ~~thereon shall be~~  
 20 on the bond or warrants becomes due and payable and there ~~shall then be~~ is either no money or ~~not~~  
 21 ~~sufficient~~ insufficient money in the appropriate district fund after a transfer from the appropriate district  
 22 reserve account, if established, with which to pay the ~~same bond, warrant, or interest,~~ an amount sufficient  
 23 to make up the deficiency ~~may, by order of the council,~~ must be loaned by the revolving fund to ~~such the~~  
 24 district fund. ~~Thereupon, such~~ The bond, or warrant, or ~~such~~ interest ~~thereon shall~~ must be paid from the  
 25 money ~~so~~ loaned or from the money ~~so~~ loaned ~~when added to such insufficient amount, as the case may~~  
 26 require and money available in the district fund."

27

28 **Section 12.** Section 7-12-4225, MCA, is amended to read:

29 **"7-12-4225. Covenants to ~~utilize~~ use revolving fund -- duration of revolving fund obligation --**  
 30 **factors to be considered.** (1) In connection with ~~any public offering of~~ the issuance of special improvement

1 district bonds or sidewalk, curb, and alley approach warrants, the city or town council may undertake and  
2 agree:

3 (a) ~~to issue orders annually authorizing~~ make loans or advances from the revolving fund to the  
4 district fund involved in amounts sufficient to make good any deficiency in the bond and interest accounts  
5 ~~thereof,~~ to the extent that funds are available; and

6 (b) to provide funds for ~~such~~ the revolving fund pursuant to the provisions of 7-12-4222(1) by  
7 annually making ~~such~~ a tax levy (or, in lieu ~~thereof~~ of the tax levy, ~~such~~ a loan from the general fund) ~~as~~  
8 ~~the city or town council may so agree to and undertake~~, subject to the maximum limitations imposed by  
9 7-12-4222(1).

10 (2) The undertakings and agreements referred to in subsection (1) ~~shall be~~ are binding upon ~~said~~  
11 ~~the city or town so long as any of said~~ with respect to the special improvement district bonds or sidewalk,  
12 curb, and alley approach warrants ~~so offered or any interest thereon remain unpaid~~ until the earlier of:

13 (a) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have  
14 been fully paid or discharged in a bankruptcy case in which the special improvement district is the debtor;  
15 or

16 (b) the date that is the later of:

17 (i) the final stated maturity date of the bonds or warrants; or

18 (ii) the date on which all special assessments levied in the district have been either paid or  
19 discharged.

20 (3) The discharge of delinquent special assessments levied with respect to a particular lot or parcel  
21 is considered to have occurred upon:

22 (a) the issuance of a tax deed, as provided in 15-18-214, or, if the county is the recipient of the  
23 tax deed, upon the sale, lease, or other disposition of the property by the county as provided in Title 7,  
24 chapter 8, part 22, 23, 24, or 25, or other applicable law;

25 (b) the discharge of the trust pursuant to 15-17-318 or upon the sale or lease of the property under  
26 15-17-319 if the property in the district has been assigned to the city or town under Title 15, chapter 17,  
27 part 3; or

28 (c) payment in full of the allowed secured claim for the special assessments in a bankruptcy case  
29 in which the owner of the lot or parcel is the debtor.

30 (4) Prior to entering into the undertakings and agreements set forth in subsection (1), the city or

1 town council shall take into consideration the following factors, including other circumstances that the city  
 2 or town council may determine to be material to the public interest of securing the bonds or warrants by  
 3 the revolving fund:

4 (a) the estimated market value of the lots, parcels, or tracts included in the district at the time that  
 5 the district is created in comparison to the estimated market value of the lots, parcels, or tracts after the  
 6 improvements are made;

7 (b) the diversity of ownership of property in the district;

8 (c) the amount of the special assessments proposed to be levied against each lot, parcel, or tract  
 9 in the district in comparison to the estimated market value of the lot, parcel, or tract after the improvements  
 10 are made;

11 (d) the amount of any outstanding special assessments against the property in the district;

12 (e) the amount of delinquencies in the payment of outstanding special assessments or property  
 13 taxes levied against property in the district;

14 (f) the public benefit of the improvements proposed to be financed; and

15 (g) in the case of a district created to make improvements in a newly platted subdivision:

16 (i) the prior subdivision development experience and credit rating or credit history of the person  
 17 developing the land; and

18 (ii) any contribution by property owners to the costs of the improvements or any security given by  
 19 property owners to secure payment of special assessments levied in the district.

20 (5) Any findings or determinations with respect to the factors contained in subsection (4) made  
 21 by the city or town council in a resolution authorizing the undertakings and agreements or the issuance of  
 22 bonds or warrants are conclusive evidence that the city or town council has taken into consideration the  
 23 factors required by subsection (4).

24 ~~(3)(6)~~ In lieu of the undertakings and agreements set forth in subsection (1), the city or town  
 25 council may determine in the resolution authorizing the issuance of the bonds or warrants that the revolving  
 26 fund ~~shall~~ does not secure the bonds or warrants and that the bonds or warrants ~~shall be~~ are payable solely  
 27 from the district fund created ~~therefor~~ for the bonds or warrants and ~~shall do not~~ have no a claim against  
 28 the revolving fund."

29  
 30 **Section 13.** Section 7-14-4712, MCA, is amended to read:

1           **"7-14-4712. Procedure upon receipt of petition from all property owners within proposed district.**

2 If a petition for the formation of an improvement district under the provisions of 7-14-4711 is presented  
3 to the governing body purporting to be signed by all of the real property owners in the proposed district,  
4 exclusive of mortgagees and other lienholders, the governing body, after verifying ~~such~~ the ownership and  
5 making a finding of the fact, shall adopt a resolution of intention to order the improvement, as provided in  
6 7-12-4104, and 7-12-4117, and ~~shall have immediate jurisdiction to~~ may adopt the resolution ordering the  
7 improvement pursuant to ~~the following provisions~~ 7-14-4711 through 7-14-4723 without the necessity of  
8 the publication ~~and posting~~ of the resolution of intention provided for in 7-12-4106."

9  
10           **Section 14.** Section 7-14-4732, MCA, is amended to read:

11           **"7-14-4732. Procedure upon receipt of petition for creation of offstreet parking district.** (1) If a

12 petition for the formation of an improvement district for the leasing, improvement, or operation and  
13 maintenance of an offstreet parking site is presented to the governing body purporting to be signed by all  
14 of the real property owners in the proposed district, exclusive of mortgagees and other lienholders, the  
15 governing body, after verifying ~~such~~ the ownership and making a finding of ~~such~~ fact, shall adopt a  
16 resolution of intention to order the improvement, pursuant to the provisions of 7-12-4104 and 7-12-4117,  
17 and ~~shall have immediate jurisdiction to~~ may adopt the resolution ordering the improvement pursuant to  
18 ~~provisions of 7-12-4114~~ without the necessity of the publication ~~and posting~~ of the resolution of intention  
19 provided for in 7-12-4106.

20           (2) If a petition for the formation of an improvement district for offstreet parking purposes and for  
21 the leasing of sites and improvement, operation, and maintenance ~~thereof~~ of sites is ~~presented to the~~  
22 ~~governing body~~ signed by the owners of a majority of the frontage of the property proposed to be contained  
23 within the limits of the assessment district and is presented to the governing body, the governing body shall  
24 adopt a resolution of intention ordering the proposed improvement and ~~cause same to be published and~~  
25 ~~posted~~ publish the resolution pursuant to the provisions of 7-12-4104 and 7-12-4106."

26  
27           **NEW SECTION. Section 15. Applicability.** [This act] applies to all special improvement districts  
28 and rural special improvement districts created after [the effective date of this act] and, at the option of  
29 the city, town, or county, to bonds and warrants issued after [the effective date of this act], if the district  
30 was created before [the effective date of this act].



STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0002, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the laws concerning the financing of special improvement districts and rural special improvement districts.

FISCAL IMPACT:

This bill has no fiscal impact on state government.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill makes improvement districts financing a more secure venture by the addition of a reserve account to the financing structure and the requirement of 5% of the principal amount of financing to be deposited to the revolving fund.

These items will make the financing more secure and the repayment more reliant on the property owners in the district. The additional costs of the reserve account may be offset by the bonds being more marketable.

Dave Lewis 1-3-95  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

Bruce Crippen  
BRUCE CRIPPEN, PRIMARY SPONSOR      DATE

Fiscal Note for SB0002, as introduced

SB 2

## 1 SENATE BILL NO. 2

2 INTRODUCED BY CRIPPEN

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS CONCERNING THE  
6 FINANCING OF SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL IMPROVEMENT DISTRICTS;  
7 REVISING THE INFORMATION THAT MUST BE INCLUDED IN THE NOTICE OF INTENTION TO CREATE AN  
8 IMPROVEMENT DISTRICT; ALLOWING A BOARD OF COUNTY COMMISSIONERS OR A MUNICIPAL  
9 GOVERNING BODY TO CREATE A SPECIAL IMPROVEMENT DISTRICT RESERVE ACCOUNT; ALLOWING  
10 A BOARD OF COUNTY COMMISSIONERS OR A MUNICIPAL GOVERNING BODY TO IMPOSE AN  
11 ADDITIONAL INTEREST RATE ON UNPAID ASSESSMENTS; REQUIRING THAT 5 PERCENT OF THE  
12 PRINCIPAL AMOUNT OF BONDS OR WARRANTS BE DEPOSITED IN THE REVOLVING FUND FOR BONDS  
13 AND WARRANTS SECURED BY THE REVOLVING FUND; LIMITING THE DURATION OF THE REVOLVING  
14 FUND OBLIGATION; ESTABLISHING FACTORS TO BE CONSIDERED BEFORE PLEDGING THE REVOLVING  
15 FUND; AMENDING SECTIONS 7-12-2105, 7-12-2153, 7-12-2176, 7-12-2182, 7-12-2183, 7-12-2185,  
16 7-12-4106, 7-12-4169, 7-12-4189, 7-12-4222, 7-12-4223, 7-12-4225, 7-14-4712, AND 7-14-4732,  
17 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

18  
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
2021 **Section 1.** Section 7-12-2105, MCA, is amended to read:

22 **"7-12-2105. Notice of resolution of intention to create district -- hearing.** (1) Upon having passed  
23 the resolution of intention pursuant to 7-12-2103, the board of county commissioners ~~must~~ shall publish  
24 notice of the passage of ~~such the~~ resolution of intention as provided in 7-1-2121.

