

House BILL NO. *518*

INTRODUCED BY _____

Emery

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LOCAL GOVERNMENT LAWS; ALLOWING APPOINTED MUNICIPAL OFFICIALS TO RESIDE OUTSIDE CITY LIMITS; INCREASING THE PERIOD FOR MUNICIPAL INSTALLMENT CONTRACTS FROM 5 YEARS TO 10 YEARS; CLARIFYING THAT AMORTIZATION BONDS ARE NOT PREFERRED OVER SERIAL BONDS; ALLOWING REFUNDING BONDS TO BE SOLD AT LESS THAN PAR VALUE; ALLOWING MULTI JURISDICTIONAL SERVICE DISTRICTS TO PROVIDE PROGRAMS FOR THE PROTECTION OF HUMAN HEALTH AND THE ENVIRONMENT; ALLOWING MONEY IN A DISTRICT RESERVE ACCOUNT TO BE USED TO PAY THE FINAL PRINCIPAL AND INTEREST PAYMENT ON BONDS OR WARRANTS; ALLOWING A VOTE ON CHANGING COUNTY WATER OR SEWER DISTRICT BOUNDARIES TO BE HELD BY MAIL BALLOT; ALLOWING A FIRE SERVICE AREA TO INCUR INDEBTEDNESS IN AN AMOUNT NOT EXCEEDING 18 PERCENT OF THE AREA'S TAXABLE VALUE; AMENDING THE CALCULATION FOR DETERMINING A FIREFIGHTER'S SERVICE RETIREMENT BENEFIT; AMENDING SECTIONS 7-4-4111, 7-5-4302, 7-5-4306, 7-7-2209, 7-7-4208, 7-7-4251, 7-7-4626, 7-11-1102, 7-12-2171, 7-12-4169, 7-12-4203, 7-13-2208, 7-14-2526, 7-33-2404, AND 19-13-704, MCA; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 7-4-4111, MCA, is amended to read:

"7-4-4111. Determination of vacancy in municipal office. An office becomes vacant on the happening of any of the following events before the expiration of the term of the incumbent:

- (1) the death of the incumbent;
- (2) a determination pursuant to Title 53, chapter 21, part 1, that ~~he~~ the incumbent is mentally ill;
- (3) ~~his~~ the incumbent's resignation;
- (4) ~~his~~ the incumbent's removal from office;
- (5) ~~his~~ the incumbent's absence from the city or town continuously for 10 days without the consent of the council;
- (6) ~~his~~ the incumbent's open neglect or refusal to discharge ~~his~~ duties;

1 (7) ~~his~~ the incumbent's ceasing to be a resident of the city or town or, in the case of ~~an alderman~~
 2 a city council member, ~~his~~ ceasing to be a resident of ~~his~~ the city council member's ward; This subsection
 3 does not apply to an appointed municipal officer who resides outside the city or town limits with the
 4 approval of the city or town governing body and within a distance of the city or town approved by the
 5 governing body.

6 (8) ~~his~~ the incumbent's ceasing to discharge the duty of ~~his~~ office for a period of 3 consecutive
 7 months, except when prevented by illness or when absent from the city or town by permission of the
 8 governing body;

9 (9) ~~his~~ the incumbent's conviction of a felony or of any offense involving moral turpitude or a
 10 violation of ~~his~~ official duties;

11 (10) ~~his~~ the incumbent's refusal or neglect to file ~~his~~ an official bond within the time prescribed;

12 (11) the decision of a competent tribunal declaring void ~~his~~ the incumbent's election or
 13 appointment."

14
 15 **Section 2.** Section 7-5-4302, MCA, is amended to read:

16 **"7-5-4302. Competitive, advertised bidding required for certain purchase and construction**
 17 **contracts.** (1) Except as provided in 7-5-4303 or 7-5-4310, all contracts for the purchase of any
 18 automobile, truck, other vehicle, road machinery, other machinery, apparatus, appliances, ~~or~~ equipment;
 19 ~~for any~~ or materials or supplies of any kind in excess of \$20,000; or for construction, repair, or
 20 maintenance in excess of \$25,000 must be let to the lowest responsible bidder after advertisement for bids.

21 (2) The advertisement must be made in the official newspaper of the city or town if there is an
 22 official newspaper, and if not, it must be made in a daily newspaper of general circulation published in the
 23 city or town if there is a newspaper. If there is no newspaper, the advertisement must be made by posting
 24 in three of the most public places in the city or town. The advertisement, if by publication in a newspaper,
 25 must be made once each week for 2 consecutive weeks, and the second publication must be made not less
 26 than 5 days or more than 12 days before the consideration of bids. If the advertisement is made by posting,
 27 15 days must elapse, including the day of posting, between the time of the posting of the advertisement
 28 and the day set for considering bids.

29 (3) The council may postpone action on any contract until the next regular meeting after bids are
 30 received in response to the advertisement and may reject any bids and readvertise as provided in this

1 section."

2

3 **Section 3.** Section 7-5-4306, MCA, is amended to read:

4 **"7-5-4306. Use of installment purchase contract.** ~~(1) Subject to the requirements of subsection~~
 5 ~~(2), when~~ When the amount to be paid under an installment purchase contract exceeds \$4,000, the council
 6 may provide for the payment of the amount in installments extending over a period of not more than ~~5~~ 10
 7 years, ~~provided that~~ if at the time of entering into the contract, there is an unexpended balance of
 8 appropriation in the budget for the then-current fiscal year available and sufficient to ~~meet and take care~~
 9 ~~of pay for~~ the portion of the contract price payable during the then-current fiscal year. The budget for each
 10 following year in which any portion of the purchase price is to be paid must contain an appropriation for
 11 the purpose of paying that portion.

