

1 SENATE BILL NO. 23

2 INTRODUCED BY HARP

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING MUNICIPALITIES FROM USING IMPROVEMENT
5 DISTRICT FINANCING FOR THE COST OF THE EXTENSION OF SERVICES OR CAPITAL IMPROVEMENTS
6 IN AN AREA TO BE ANNEXED; REQUIRING MUNICIPALITIES TO ASSUME ANY OBLIGATION OR DEBT OF
7 THE AREA TO BE ANNEXED FOR WHICH ASSESSMENTS ARE BEING LEVIED BY AN IMPROVEMENT
8 DISTRICT; AMENDING SECTIONS 7-2-4716, 7-2-4732, AND 7-12-1144, MCA; AND PROVIDING AN
9 IMMEDIATE EFFECTIVE DATE."

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

12
13 **Section 1.** Section 7-2-4716, MCA, is amended to read:

14 **"7-2-4716. Effect of annexation.** (1) From ~~and after~~ the effective date of the annexation
15 ordinance, the territory and its citizens and property ~~shall be~~ are subject to all debts, laws, ordinances, and
16 regulations in force in ~~such the~~ the municipality and ~~shall be~~ are entitled to the same privileges and benefits as
17 other parts of ~~such the~~ the municipality.

18 (2) The newly annexed territory ~~shall be~~ is subject to municipal taxes levied for the fiscal year
19 following the effective date of annexation. ~~Annexed property which is part of a sanitary district or other
20 special service district which has installed water, sewer, or other utilities or improvements paid for by the
21 residents of said district shall not be subject to that part of the municipal taxes levied for debt service for
22 the first 5 years after the effective date of annexation."~~

23
24 **Section 2.** Section 7-2-4732, MCA, is amended to read:

25 **"7-2-4732. Contents of plan for extension of services.** (1) ~~Specifically, the plans~~ Plans for the
26 extension of services ~~shall~~ must provide a long-range plan for extension of services and the acquisition of
27 properties outside the corporate limits. This plan must show anticipated development a minimum of 5 years
28 into the future, showing on a yearly basis how the municipality plans to extend services, and develop and
29 add sections to the city.

30 (2) The plans ~~shall~~ must:

1 (a) provide for extending police protection, fire protection, garbage collection, and streets and
 2 street maintenance services to the area to be annexed on substantially the same basis and in the same
 3 manner as ~~such~~ similar services are provided within the rest of the municipality prior to annexation;

4 (b) provide for future extension of streets and of major trunk water mains, sewer outfall lines, and
 5 other utility services into the area to be annexed, so that when ~~such~~ these streets and utility lines become
 6 necessary and are constructed, property owners in the area to be annexed will be able to secure ~~such~~
 7 services, according to the policies in effect in ~~such~~ the municipality for extending ~~such~~ services to individual
 8 lots or subdivisions;

9 (c) if extension of streets and water, sewer, or other utility lines into the area to be annexed is
 10 necessary, set forth a proposed timetable for construction of ~~such~~ the streets and utility lines.

11 (3) A method must be set forth by which the municipality plans to finance extension of services
 12 into the area to be annexed. If the area is serviced currently by adequate water and sewage services,
 13 streets, curbs, and gutters and ~~no~~ capital improvements are not needed to provide adequate services
 14 stipulated by ~~this section and 7-2-4731~~ and this section, the municipality ~~must~~ shall provide the area to be
 15 annexed with a plan of how ~~they plan~~ it plans to finance other services to be included within the district—,
 16 mainly, police protection, fire protection, garbage collection, ~~street~~ streets, and street maintenance services,
 17 as well as continued utility service.

18 (4) In ~~this~~ the annexation plan, it must be clearly stated that the entire municipality ~~tends~~ is to
 19 share the tax burden for ~~these~~ provided services, and if so stated, the area may be annexed without a bond
 20 issue under the provisions of this part.

21 (5) (a) A municipality may not finance the cost of the extension of services or the cost of capital
 22 improvements for services provided in this part by means of assessments as provided for in 7-12-1133.

23 (b) If the area to be annexed or any part of the area is subject to assessments under the provisions
 24 of 7-12-1133, those assessments may not be continued after annexation by the municipality, and the
 25 obligation or debt for which the assessments are being levied must be assumed by the municipality."

26
 27 **Section 3.** Section 7-12-1144, MCA, is amended to read:

28 "**7-12-1144. Obligations of district not obligations of local government.** ~~An~~ Except as provided
 29 in 7-2-4732, an obligation or debt of any nature of a district is not an obligation or debt of the local
 30 government that established the district, and ~~in no event is not a debt or obligation of a district~~ payable out

1 of any funds or properties of the local government. The debts and obligations of a district are payable
2 solely from the funds and properties of the district."

3
4 **NEW SECTION. Section 4. Effective date.** [This act] is effective on passage and approval.

5 -END-