25 (2) ~~The board shall also cause a copy of such notice to be posted in three public places within the~~  
26 ~~boundaries of such special improvement district.~~ A copy of ~~such the~~ notice shall must be mailed, as  
27 provided in 7-1-2122, to ~~every each~~ person, firm, or corporation or the agent of ~~such the~~ person, firm, or  
28 corporation owning real property within the proposed district listed in ~~his the owner's~~ name upon the ~~last~~  
29 ~~completed last-completed~~ assessment roll for state, county, and school district taxes.

30 (3) (a) ~~Such The~~ notice must describe the general character of the improvement or improvements

1 ~~se~~ proposed to be made or acquired by purchase, state the estimated cost ~~thereof~~ of the improvements,  
 2 describe generally the method ~~or methods~~ OR METHODS by which the costs of the improvements will be  
 3 assessed, and designate the time when and the place where the board will hear and pass upon all protests  
 4 that may be made against the making or maintenance of ~~such~~ the improvements or the creation of ~~such~~  
 5 the district.

6 (b) If the revolving fund is to be pledged to secure the payment of bonds and warrants, the notice  
 7 must include a statement that, subject to the limitations in 7-12-2182:

8 (i) the county general fund may be used to provide loans to the revolving fund; or

9 (ii) a general tax levy may be imposed on all taxable property in the county to meet the financial  
 10 requirements of the revolving fund.

11 (c) The notice ~~shall~~ must refer to the resolution on file in the office of the county clerk for the  
 12 description of the boundaries. If the proposal is for the purchase of an existing improvement, the notice  
 13 shall must state the exact purchase price of ~~such~~ the existing improvement."

14

15 **Section 2.** Section 7-12-2153, MCA, is amended to read:

16 **"7-12-2153. Incidental expenses considered as cost of improvements -- costs for bonds or**  
 17 **warrants secured by revolving fund -- district reserve account.** (1) ~~The cost and expense~~ Incidental  
 18 expenses connected with ~~and incidental to~~ the formation of ~~any~~ a special improvement district, including  
 19 the cost of preparation of plans, specifications, maps, or plats; engineering, superintendence, and  
 20 inspection; preparation of assessment rolls; and the other incidental expenses described in 7-12-2101(7)  
 21 ~~shall be~~ are considered a part of the cost ~~and expenses~~ of making the improvements within ~~such~~ the special  
 22 improvement district.

23 (2) ~~The~~ If the bonds or warrants are secured by the revolving fund pursuant to 7-12-2185, the  
 24 original costs of any improvement ~~may, at the option of the board of county commissioners,~~ must include  
 25 an amount ~~not to exceed~~ equal to 5% of the principal amount of any bonds or warrants to be issued, which  
 26 shall must be deposited in the revolving fund created in 7-12-2181.

27 (3) (a) Subject to the provisions of subsections (3)(b) through (3)(e), the board of county  
 28 commissioners may create a district reserve account.

29 (b) As part of the original costs of the improvements, the board of county commissioners may  
 30 include an amount, in addition to the amount, if any, specified in subsection (2), not to exceed 5% of the

1 principal amount of any rural special improvement district bonds or warrants issued. The amount must be  
 2 deposited in a district reserve account created and maintained in the district fund.

3 (c) If there are insufficient funds in the district bond and interest accounts to pay when due the  
 4 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used  
 5 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

6 (d) If bonds or warrants are secured by the revolving fund, the district reserve account, if  
 7 established, must be exhausted before a loan may be made from the revolving fund pursuant to 7-12-2183.

8 (e) Money remaining in the district reserve account after the principal and interest on all bonds and  
 9 warrants drawn on the district have been paid or discharged must be transferred to the revolving fund.

10 (4) The establishment of a district reserve account does not preclude the board of county  
 11 commissioners from requiring additional security from the owners of real property in the district."

12  
 13 **Section 3.** Section 7-12-2176, MCA, is amended to read:

14 **"7-12-2176. Interest rate on unpaid assessments.** (1) The installments of assessments remaining  
 15 unpaid bear simple interest at an annual rate ~~of~~ equal to the sum of:

16 (a) 1/2 of 1% a year; plus

17 (b) the average interest rate payable on the outstanding bonds or warrants of the rural special  
 18 improvement district; plus

19 (c) at the option of the board of county commissioners, up to an additional 1/2 of 1% a year.

20 (2) The board of county commissioners may subsequently reduce or eliminate the additional interest  
 21 rate allowed under subsection (1)(c). If the additional interest rate is reduced or eliminated, it may not be  
 22 subsequently increased or reimposed."

23  
 24 **Section 4.** Section 7-12-2182, MCA, is amended to read:

25 **"7-12-2182. Sources of money for revolving fund.** (1) For the purpose of providing funds for ~~such~~  
 26 the revolving fund, the board of county commissioners:

27 (a) shall, if the bonds or warrants are secured by the revolving fund pursuant to 7-12-2185, include  
 28 in the cost of the improvements to be defrayed from the proceeds of the bonds or warrants an amount  
 29 equal to 5% of the principal amount of the bonds or warrants to be issued as provided in 7-12-2153(2);

30 ~~(a)(b)~~ may, in its discretion and from time to time, transfer to the revolving fund from the general

1 fund of the county ~~such an amount or amounts~~ as may be ~~deemed~~ necessary; ~~which.~~ The amount or  
2 ~~amounts so transferred shall be considered and shall be loans~~ is a loan from ~~such the~~ general fund to the  
3 revolving fund; ~~and.~~

4 ~~(b)(c)~~ shall, in addition to ~~such a~~ transfer or transfers from the general fund or in lieu ~~thereof of a~~  
5 transfer, levy and ~~collect~~ for ~~such the~~ revolving fund ~~such a tax,~~ hereby declared to be for a public purpose,  
6 on all ~~the~~ taxable property in ~~such the~~ county as ~~shall be~~ is necessary to meet the financial requirements  
7 of ~~such the revolving~~ fund. ~~However, a~~ A tax may not be levied if the balance in the revolving fund exceeds  
8 5% of the principal amount of the then-outstanding rural special improvement district bonds and warrants  
9 secured ~~thereby by the revolving fund~~. If a tax is levied, the tax may not be an amount that would increase  
10 the balance in the revolving fund above 5% of the then-outstanding rural special improvement district bonds  
11 and warrants secured ~~thereby by the revolving fund~~.

12 (2) Whenever there ~~shall be~~ is money in the district fund ~~which that~~ is not required for payment  
13 of any bond or warrant of ~~such the~~ district secured by the revolving fund or of interest ~~thereon on the bond~~  
14 or warrant, ~~so as~~ as much of ~~such the~~ money as may be necessary to pay the loan provided for in 7-12-2183  
15 ~~shall must~~, by order of the board, be transferred to the revolving fund and the balance of ~~such the~~ money  
16 or, if there is no outstanding loan, ~~so as~~ as much of ~~such the~~ money as the board considers necessary may  
17 be transferred to the improvement district's maintenance fund. After all the bonds and warrants secured  
18 by the revolving fund issued on any rural special improvement district have been fully paid, all money  
19 remaining in ~~such the~~ district fund ~~shall must~~, by ~~the~~ order of the board, be transferred to and become part  
20 of the revolving fund or the improvement district's maintenance fund."

21

**Section 5.** Section 7-12-2183, MCA, is amended to read:

22 **"7-12-2183. Loan from revolving fund to meet payments on bonds and warrants or to make**  
23 **emergency repairs.** (1) ~~Whenever~~ During the period described in 7-12-2185(2), when any rural special  
24 improvement district bond or warrant secured by the revolving fund ~~and~~ or any interest ~~thereon shall on~~  
25 the bond or warrant ~~become~~ becomes due and payable and there ~~shall then be~~ is either no money or ~~not~~  
26 sufficient ~~insufficient~~ money in the appropriate district fund after a transfer from the appropriate district  
27 reserve account, if established, with which to pay the ~~same~~ bond, warrant, or interest, an amount sufficient  
28 to make up the deficiency ~~may, by order of the board of county commissioners,~~ must be loaned by the  
29 revolving fund to ~~such the~~ district fund. ~~Thereupon, such~~ The bond, ~~or~~ warrant, ~~or~~ such interest ~~thereon~~

30

1 ~~shall~~ must be paid from the money ~~so~~ loaned ~~or from the money so loaned when added to such insufficient~~  
 2 ~~amount, as the case may require~~ and money available in the district fund.

