

## 1 SENATE BILL NO. 8

2 INTRODUCED BY CRIPPEN

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT CERTAIN COUNTY IMPROVEMENT  
6 DISTRICTS MAY DECLARE BANKRUPTCY UNDER FEDERAL MUNICIPAL BANKRUPTCY LAW; PROVIDING  
7 THAT COUNTIES MAY NOT DECLARE BANKRUPTCY; AND AMENDING SECTIONS 7-7-4111, 7-7-4112,  
8 AND 7-7-4113, MCA."

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

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12 NEW SECTION. **Section 1. Bankruptcy -- definitions.** As used in 7-7-4111 through 7-7-4113 and  
13 [this section], the following definitions apply:

14 (1) "Legislative body" means:

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18 (c) the governing body of the city, town, or county that created a local entity that is a district if  
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21 members from each governing body shall act as the district governing body of a district that was jointly  
22 created by the county and the city or town.

23 (2) "Local entity" means a district created under Title 7, chapter 12, a city, or a town, but the term  
24 does not include a county.

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26 **Section 2.** Section 7-7-4111, MCA, is amended to read:

27 "**7-7-4111. Procedure to declare municipal bankruptcy.** (1) ~~Any city or town~~ A local entity may  
28 submit itself and a proposed plan of ~~composition~~ adjustment to the jurisdiction of the bankruptcy court  
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30 is governed, subject to the provisions of Montana law applicable to the local entity, by the proceedings,

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25 **Section 4.** Section 7-7-4113, MCA, is amended to read:

26 **"7-7-4113. Role of state and state agencies in relation to bankruptcy.** The state or any department  
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30 securities ~~or by any other official or officials having such custody and control.~~"

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0008, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing that certain county improvement districts may declare bankruptcy under federal municipal bankruptcy law, and providing that counties may not declare bankruptcy.

FISCAL IMPACT:

This bill has no fiscal impact on state government.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This legislation would allow improvement districts a tool to restructure debt if their proposed plan of adjustment is approved through the bankruptcy proceeding. Bankruptcy proceeding would most likely come into play when the value of the property is below the value of the assessments placed against that property. This would affect to the greatest extent improvements on raw land improvement districts deals. The Department of Natural Resources and Conservation programs require all improvement districts be 75% developed. If the district revolving funds are financially healthy the impacts should be minimal.

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

Bruce Crippen  
BRUCE CRIPPEN, PRIMARY SPONSOR      DATE

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18 "**7-7-4112. Power to comply with court decrees related to bankruptcy.** ~~Any city or town~~ A local  
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-END-



## HOUSE STANDING COMMITTEE REPORT

March 8, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Local Government report that Senate Bill 8 (third reading copy -- blue) be concurred in as amended.

Signed: Wm E Boharski  
*Bill Boharski, Chair*

Carried by: Rep. Ewer

And, that such amendments read:

1. Page 1, line 23.

Following: "~~or~~"

Insert: "or"

2. Page 1, lines 23 and 24.

Strike: "OR" on line 23 through "TOWN," on line 24

-END-

SB 8

Committee Vote:  
Yes 18, No 0.

HOUSE



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