3 (2) ~~Whenever any~~ If there is insufficient money in the rural special improvement district  
 4 maintenance fund ~~does not have sufficient money~~ to pay the cost of emergency repairs, the board of  
 5 county commissioners, by order or resolution, may loan money from the revolving fund to ~~such~~ the district  
 6 maintenance fund. ~~Such~~ The loan ~~shall~~ must be repaid in annual installments in not more than 3 years. ~~It~~  
 7 ~~no event may the~~ The loans ~~may not interfere with~~ cause a default in the payments of the principal of the  
 8 bonds or warrants or the interest on the bonds or warrants. The loan ~~shall~~ must be repaid by an assessment  
 9 as provided by 7-12-2120 if other funds are not available. If there are ~~not sufficient~~ insufficient funds in  
 10 the revolving fund to make the loans without ~~interfering with~~ causing a default in the payment of the  
 11 principal of the bonds or warrants or the interest on the bonds or warrants secured ~~thereby~~ by the revolving  
 12 fund, then the loans may not be made."

13  
 14 **Section 6.** Section 7-12-2185, MCA, is amended to read:

15 **"7-12-2185. Covenants to ~~utilize~~ use revolving fund -- duration of revolving fund obligation --**  
 16 **factors to be considered.** (1) In connection with the issuance of rural special improvement district bonds  
 17 or warrants, the board of county commissioners may undertake and agree:

18 (a) to ~~issue orders annually authorizing~~ make loans or advances from the revolving fund to the  
 19 district fund involved in amounts sufficient to make good any deficiency in the bond and interest accounts  
 20 ~~thereof~~, to the extent that funds are available; and

21 (b) to provide funds for ~~such~~ the revolving fund pursuant to the provisions of 7-12-2182 by  
 22 annually making ~~such a~~ tax levy (or, in lieu ~~thereof~~ of the tax levy, ~~such a~~ loan from the general fund) as  
 23 ~~the board may so agree to and undertake~~, subject to the maximum limitations imposed by 7-12-2182.

24 (2) (a) The undertakings and agreements ~~shall be~~ are binding upon ~~said~~ the county ~~so long as any~~  
 25 ~~of said~~ with respect to the rural special improvement district bonds or warrants ~~so offered or any interest~~  
 26 ~~thereon remain unpaid~~ until the earlier of:

27 (i) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have  
 28 been fully paid; or

29 (ii) the date that is the later of:

30 (A) the final stated maturity date of the bonds or warrants; or

1           (B) the date on which all special assessments levied in the district have been either paid or  
2 discharged.

3           (b) The discharge of delinquent special assessments levied with respect to a particular lot or parcel  
4 is considered to occur upon:

5           (i) the issuance of a tax deed, as provided in 15-18-214, or, if the county is the recipient of the  
6 tax deed, upon the sale, lease, or other disposition of the property by the county as provided in Title 7,  
7 chapter 8, part 22, 23, 24, or 25, or other applicable law; or

8           (ii) payment in full of the allowed secured claim for the special assessments in a bankruptcy case  
9 in which the owner of the lot or parcel is the debtor.

10           (3) Prior to entering into the undertakings and agreements set forth in subsection (1), the board  
11 of county commissioners shall take into consideration the following factors, including other circumstances  
12 that the board may determine to be material to the public interest of securing the bonds or warrants by the  
13 revolving fund:

14           (a) the estimated market value of the lots, parcels, or tracts included in the district at the time that  
15 the district is created in comparison to the estimated market value of the lots, parcels, or tracts after the  
16 improvements are made;

17           (b) the diversity of ownership of property in the district;

18           (c) the amount of the special assessments proposed to be levied against each lot, parcel, or tract  
19 in the district in comparison to the estimated market value of the lot, parcel, or tract after the improvements  
20 are made;

21           (d) the amount of any outstanding special assessments against the property in the district;

22           (e) the amount of delinquencies in the payment of outstanding special assessments or property  
23 taxes levied against property in the district;

24           (f) the public benefit of the improvements proposed to be financed; and

25           (g) in the case of a district created to make improvements in a newly platted subdivision:

26           (i) the prior subdivision development experience and credit rating or credit history of the person  
27 developing the land; and

28           (ii) any contribution by property owners to the costs of the improvements or any security given by  
29 property owners to secure payment of special assessments levied in the district.

30           (4) Any findings or determinations with respect to the factors contained in subsection (3) made

1 by the board of county commissioners in a resolution authorizing the undertakings and agreements or the  
 2 issuance of bonds or warrants are conclusive evidence that the board has taken into consideration the  
 3 factors required by subsection (3).

4 ~~(3)(5)~~ In lieu of the undertakings and agreements set forth in subsection (1), the board of county  
 5 commissioners may determine in the resolution authorizing the issuance of the bonds or warrants that the  
 6 revolving fund ~~shall~~ does not secure the bonds or warrants and that the bonds or warrants ~~shall be~~ are  
 7 payable solely from the district fund created ~~therefor~~ for the bonds or warrants and ~~shall do not~~ have no  
 8 a claim against the revolving fund."

9  
 10 **Section 7.** Section 7-12-4106, MCA, is amended to read:

11 **"7-12-4106. Notice of passage of resolution of intention.** (1) Upon having passed ~~such~~ the  
 12 resolution of intention pursuant to 7-12-4104, the council ~~must~~ shall give notice of the passage of ~~such~~  
 13 the resolution of intention.

14 (2) The notice must be published ~~for 5 days in a daily newspaper or in some one issue of a weekly~~  
 15 ~~paper published in the city or town or, in case no newspaper be published in such city, then by posting for~~  
 16 ~~5 days in three public places in the city or town as provided in 7-1-2121.~~ A copy of ~~such~~ the notice ~~shall~~  
 17 must be mailed to ~~every~~ each person, firm, or corporation or the agent of ~~such~~ the person, firm, or  
 18 corporation having real property within the proposed district listed in ~~his~~ the owner's name upon the ~~last~~  
 19 ~~completed~~ last-completed assessment roll for state, county, and school district taxes, at ~~his~~ the owner's  
 20 last-known address, upon the same day ~~such~~ that the notice is first published or posted.

21 (3) (a) ~~Such~~ The notice must describe the general character of the ~~improvement or the proposed~~  
 22 ~~improvements so proposed to be made~~, state the estimated cost ~~thereof~~ of the improvements, describe  
 23 generally the method ~~or methods~~ by which the costs of the improvements will be assessed, and designate  
 24 the time when and the place where the council will hear and pass upon all written protests that may be  
 25 made against the making or acquisition of ~~such~~ the improvements or the creation of ~~such~~ the district.

26 (b) If the revolving fund is to be pledged to secure the payment of bonds and warrants, the notice  
 27 must include a statement that, subject to the limitations in 7-12-4222:

28 (i) the general fund of the city or town may be used to provide loans to the revolving fund; or

29 (ii) a general tax levy may be imposed on all taxable property in the city or town to meet the  
 30 financial requirements of the revolving fund.

1           (c) The notice ~~shall~~ must refer to the resolution on file in the office of the city clerk for the  
2 description of the boundaries. If the proposal is for the purchase of an existing improvement, the notice  
3 must state the exact purchase price of the existing improvement."  
4

5           **Section 8.** Section 7-12-4169, MCA, is amended to read:

6           "**7-12-4169. Incidental expenses considered as cost of improvements -- costs for bonds or**  
7 **warrants secured by revolving fund -- district reserve account.** (1) ~~The costs and expenses~~ Incidental  
8 expenses connected with ~~and incidental to~~ the formation of ~~any a~~ special improvement district, including  
9 costs of preparation of plans, specifications, maps, and plats; engineering, superintendence, and inspection;  
10 preparation of assessment rolls; and the other incidental expenses described in 7-12-4101(7) ~~shall be~~ are  
11 considered a part of the cost ~~and expenses~~ of making the improvements within ~~such~~ the special  
12 improvement district.

13           (2) ~~The~~ If the bonds or warrants are secured by the revolving fund under 7-12-4225, the costs of  
14 any improvement may, at the option of the municipal governing body, must include an amount not to  
15 exceed equal to 5% of the principal amount of any bonds or warrants to be issued, which shall must be  
16 deposited in the revolving fund created in 7-12-4221.

17           (3) (a) Subject to the provisions of subsections (3)(b) through (3)(e), the city or town council may  
18 create a district reserve account.

19           (b) As part of the original costs of the improvements, the city or town council may include an  
20 amount, in addition to the amount, if any, specified in subsection (2), not to exceed 5% of the principal  
21 amount of any special improvement district bonds or warrants issued. The amount must be deposited in  
22 a district reserve account created and maintained in the district fund.

23           (c) If there are insufficient funds in the district bond and interest accounts to pay when due the  
24 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used  
25 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

26           (d) If bonds or warrants are secured by the revolving fund, the district reserve account, if  
27 established, must be exhausted before a loan may be made from the revolving fund pursuant to 7-12-4223.

28           (e) Money remaining in the district reserve account after the principal and interest on all bonds and  
29 warrants drawn on the district have been paid or discharged must be transferred to the revolving fund.

30           (4) The establishment of a district reserve account does not preclude the city or town council from

1 requiring additional security from owners of real property in the district."

2

3 **Section 9.** Section 7-12-4189, MCA, is amended to read:

4 **"7-12-4189. Simple interest on assessments.** (1) Upon all special assessments and taxes levied  
5 and assessed in accordance with any of the provisions of this part, simple interest ~~shall~~ must be charged  
6 at an annual rate ~~not exceeding~~ equal to the sum of:

7 (a) 1/2 of 1% a year; plus

8 (b) the average interest rate payable on the outstanding bonds or warrants of the special  
9 improvement district; plus

10 (c) at the option of the city or town council, up to an additional 1/2 of 1% a year.

11 (2) The city or town council may subsequently reduce or eliminate the additional interest rate  
12 allowed under subsection (1)(c). If the additional interest rate is reduced or eliminated, it may not be  
13 subsequently increased or reimposed.

14 ~~(2)(3)~~ (3) The treasurer, in collecting ~~such the~~ special assessment taxes if the ~~same~~ taxes are payable  
15 in one installment, shall collect ~~such the~~ interest as may be shown to be due ~~thereon~~ on the taxes by the  
16 resolution levying ~~such the~~ assessment. If ~~such the~~ assessment ~~be is~~ payable in installments, the treasurer  
17 shall, at the time of collecting the first installment, collect ~~such the~~ interest as may be shown to be due on  
18 ~~such the~~ assessment by the resolution levying ~~such the~~ assessment, and ~~thereafter he~~ the treasurer shall  
19 collect with each subsequent installment interest on the ~~whole~~ amount remaining unpaid."

20

21 **Section 10.** Section 7-12-4222, MCA, is amended to read:

22 **"7-12-4222. Sources of money for revolving fund.** (1) For the purpose of providing funds for ~~such~~  
23 the revolving fund, the city or town council:

24 (a) ~~(i)~~ (i) may, ~~in its discretion and~~ from time to time, transfer to the revolving fund from the general  
25 fund of the city or town ~~such an~~ amount ~~or amounts~~ as may be ~~deemed~~ necessary, ~~which.~~ The amount of  
26 ~~amounts so transferred shall be deemed and considered and shall be loans~~ is a loan from ~~such the~~ general  
27 fund to the revolving fund; ~~and.~~

28 ~~(ii)(b)~~ (b) may shall, if the bonds or warrants are secured by the revolving fund pursuant to 7-12-4225,  
29 include in the cost of the improvement to be defrayed from the proceeds of the bonds or warrants an  
30 amount up equal to 5% of the principal amount of the bonds or warrants ~~and deposit it in the revolving~~

1 ~~fund upon receipt of such proceeds as provided in 7-12-4169;~~ and

2 ~~(b)(c)~~ shall, in addition to ~~such a~~ transfer or transfers from the general fund or in lieu thereof ~~of a~~  
3 ~~transfer~~, levy ~~and collect~~ for ~~such the~~ revolving fund ~~such a~~ tax, hereby declared to be for a public purpose,  
4 on all ~~the~~ taxable property in ~~such the~~ city or town as ~~shall be~~ is necessary to meet the financial  
5 requirements of ~~such the~~ revolving fund. ~~However, a~~ A tax may not be levied if the balance in the revolving  
6 fund exceeds 5% of the principal amount of the then-outstanding special improvement district bonds and  
7 warrants secured ~~thereby by the revolving fund~~. If a tax is levied, the tax may not be an amount that would  
8 increase the balance in the revolving fund above 5% of the then-outstanding special improvement district  
9 bonds and warrants secured ~~thereby by the revolving fund~~.

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

17

18 **Section 11.** Section 7-12-4223, MCA, is amended to read:

19 "**7-12-4223. Loans from revolving fund to meet payments on bonds and warrants.** ~~Whenever~~  
20 During the period described in 7-12-4225(2), when any special improvement district bond or sidewalk, curb,  
21 and alley approach warrants which that are secured by the revolving fund or any interest ~~thereon shall be~~  
22 on the bond or warrants becomes due and payable and there ~~shall then be~~ is either no money or ~~not~~  
23 ~~sufficient~~ insufficient money in the appropriate district fund after a transfer from the appropriate district  
24 reserve account, if established, with which to pay the ~~same bond, warrant, or interest~~, an amount sufficient  
25 to make up the deficiency ~~may, by order of the council,~~ must be loaned by the revolving fund to ~~such the~~  
26 district fund. ~~Thereupon, such~~ The bond, or warrant, or such interest thereon shall must be paid from the  
27 money ~~so~~ loaned or from the money ~~so~~ loaned ~~when added to such insufficient amount, as the case may~~  
28 require and money available in the district fund."

29

30 **Section 12.** Section 7-12-4225, MCA, is amended to read:

1           **"7-12-4225. Covenants to ~~utilize~~ use revolving fund -- duration of revolving fund obligation --**  
 2 **factors to be considered.** (1) In connection with ~~any public offering of the issuance of~~ special improvement  
 3 district bonds or sidewalk, curb, and alley approach warrants, the city or town council may undertake and  
 4 agree:

5           (a) to ~~issue orders annually authorizing~~ make loans or advances from the revolving fund to the  
 6 district fund involved in amounts sufficient to make good any deficiency in the bond and interest accounts  
 7 ~~thereof,~~ to the extent that funds are available; and

8           (b) to provide funds for ~~such~~ the revolving fund pursuant to the provisions of 7-12-4222(1) by  
 9 annually making ~~such a~~ tax levy (or, in lieu ~~thereof of the tax levy,~~ such a loan from the general fund) ~~as~~  
 10 ~~the city or town council may so agree to and undertake,~~ subject to the maximum limitations imposed by  
 11 7-12-4222(1).

12           (2) The undertakings and agreements referred to in subsection (1) ~~shall be~~ are binding upon ~~said~~  
 13 ~~the city or town so long as any of said~~ with respect to the special improvement district bonds or sidewalk,  
 14 curb, and alley approach warrants ~~so offered or any interest thereon remain unpaid~~ until the earlier of:

15           (a) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have  
 16 been fully paid or discharged in a bankruptcy case in which the special improvement district is the debtor;  
 17 or

18           (b) the date that is the later of:

19           (i) the final stated maturity date of the bonds or warrants; or

20           (ii) the date on which all special assessments levied in the district have been either paid or  
 21 discharged.

22           (3) The discharge of delinquent special assessments levied with respect to a particular lot or parcel  
 23 is considered to have occurred upon:

24           (a) the issuance of a tax deed, as provided in 15-18-214, or, if the county is the recipient of the  
 25 tax deed, upon the sale, lease, or other disposition of the property by the county as provided in Title 7,  
 26 chapter 8, part 22, 23, 24, or 25, or other applicable law;

27           (b) the discharge of the trust pursuant to 15-17-318 or upon the sale or lease of the property under  
 28 15-17-319 if the property in the district has been assigned to the city or town under Title 15, chapter 17,  
 29 part 3; or

30           (c) payment in full of the allowed secured claim for the special assessments in a bankruptcy case

1 in which the owner of the lot or parcel is the debtor.

2 (4) Prior to entering into the undertakings and agreements set forth in subsection (1), the city or  
 3 town council shall take into consideration the following factors, including other circumstances that the city  
 4 or town council may determine to be material to the public interest of securing the bonds or warrants by  
 5 the revolving fund:

6 (a) the estimated market value of the lots, parcels, or tracts included in the district at the time that  
 7 the district is created in comparison to the estimated market value of the lots, parcels, or tracts after the  
 8 improvements are made;

9 (b) the diversity of ownership of property in the district;

10 (c) the amount of the special assessments proposed to be levied against each lot, parcel, or tract  
 11 in the district in comparison to the estimated market value of the lot, parcel, or tract after the improvements  
 12 are made;

13 (d) the amount of any outstanding special assessments against the property in the district;

14 (e) the amount of delinquencies in the payment of outstanding special assessments or property  
 15 taxes levied against property in the district;

16 (f) the public benefit of the improvements proposed to be financed; and

17 (g) in the case of a district created to make improvements in a newly platted subdivision;

18 (i) the prior subdivision development experience and credit rating or credit history of the person  
 19 developing the land; and

20 (ii) any contribution by property owners to the costs of the improvements or any security given by  
 21 property owners to secure payment of special assessments levied in the district.

22 (5) Any findings or determinations with respect to the factors contained in subsection (4) made  
 23 by the city or town council in a resolution authorizing the undertakings and agreements or the issuance of  
 24 bonds or warrants are conclusive evidence that the city or town council has taken into consideration the  
 25 factors required by subsection (4).

26 ~~(3)~~(6) In lieu of the undertakings and agreements set forth in subsection (1), the city or town  
 27 council may determine in the resolution authorizing the issuance of the bonds or warrants that the revolving  
 28 fund ~~shall~~ does not secure the bonds or warrants and that the bonds or warrants ~~shall be~~ are payable solely  
 29 from the district fund created ~~therefor~~ for the bonds or warrants and ~~shall do not~~ do not have ~~no~~ a claim against  
 30 the revolving fund."

1           **Section 13.** Section 7-14-4712, MCA, is amended to read:

2           **"7-14-4712. Procedure upon receipt of petition from all property owners within proposed district.**

3   If a petition for the formation of an improvement district under the provisions of 7-14-4711 is presented  
4   to the governing body purporting to be signed by all of the real property owners in the proposed district,  
5   exclusive of mortgagees and other lienholders, the governing body, after verifying ~~such~~ the ownership and  
6   making a finding of the fact, shall adopt a resolution of intention to order the improvement, as provided in  
7   7-12-4104, and 7-12-4117, and ~~shall have immediate jurisdiction to~~ may adopt the resolution ordering the  
8   improvement pursuant to ~~the following provisions~~ 7-14-4711 through 7-14-4723 without ~~the necessity of~~  
9   the publication ~~and posting~~ of the resolution of intention provided for in 7-12-4106. HOWEVER, IF SPECIAL  
10 IMPROVEMENT DISTRICT BONDS ARE PROPOSED TO BE ISSUED AND SECURED BY THE REVOLVING  
11 FUND, THE REQUIREMENTS OF 7-12-4106 THROUGH 7-12-4114, 7-12-4169, 7-12-4189, 7-12-4222,  
12 7-12-4223, AND 7-12-4225 MUST BE MET BY THE GOVERNING BODY."

13  
14           **Section 14.** Section 7-14-4732, MCA, is amended to read:

15           **"7-14-4732. Procedure upon receipt of petition for creation of offstreet parking district.** (1) If a

16   petition for the formation of an improvement district for the leasing, improvement, or operation and  
17   maintenance of an offstreet parking site is presented to the governing body purporting to be signed by all  
18   of the real property owners in the proposed district, exclusive of mortgagees and other lienholders, the  
19   governing body, after verifying ~~such~~ the ownership and making a finding of ~~such~~ fact, shall adopt a  
20   resolution of intention to order the improvement, pursuant to the provisions of 7-12-4104 and 7-12-4117,  
21   and ~~shall have immediate jurisdiction to~~ may adopt the resolution ordering the improvement pursuant to  
22   ~~provisions of~~ 7-12-4114 without ~~the necessity of~~ the publication ~~and posting~~ of the resolution of intention  
23   provided for in 7-12-4106. HOWEVER, IF SPECIAL IMPROVEMENT DISTRICT BONDS ARE PROPOSED TO  
24 BE ISSUED AND SECURED BY THE REVOLVING FUND, THE REQUIREMENTS OF 7-12-4106 THROUGH  
25 7-12-4114, 7-12-4169, 7-12-4189, 7-12-4222, 7-12-4223, AND 7-12-4225 MUST BE MET BY THE  
26 GOVERNING BODY.

27           (2) If a petition for the formation of an improvement district for offstreet parking purposes and for  
28   the leasing of sites and improvement, operation, and maintenance ~~thereof of sites~~ is presented to the  
29 ~~governing body~~ signed by the owners of a majority of the frontage of the property proposed to be contained  
30   within the limits of the assessment district and is presented to the governing body, the governing body shall

1 adopt a resolution of intention ordering the proposed improvement and ~~cause same to be published and~~  
2 ~~posted~~ publish the resolution pursuant to the provisions of 7-12-4104 and 7-12-4106."

3

4 NEW SECTION. SECTION 15. COORDINATION INSTRUCTION. IF SENATE BILL NO. 8 IS  
5 APPROVED, THEN IN [SECTION 6 (2)(A)(I) OF THE FIRST READING COPY OF THIS ACT], AMENDING  
6 7-12-2185, THE FOLLOWING LANGUAGE MUST BE INSERTED FOLLOWING THE WORD "PAID": "OR  
7 DISCHARGED IN A BANKRUPTCY CASE IN WHICH THE SPECIAL IMPROVEMENT DISTRICT IS THE  
8 DEBTOR".

9

10 NEW SECTION. Section 16. Applicability. [This act] applies to all special improvement districts  
11 and rural special improvement districts created after [the effective date of this act] and, at the option of  
12 the city, town, or county, to bonds and warrants issued after [the effective date of this act], if the district  
13 was created before [the effective date of this act].

14

15 NEW SECTION. Section 17. Effective date. [This act] is effective on passage and approval.

16

-END-

17

## 1 SENATE BILL NO. 2

2 INTRODUCED BY CRIPPEN

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS CONCERNING THE  
6 FINANCING OF SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL IMPROVEMENT DISTRICTS;  
7 REVISING THE INFORMATION THAT MUST BE INCLUDED IN THE NOTICE OF INTENTION TO CREATE AN  
8 IMPROVEMENT DISTRICT; ALLOWING A BOARD OF COUNTY COMMISSIONERS OR A MUNICIPAL  
9 GOVERNING BODY TO CREATE A SPECIAL IMPROVEMENT DISTRICT RESERVE ACCOUNT; ALLOWING  
10 A BOARD OF COUNTY COMMISSIONERS OR A MUNICIPAL GOVERNING BODY TO IMPOSE AN  
11 ADDITIONAL INTEREST RATE ON UNPAID ASSESSMENTS; REQUIRING THAT 5 PERCENT OF THE  
12 PRINCIPAL AMOUNT OF BONDS OR WARRANTS BE DEPOSITED IN THE REVOLVING FUND FOR BONDS  
13 AND WARRANTS SECURED BY THE REVOLVING FUND; LIMITING THE DURATION OF THE REVOLVING  
14 FUND OBLIGATION; ESTABLISHING FACTORS TO BE CONSIDERED BEFORE PLEDGING THE REVOLVING  
15 FUND; AMENDING SECTIONS 7-12-2105, 7-12-2153, 7-12-2176, 7-12-2182, 7-12-2183, 7-12-2185,  
16 7-12-4106, 7-12-4169, 7-12-4189, 7-12-4222, 7-12-4223, 7-12-4225, 7-14-4712, AND 7-14-4732,  
17 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

18

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

THERE ARE NO CHANGES IN THIS BILL  
AND WILL NOT BE REPRINTED. PLEASE  
REFER TO YELLOW COPY FOR COMPLETE TEXT.

## 1 SENATE BILL NO. 2

2 INTRODUCED BY CRIPPEN

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE LAWS CONCERNING THE  
6 FINANCING OF SPECIAL IMPROVEMENT DISTRICTS AND RURAL SPECIAL IMPROVEMENT DISTRICTS;  
7 REVISING THE INFORMATION THAT MUST BE INCLUDED IN THE NOTICE OF INTENTION TO CREATE AN  
8 IMPROVEMENT DISTRICT; ALLOWING A BOARD OF COUNTY COMMISSIONERS OR A MUNICIPAL  
9 GOVERNING BODY TO CREATE A SPECIAL IMPROVEMENT DISTRICT RESERVE ACCOUNT; ALLOWING  
10 A BOARD OF COUNTY COMMISSIONERS OR A MUNICIPAL GOVERNING BODY TO IMPOSE AN  
11 ADDITIONAL INTEREST RATE ON UNPAID ASSESSMENTS; REQUIRING THAT 5 PERCENT OF THE  
12 PRINCIPAL AMOUNT OF BONDS OR WARRANTS BE DEPOSITED IN THE REVOLVING FUND FOR BONDS  
13 AND WARRANTS SECURED BY THE REVOLVING FUND; LIMITING THE DURATION OF THE REVOLVING  
14 FUND OBLIGATION; ESTABLISHING FACTORS TO BE CONSIDERED BEFORE PLEDGING THE REVOLVING  
15 FUND; AMENDING SECTIONS 7-12-2105, 7-12-2153, 7-12-2176, 7-12-2182, 7-12-2183, 7-12-2185,  
16 7-12-4106, 7-12-4169, 7-12-4189, 7-12-4222, 7-12-4223, 7-12-4225, 7-14-4712, AND 7-14-4732,  
17 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

18  
19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
2021 **Section 1.** Section 7-12-2105, MCA, is amended to read:

22 **"7-12-2105. Notice of resolution of intention to create district -- hearing.** (1) Upon having passed  
23 the resolution of intention pursuant to 7-12-2103, the board of county commissioners ~~must~~ shall publish  
24 notice of the passage of ~~such the~~ the resolution of intention as provided in 7-1-2121.

25 (2) ~~The board shall also cause a copy of such notice to be posted in three public places within the~~  
26 ~~boundaries of such special improvement district.~~ A copy of ~~such the~~ the notice ~~shall~~ must be mailed, as  
27 provided in 7-1-2122, to ~~every each~~ every ~~each~~ person, firm, or corporation or the agent of ~~such the~~ the person, firm, or  
28 corporation owning real property within the proposed district listed in ~~his~~ the owner's name upon the ~~last~~  
29 ~~completed~~ last-completed assessment roll for state, county, and school district taxes.

30 (3) (a) ~~Such~~ The notice must describe the general character of the improvement or improvements

1 ~~se~~ proposed to be made or acquired by purchase, state the estimated cost ~~thereof~~ of the improvements,  
 2 describe generally the method ~~or methods~~ OR METHODS by which the costs of the improvements will be  
 3 assessed, and designate the time when and the place where the board will hear and pass upon all protests  
 4 that may be made against the making or maintenance of ~~such the~~ improvements or the creation of ~~such~~  
 5 the district.

6 (b) If the revolving fund is to be pledged to secure the payment of bonds and warrants, the notice  
 7 must include a statement that, subject to the limitations in 7-12-2182:

8 (i) the county general fund may be used to provide loans to the revolving fund; or

9 (ii) a general tax levy may be imposed on all taxable property in the county to meet the financial  
 10 requirements of the revolving fund.

11 (c) The notice shall must refer to the resolution on file in the office of the county clerk for the  
 12 description of the boundaries. If the proposal is for the purchase of an existing improvement, the notice  
 13 ~~shall must~~ state the exact purchase price of ~~such the~~ existing improvement."

14  
 15 **Section 2.** Section 7-12-2153, MCA, is amended to read:

16 **"7-12-2153. Incidental expenses considered as cost of improvements -- costs for bonds or**  
 17 **warrants secured by revolving fund -- district reserve account.** (1) ~~The cost and expense~~ Incidental  
 18 expenses connected with ~~and incidental to~~ the formation of ~~any a~~ special improvement district, including  
 19 the cost of preparation of plans, specifications, maps, or plats; engineering, superintendence, and  
 20 inspection; preparation of assessment rolls; and the other incidental expenses described in 7-12-2101(7)  
 21 ~~shall be are~~ considered a part of the cost ~~and expenses~~ of making the improvements within ~~such the~~ special  
 22 improvement district.

23 (2) ~~The~~ If the bonds or warrants are secured by the revolving fund pursuant to 7-12-2185, the  
 24 original costs of any improvement ~~may, at the option of the board of county commissioners,~~ must include  
 25 an amount ~~not to exceed~~ equal to 5% of the principal amount of any bonds or warrants to be issued, which  
 26 ~~shall must~~ be deposited in the revolving fund created in 7-12-2181.

27 (3) (a) Subject to the provisions of subsections (3)(b) through (3)(e), the board of county  
 28 commissioners may create a district reserve account.

29 (b) As part of the original costs of the improvements, the board of county commissioners may  
 30 include an amount, in addition to the amount, if any, specified in subsection (2), not to exceed 5% of the

1 principal amount of any rural special improvement district bonds or warrants issued. The amount must be  
 2 deposited in a district reserve account created and maintained in the district fund.

3 (c) If there are insufficient funds in the district bond and interest accounts to pay when due the  
 4 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used  
 5 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

6 (d) If bonds or warrants are secured by the revolving fund, the district reserve account, if  
 7 established, must be exhausted before a loan may be made from the revolving fund pursuant to 7-12-2183.

8 (e) Money remaining in the district reserve account after the principal and interest on all bonds and  
 9 warrants drawn on the district have been paid or discharged must be transferred to the revolving fund.

10 (4) The establishment of a district reserve account does not preclude the board of county  
 11 commissioners from requiring additional security from the owners of real property in the district."

12  
 13 **Section 3.** Section 7-12-2176, MCA, is amended to read:

14 **"7-12-2176. Interest rate on unpaid assessments.** (1) The installments of assessments remaining  
 15 unpaid bear simple interest at an annual rate ~~of~~ equal to the sum of:

16 (a) 1/2 of 1% a year; plus

17 (b) the average interest rate payable on the outstanding bonds or warrants of the rural special  
 18 improvement district; plus

19 (c) at the option of the board of county commissioners, up to an additional 1/2 of 1% a year.

20 (2) The board of county commissioners may subsequently reduce or eliminate the additional interest  
 21 rate allowed under subsection (1)(c). If the additional interest rate is reduced or eliminated, it may not be  
 22 subsequently increased or reimposed."

23  
 24 **Section 4.** Section 7-12-2182, MCA, is amended to read:

25 **"7-12-2182. Sources of money for revolving fund.** (1) For the purpose of providing funds for ~~such~~  
 26 the revolving fund, the board of county commissioners:

27 (a) shall, if the bonds or warrants are secured by the revolving fund pursuant to 7-12-2185, include  
 28 in the cost of the improvements to be defrayed from the proceeds of the bonds or warrants an amount  
 29 equal to 5% of the principal amount of the bonds or warrants to be issued as provided in 7-12-2153(2);

30 ~~(b) may, in its discretion and~~ from time to time, transfer to the revolving fund from the general

1 fund of the county ~~such an amount or amounts~~ as may be deemed necessary, ~~which~~. The amount or  
 2 ~~amounts so transferred shall be considered and shall be loans~~ is a loan from ~~such the~~ general fund to the  
 3 revolving fund; ~~and~~.

4 ~~(b)(c)~~ shall, in addition to ~~such a~~ transfer or transfers from the general fund or in lieu ~~thereof of a~~  
 5 transfer, levy ~~and collect~~ for ~~such the~~ revolving fund ~~such a~~ tax, ~~hereby~~ declared to be for a public purpose,  
 6 on all the taxable property in ~~such the~~ county as ~~shall be~~ is necessary to meet the financial requirements  
 7 of ~~such the~~ revolving fund. ~~However, a~~ A tax may not be levied if the balance in the revolving fund exceeds  
 8 5% of the principal amount of the then-outstanding rural special improvement district bonds and warrants  
 9 secured ~~thereby by the revolving fund~~. If a tax is levied, the tax may not be an amount that would increase  
 10 the balance in the revolving fund above 5% of the then-outstanding rural special improvement district bonds  
 11 and warrants secured ~~thereby by the revolving fund~~.

12 (2) Whenever there ~~shall be~~ is money in the district fund ~~which that~~ is not required for payment  
 13 of any bond or warrant of ~~such the~~ district secured by the revolving fund or of interest ~~thereon on the bond~~  
 14 or warrant, ~~so as~~ as much of ~~such the~~ money as may be necessary to pay the loan provided for in 7-12-2183  
 15 ~~shall must~~, by order of the board, be transferred to the revolving fund and the balance of ~~such the~~ money  
 16 or, if there is no outstanding loan, ~~so as~~ as much of ~~such the~~ money as the board considers necessary may  
 17 be transferred to the improvement district's maintenance fund. After all the bonds and warrants secured  
 18 by the revolving fund issued on any rural special improvement district have been fully paid, all money  
 19 remaining in ~~such the~~ district fund ~~shall must~~, by the order of the board, be transferred to and become part  
 20 of the revolving fund or the improvement district's maintenance fund."

21

22 **Section 5.** Section 7-12-2183, MCA, is amended to read:

23 **"7-12-2183. Loan from revolving fund to meet payments on bonds and warrants or to make**  
 24 **emergency repairs.** (1) ~~Whenever~~ During the period described in 7-12-2185(2), when any rural special  
 25 improvement district bond or warrant secured by the revolving fund ~~and~~ or any interest ~~thereon shall on~~  
 26 the bond or warrant become becomes due and payable and there ~~shall then be~~ is either no money or ~~not~~  
 27 ~~sufficient~~ insufficient money in the appropriate district fund after a transfer from the appropriate district  
 28 reserve account, if established, with which to pay the ~~same~~ bond, warrant, or interest, an amount sufficient  
 29 to make up the deficiency ~~may, by order of the board of county commissioners,~~ must be loaned by the  
 30 revolving fund to ~~such the~~ district fund. ~~Thereupon, such~~ The bond, or warrant, or such interest ~~thereon~~

1 ~~shall~~ must be paid from the money ~~so loaned or from the money so loaned when added to such insufficient~~  
2 ~~amount, as the case may require~~ and money available in the district fund.

3 (2) ~~Whenever any~~ If there is insufficient money in the rural special improvement district  
4 maintenance fund ~~does not have sufficient money~~ to pay the cost of emergency repairs, the board of  
5 county commissioners, by order or resolution, may loan money from the revolving fund to ~~such~~ the district  
6 maintenance fund. ~~Such~~ The loan ~~shall~~ must be repaid in annual installments in not more than 3 years. ~~In~~  
7 ~~no event may the~~ The loans may not interfere with cause a default in the payments of the principal of the  
8 bonds or warrants or the interest on the bonds or warrants. The loan ~~shall~~ must be repaid by an assessment  
9 as provided by 7-12-2120 if other funds are not available. If there are ~~not sufficient~~ insufficient funds in  
10 the revolving fund to make the loans without ~~interfering with~~ causing a default in the payment of the  
11 principal of the bonds or warrants or the interest on the bonds or warrants secured ~~thereby~~ by the revolving  
12 fund, then the loans may not be made."

13

14 **Section 6.** Section 7-12-2185, MCA, is amended to read:

15 **"7-12-2185. Covenants to ~~utilize~~ use revolving fund -- duration of revolving fund obligation --**  
16 **factors to be considered.** (1) In connection with the issuance of rural special improvement district bonds  
17 or warrants, the board of county commissioners may undertake and agree:

18 (a) to ~~issue orders annually authorizing~~ make loans or advances from the revolving fund to the  
19 district fund involved in amounts sufficient to make good any deficiency in the bond and interest accounts  
20 ~~thereof~~, to the extent that funds are available; and

21 (b) to provide funds for ~~such~~ the revolving fund pursuant to the provisions of 7-12-2182 by  
22 annually making ~~such a~~ tax levy (or, in lieu ~~thereof~~ of the tax levy, ~~such a~~ loan from the general fund) ~~as~~  
23 ~~the board may so agree to and undertake~~, subject to the maximum limitations imposed by 7-12-2182.

24 (2) (a) The undertakings and agreements ~~shall be~~ are binding upon ~~said~~ the county ~~so long as any~~  
25 ~~of said~~ with respect to the rural special improvement district bonds or warrants ~~so offered or any interest~~  
26 ~~thereon remain unpaid~~ until the earlier of:

27 (i) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have  
28 been fully paid; or

29 (ii) the date that is the later of:

30 (A) the final stated maturity date of the bonds or warrants; or

1 (B) the date on which all special assessments levied in the district have been either paid or  
2 discharged.

3 (b) The discharge of delinquent special assessments levied with respect to a particular lot or parcel  
4 is considered to occur upon:

5 (i) the issuance of a tax deed, as provided in 15-18-214, or, if the county is the recipient of the  
6 tax deed, upon the sale, lease, or other disposition of the property by the county as provided in Title 7,  
7 chapter 8, part 22, 23, 24, or 25, or other applicable law; or

8 (ii) payment in full of the allowed secured claim for the special assessments in a bankruptcy case  
9 in which the owner of the lot or parcel is the debtor.

10 (3) Prior to entering into the undertakings and agreements set forth in subsection (1), the board  
11 of county commissioners shall take into consideration the following factors, including other circumstances  
12 that the board may determine to be material to the public interest of securing the bonds or warrants by the  
13 revolving fund:

14 (a) the estimated market value of the lots, parcels, or tracts included in the district at the time that  
15 the district is created in comparison to the estimated market value of the lots, parcels, or tracts after the  
16 improvements are made;

17 (b) the diversity of ownership of property in the district;

18 (c) the amount of the special assessments proposed to be levied against each lot, parcel, or tract  
19 in the district in comparison to the estimated market value of the lot, parcel, or tract after the improvements  
20 are made;

21 (d) the amount of any outstanding special assessments against the property in the district;

22 (e) the amount of delinquencies in the payment of outstanding special assessments or property  
23 taxes levied against property in the district;

24 (f) the public benefit of the improvements proposed to be financed; and

25 (g) in the case of a district created to make improvements in a newly platted subdivision:

26 (i) the prior subdivision development experience and credit rating or credit history of the person  
27 developing the land; and

28 (ii) any contribution by property owners to the costs of the improvements or any security given by  
29 property owners to secure payment of special assessments levied in the district.

30 (4) Any findings or determinations with respect to the factors contained in subsection (3) made

1 by the board of county commissioners in a resolution authorizing the undertakings and agreements or the  
 2 issuance of bonds or warrants are conclusive evidence that the board has taken into consideration the  
 3 factors required by subsection (3).

4 ~~(3)~~(5) In lieu of the undertakings and agreements set forth in subsection (1), the board of county  
 5 commissioners may determine in the resolution authorizing the issuance of the bonds or warrants that the  
 6 revolving fund ~~shall~~ does not secure the bonds or warrants and that the bonds or warrants ~~shall be~~ are  
 7 payable solely from the district fund created ~~therefor~~ for the bonds or warrants and ~~shall do not~~ have ~~no~~  
 8 a claim against the revolving fund."

9  
 10 **Section 7.** Section 7-12-4106, MCA, is amended to read:

11 **"7-12-4106. Notice of passage of resolution of intention.** (1) Upon having passed ~~such~~ the  
 12 resolution of intention pursuant to 7-12-4104, the council ~~must~~ shall give notice of the passage of ~~such~~  
 13 the resolution of intention.

14 (2) The notice must be published ~~for 5 days in a daily newspaper or in some one issue of a weekly~~  
 15 ~~paper published in the city or town or, in case no newspaper be published in such city, then by posting for~~  
 16 ~~5 days in three public places in the city or town as provided in 7-1-2121.~~ A copy of ~~such~~ the notice shall  
 17 must be mailed to ~~every~~ each person, firm, or corporation or the agent of ~~such~~ the person, firm, or  
 18 corporation having real property within the proposed district listed in ~~his~~ the owner's name upon the ~~last~~  
 19 ~~completed~~ last-completed assessment roll for state, county, and school district taxes, at ~~his~~ the owner's  
 20 last-known address, upon the same day ~~such~~ that the notice is first published or posted.

21 (3) (a) ~~Such~~ The notice must describe the general character of the ~~improvement or the proposed~~  
 22 ~~improvements so proposed to be made~~, state the estimated cost ~~thereof~~ of the improvements, describe  
 23 generally the method ~~or methods~~ by which the costs of the improvements will be assessed, and designate  
 24 the time when and the place where the council will hear and pass upon all written protests that may be  
 25 made against the making or acquisition of ~~such~~ the improvements or the creation of ~~such~~ the district.

26 (b) If the revolving fund is to be pledged to secure the payment of bonds and warrants, the notice  
 27 must include a statement that, subject to the limitations in 7-12-4222:

28 (i) the general fund of the city or town may be used to provide loans to the revolving fund; or

29 (ii) a general tax levy may be imposed on all taxable property in the city or town to meet the  
 30 financial requirements of the revolving fund.

1           (c) The notice ~~shall~~ must refer to the resolution on file in the office of the city clerk for the  
2 description of the boundaries. If the proposal is for the purchase of an existing improvement, the notice  
3 must state the exact purchase price of the existing improvement."  
4

5           **Section 8.** Section 7-12-4169, MCA, is amended to read:

6           "**7-12-4169. Incidental expenses considered as cost of improvements -- costs for bonds or**  
7 **warrants secured by revolving fund -- district reserve account.** (1) ~~The costs and expenses~~ Incidental  
8 expenses connected with ~~and incidental to~~ the formation of ~~any a~~ special improvement district, including  
9 costs of preparation of plans, specifications, maps, and plats; engineering, superintendence, and inspection;  
10 preparation of assessment rolls; and the other incidental expenses described in 7-12-4101(7) ~~shall be~~ are  
11 considered a part of the cost ~~and expenses~~ of making the improvements within ~~such~~ the special  
12 improvement district.

13           (2) ~~The~~ If the bonds or warrants are secured by the revolving fund under 7-12-4225, the costs of  
14 any improvement may, at the option of the municipal governing body, must include an amount ~~not to~~  
15 ~~exceed~~ equal to 5% of the principal amount of any bonds or warrants to be issued, which ~~shall~~ must be  
16 deposited in the revolving fund created in 7-12-4221.

17           (3) (a) Subject to the provisions of subsections (3)(b) through (3)(e), the city or town council may  
18 create a district reserve account.

19           (b) As part of the original costs of the improvements, the city or town council may include an  
20 amount, in addition to the amount, if any, specified in subsection (2), not to exceed 5% of the principal  
21 amount of any special improvement district bonds or warrants issued. The amount must be deposited in  
22 a district reserve account created and maintained in the district fund.

23           (c) If there are insufficient funds in the district bond and interest accounts to pay when due the  
24 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used  
25 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

26           (d) If bonds or warrants are secured by the revolving fund, the district reserve account, if  
27 established, must be exhausted before a loan may be made from the revolving fund pursuant to 7-12-4223.

28           (e) Money remaining in the district reserve account after the principal and interest on all bonds and  
29 warrants drawn on the district have been paid or discharged must be transferred to the revolving fund.

30           (4) The establishment of a district reserve account does not preclude the city or town council from

1 requiring additional security from owners of real property in the district."

2

3 **Section 9.** Section 7-12-4189, MCA, is amended to read:

4 **"7-12-4189. Simple interest on assessments.** (1) Upon all special assessments and taxes levied  
5 and assessed in accordance with any of the provisions of this part, simple interest ~~shall~~ must be charged  
6 at an annual rate ~~not exceeding~~ equal to the sum of:

7 (a) 1/2 of 1% a year; plus

8 (b) the average interest rate payable on the outstanding bonds or warrants of the special  
9 improvement district; plus

10 (c) at the option of the city or town council, up to an additional 1/2 of 1% a year.

11 (2) The city or town council may subsequently reduce or eliminate the additional interest rate  
12 allowed under subsection (1)(c). If the additional interest rate is reduced or eliminated, it may not be  
13 subsequently increased or reimposed.

14 ~~(2)(3)~~ The treasurer, in collecting ~~such the~~ the special assessment taxes if the ~~same taxes~~ taxes are payable  
15 in one installment, shall collect ~~such the~~ the interest as may be shown to be due ~~thereon~~ on the taxes by the  
16 resolution levying ~~such the~~ the assessment. If ~~such the~~ the assessment ~~be is~~ is payable in installments, the treasurer  
17 shall, at the time of collecting the first installment, collect ~~such the~~ the interest as may be shown to be due on  
18 ~~such the~~ the assessment by the resolution levying ~~such the~~ the assessment, and ~~thereafter he~~ the treasurer shall  
19 collect with each subsequent installment interest on the ~~whole~~ amount remaining unpaid."

20

21 **Section 10.** Section 7-12-4222, MCA, is amended to read:

22 **"7-12-4222. Sources of money for revolving fund.** (1) For the purpose of providing funds for ~~such~~  
23 the revolving fund, the city or town council:

24 (a) ~~(i)~~ may, ~~in its discretion and~~ from time to time, transfer to the revolving fund from the general  
25 fund of the city or town ~~such an amount or amounts~~ as may be deemed necessary, which. The amount ~~or~~  
26 ~~amounts so transferred shall be deemed and considered and shall be loans~~ is a loan from ~~such the~~ the general  
27 fund to the revolving fund; ~~and.~~

28 ~~(ii)(b)~~ may shall, if the bonds or warrants are secured by the revolving fund pursuant to 7-12-4225,  
29 include in the cost of the improvement to be defrayed from the proceeds of the bonds or warrants an  
30 amount ~~up~~ equal to 5% of the principal amount of the bonds or warrants ~~and deposit it in the revolving~~

1 ~~fund upon receipt of such proceeds as provided in 7-12-4169; and~~

2 ~~(b)(c)~~ shall, in addition to ~~such a~~ transfer or transfers from the general fund or in lieu ~~thereof of a~~  
3 ~~transfer~~, levy and collect for ~~such the~~ revolving fund ~~such a~~ tax, ~~hereby~~ declared to be for a public purpose,  
4 on all ~~the~~ taxable property in ~~such the~~ city or town as ~~shall be~~ is necessary to meet the financial  
5 requirements of ~~such the~~ revolving fund. ~~However, a~~ A tax may not be levied if the balance in the revolving  
6 fund exceeds 5% of the principal amount of the then-outstanding special improvement district bonds and  
7 warrants secured ~~thereby by the~~ revolving fund. If a tax is levied, the tax may not be an amount that would  
8 increase the balance in the revolving fund above 5% of the then-outstanding special improvement district  
9 bonds and warrants secured ~~thereby by the~~ revolving fund.

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

17

18 **Section 11.** Section 7-12-4223, MCA, is amended to read:

19 **"7-12-4223. Loans from revolving fund to meet payments on bonds and warrants.** ~~Whenever~~  
20 During the period described in 7-12-4225(2), when any special improvement district bond or sidewalk, curb,  
21 and alley approach warrants ~~which that~~ are secured by the revolving fund or any interest ~~thereon shall be~~  
22 on the bond or warrants becomes due and payable and there ~~shall then be~~ is either no money or ~~not~~  
23 ~~sufficient~~ insufficient money in the appropriate district fund after a transfer from the appropriate district  
24 reserve account, if established, with which to pay the same bond, warrant, or interest, an amount sufficient  
25 to make up the deficiency ~~may, by order of the council,~~ must be loaned by the revolving fund to ~~such the~~  
26 district fund. ~~Thereupon, such~~ The bond, ~~or~~ warrant, ~~or such~~ interest ~~thereon shall~~ must be paid from the  
27 money ~~so~~ loaned or from the money ~~so~~ loaned ~~when added to such insufficient amount, as the case may~~  
28 require and money available in the district fund."

29

30 **Section 12.** Section 7-12-4225, MCA, is amended to read:

1           **"7-12-4225. Covenants to ~~utilize use~~ revolving fund -- duration of revolving fund obligation --**  
 2 **factors to be considered.** (1) In connection with ~~any public offering of~~ the issuance of special improvement  
 3 district bonds or sidewalk, curb, and alley approach warrants, the city or town council may undertake and  
 4 agree:

5           (a) to ~~issue orders annually authorizing~~ make loans or advances from the revolving fund to the  
 6 district fund involved in amounts sufficient to make good any deficiency in the bond and interest accounts  
 7 ~~thereof,~~ to the extent that funds are available; and

8           (b) to provide funds for ~~such~~ the revolving fund pursuant to the provisions of 7-12-4222(1) by  
 9 annually making ~~such a~~ tax levy (or, in lieu ~~thereof~~ of the tax levy, ~~such a~~ loan from the general fund) ~~as~~  
 10 ~~the city or town council may so agree to and undertake,~~ subject to the maximum limitations imposed by  
 11 7-12-4222(1).

12           (2) The undertakings and agreements referred to in subsection (1) ~~shall be~~ are binding upon ~~said~~  
 13 ~~the city or town so long as any of said~~ with respect to the special improvement district bonds or sidewalk,  
 14 curb, and alley approach warrants ~~so offered or any interest thereon remain unpaid~~ until the earlier of:

15           (a) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have  
 16 been fully paid or discharged in a bankruptcy case in which the special improvement district is the debtor;  
 17 or

18           (b) the date that is the later of:

19           (i) the final stated maturity date of the bonds or warrants; or

20           (ii) the date on which all special assessments levied in the district have been either paid or  
 21 discharged.

22           (3) The discharge of delinquent special assessments levied with respect to a particular lot or parcel  
 23 is considered to have occurred upon:

24           (a) the issuance of a tax deed, as provided in 15-18-214, or, if the county is the recipient of the  
 25 tax deed, upon the sale, lease, or other disposition of the property by the county as provided in Title 7,  
 26 chapter 8, part 22, 23, 24, or 25, or other applicable law;

27           (b) the discharge of the trust pursuant to 15-17-318 or upon the sale or lease of the property under  
 28 15-17-319 if the property in the district has been assigned to the city or town under Title 15, chapter 17,  
 29 part 3; or

30           (c) payment in full of the allowed secured claim for the special assessments in a bankruptcy case

1 in which the owner of the lot or parcel is the debtor.

2 (4) Prior to entering into the undertakings and agreements set forth in subsection (1), the city or  
 3 town council shall take into consideration the following factors, including other circumstances that the city  
 4 or town council may determine to be material to the public interest of securing the bonds or warrants by  
 5 the revolving fund:

6 (a) the estimated market value of the lots, parcels, or tracts included in the district at the time that  
 7 the district is created in comparison to the estimated market value of the lots, parcels, or tracts after the  
 8 improvements are made;

9 (b) the diversity of ownership of property in the district;

10 (c) the amount of the special assessments proposed to be levied against each lot, parcel, or tract  
 11 in the district in comparison to the estimated market value of the lot, parcel, or tract after the improvements  
 12 are made;

13 (d) the amount of any outstanding special assessments against the property in the district;

14 (e) the amount of delinquencies in the payment of outstanding special assessments or property  
 15 taxes levied against property in the district;

16 (f) the public benefit of the improvements proposed to be financed; and

17 (g) in the case of a district created to make improvements in a newly platted subdivision:

18 (i) the prior subdivision development experience and credit rating or credit history of the person  
 19 developing the land; and

20 (ii) any contribution by property owners to the costs of the improvements or any security given by  
 21 property owners to secure payment of special assessments levied in the district.

22 (5) Any findings or determinations with respect to the factors contained in subsection (4) made  
 23 by the city or town council in a resolution authorizing the undertakings and agreements or the issuance of  
 24 bonds or warrants are conclusive evidence that the city or town council has taken into consideration the  
 25 factors required by subsection (4).

26 ~~(3)(6)~~ In lieu of the undertakings and agreements set forth in subsection (1), the city or town  
 27 council may determine in the resolution authorizing the issuance of the bonds or warrants that the revolving  
 28 fund ~~shall~~ does not secure the bonds or warrants and that the bonds or warrants ~~shall be~~ are payable solely  
 29 from the district fund created ~~therefor~~ for the bonds or warrants and ~~shall do not have~~ no a claim against  
 30 the revolving fund."

1           **Section 13.** Section 7-14-4712, MCA, is amended to read:

2           **"7-14-4712. Procedure upon receipt of petition from all property owners within proposed district.**

3 If a petition for the formation of an improvement district under the provisions of 7-14-4711 is presented  
 4 to the governing body purporting to be signed by all of the real property owners in the proposed district,  
 5 exclusive of mortgagees and other lienholders, the governing body, after verifying ~~such~~ the ownership and  
 6 making a finding of the fact, shall adopt a resolution of intention to order the improvement, as provided in  
 7 7-12-4104, and 7-12-4117, and ~~shall have immediate jurisdiction to~~ may adopt the resolution ordering the  
 8 improvement pursuant to ~~the following provisions~~ 7-14-4711 through 7-14-4723 without the necessity of  
 9 the publication ~~and posting~~ of the resolution of intention provided for in 7-12-4106. HOWEVER, IF SPECIAL  
 10 IMPROVEMENT DISTRICT BONDS ARE PROPOSED TO BE ISSUED AND SECURED BY THE REVOLVING  
 11 FUND, THE REQUIREMENTS OF 7-12-4106 THROUGH 7-12-4114, 7-12-4169, 7-12-4189, 7-12-4222,  
 12 7-12-4223, AND 7-12-4225 MUST BE MET BY THE GOVERNING BODY."

13  
 14           **Section 14.** Section 7-14-4732, MCA, is amended to read:

15           **"7-14-4732. Procedure upon receipt of petition for creation of offstreet parking district.** (1) If a  
 16 petition for the formation of an improvement district for the leasing, improvement, or operation and  
 17 maintenance of an offstreet parking site is presented to the governing body purporting to be signed by all  
 18 of the real property owners in the proposed district, exclusive of mortgagees and other lienholders, the  
 19 governing body, after verifying ~~such~~ the ownership and making a finding of ~~such~~ fact, shall adopt a  
 20 resolution of intention to order the improvement, pursuant to the provisions of 7-12-4104 and 7-12-4117,  
 21 and ~~shall have immediate jurisdiction to~~ may adopt the resolution ordering the improvement pursuant to  
 22 ~~provisions of~~ 7-12-4114 without the necessity of the publication ~~and posting~~ of the resolution of intention  
 23 provided for in 7-12-4106. HOWEVER, IF SPECIAL IMPROVEMENT DISTRICT BONDS ARE PROPOSED TO  
 24 BE ISSUED AND SECURED BY THE REVOLVING FUND, THE REQUIREMENTS OF 7-12-4106 THROUGH  
 25 7-12-4114, 7-12-4169, 7-12-4189, 7-12-4222, 7-12-4223, AND 7-12-4225 MUST BE MET BY THE  
 26 GOVERNING BODY.

27           (2) If a petition for the formation of an improvement district for offstreet parking purposes and for  
 28 the leasing of sites and improvement, operation, and maintenance ~~thereof~~ of sites is ~~presented to the~~  
 29 ~~governing body~~ signed by the owners of a majority of the frontage of the property proposed to be contained  
 30 within the limits of the assessment district and is presented to the governing body, the governing body shall

1 adopt a resolution of intention ordering the proposed improvement and ~~cause same to be published and~~  
2 ~~posted~~ publish the resolution pursuant to the provisions of 7-12-4104 and 7-12-4106."

3

4 NEW SECTION. SECTION 15. COORDINATION INSTRUCTION. IF SENATE BILL NO. 8 IS  
5 APPROVED, THEN IN [SECTION 6 (2)(A)(I) OF THE FIRST READING COPY OF THIS ACT], AMENDING  
6 7-12-2185, THE FOLLOWING LANGUAGE MUST BE INSERTED FOLLOWING THE WORD "PAID": "OR  
7 DISCHARGED IN A BANKRUPTCY CASE IN WHICH THE SPECIAL IMPROVEMENT DISTRICT IS THE  
8 DEBTOR".

9

10 NEW SECTION. Section 16. Applicability. [This act] applies to all special improvement districts  
11 and rural special improvement districts created after [the effective date of this act] and, at the option of  
12 the city, town, or county, to bonds and warrants issued after [the effective date of this act], if the district  
13 was created before [the effective date of this act].

14

15 NEW SECTION. Section 17. Effective date. [This act] is effective on passage and approval.

16

-END-

17