12 ~~(2) When the purchase price is extended over a term of 2 years, at least 40% of the amount must~~
 13 ~~be paid the first year and the remainder the second year. When the amount is extended over a term of 3~~
 14 ~~years, at least one third of the amount must be paid each year. If the amount is extended over a term of~~
 15 ~~4 years, at least one fourth is to be paid each year. If the amount is extended over a term of 5 years, at~~
 16 ~~least one fifth is to be paid each year."~~

17

18 **Section 4.** Section 7-7-2209, MCA, is amended to read:

19 **"7-7-2209. Types of bonds.** (1) Except as provided in subsection (2), bonds issued by any county
 20 must be either amortization bonds or serial bonds. ~~All things being equal, amortization bonds must be issued~~
 21 ~~in preference to serial bonds; otherwise, serial bonds may be issued.~~

22 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
 23 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

24

25 **Section 5.** Section 7-7-4208, MCA, is amended to read:

26 **"7-7-4208. Types of general obligation bonds.** (1) Except as provided in subsection (2), all bonds
 27 issued by any city or town ~~shall~~ must be either amortization bonds or serial bonds. ~~All things being equal,~~
 28 ~~amortization bonds shall be issued in preference to serial bonds; otherwise, serial bonds may be issued.~~

29 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
 30 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

1 **Section 6.** Section 7-7-4251, MCA, is amended to read:

2 "7-7-4251. **Form of notice of sale of bonds.** (1) The notice of sale ~~shall~~ must state the purpose
3 or purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose
4 and ~~shall~~ must be substantially in the following form:

5 NOTICE OF SALE OF (CITY OR TOWN) BONDS

6 Notice is hereby given by the council of the (city or town) of, Montana, that the council will,
7 on the day of, 19...., at the hour ofm., at its council chamber in the (city or town) of,
8 Montana, sell to the highest and best bidder for cash either ~~amortization or serial~~ general obligation bonds
9 of the ~~said~~ (city or town) in the total amount of dollars, (\$....) for the purpose of

10 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the council.~~

11 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
12 ~~divided into several bonds as the council may determine at the time of sale, both principal and interest to~~
13 ~~be payable in semiannual installments during a period of years from the date of issue.~~

14 ~~If serial~~ The bonds are will be issued and sold, ~~they will be~~ in the aggregate principal amount of
15 dollars (\$....) each and will become due and payable according to the maturity schedule set forth below (set
16 forth maturity schedule adopted by the city or town council).

17 ~~The bonds, whether amortization or serial bonds, will~~ must bear an original issue date of, 19....,
18 ~~will bear~~ must pay interest at a rate not exceeding% per annum commencing on the day of
19 (month), 19.., and are payable semiannually on the day of and on the day of in each year
20 thereafter and will be redeemable (here insert the optional provisions, if any, recited in the bonds).

21 ~~Said~~ The bonds will be sold for not less than their par value \$...., with accrued interest on the
22 principal amount of the bonds to date of delivery, and all bidders must shall state the lowest rate or rates
23 of interest at which they will purchase the bonds at ~~per~~ the purchase price specified for the bonds. (An
24 interest rate may not exceed% a year.) The council reserves the right to reject any ~~and all~~ bids and to
25 sell ~~said~~ the bonds at private sale.

26 ~~All bids other than by or on behalf of the board of investments of the state of Montana must be~~
27 ~~accompanied by a certified check (insert appropriate bid security as permitted by 18-1-203) in the sum of~~
28 dollars (\$....), payable to the order of the (city or town) clerk, which will be forfeited by the successful
29 bidder in the event ~~he~~ that the bidder shall fail fails or ~~refuse~~ refuses to complete the purchase of ~~said~~ the
30 bonds in accordance with the terms of ~~his~~ the bid.

1 All bids ~~shall~~ must be addressed to the council of the (city or town) of and delivered to the clerk
2 of ~~said~~ the (city or town)

3
4 Mayor of the (city or town) of
5, Montana

6 ATTEST:
7
8 (City or Town) Clerk

9 (2) The form of notice required under this section may be modified to accommodate changes
10 necessary to issue citizen bonds pursuant to 7-7-4211 through 7-7-4213."

11

12 **Section 7.** Section 7-7-4626, MCA, is amended to read:

13 **"7-7-4626. Details relating to sales of refunding revenue bonds.** If the governing body determines
14 to sell any refunding bonds, ~~such~~ the refunding bonds ~~shall~~ must be sold ~~at not less than par~~, at public or
15 private sale, and in ~~such~~ a manner and upon ~~such~~ terms as that the governing body ~~shall deem~~ considers
16 best for the interests of the municipality."

17

18 **Section 8.** Section 7-11-1102, MCA, is amended to read:

19 **"7-11-1102. Services that may be provided.** (1) A multijurisdictional service district may provide
20 only those services that are authorized to be provided by local governments.

21 (2) The services that a multijurisdictional service district may provide are:

22 (a) recreation programs other than park and recreation programs in a county park district
23 established under Title 7, chapter 16, part 24;

24 (b) road, street, and highway maintenance;

25 (c) libraries;

26 (d) jails;

27 (e) dog control programs;

28 (f) ambulance service; ~~and~~

29 (g) dispatch service; and

30 (h) protection of human health and the environment, including scenic concerns and recreational

1 activities."

2

3 **Section 9.** Section 7-12-2171, MCA, is amended to read:

4 **"7-12-2171. Details relating to rural improvement district bonds and warrants -- definitions of bond**
 5 **forms.** (1) The bonds and warrants ~~shall~~ must be drawn against either the construction or maintenance fund
 6 created for the special improvement district and ~~shall~~ must bear interest from the date of registration until
 7 called for redemption or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the
 8 discretion of the board of county commissioners, on the dates that the board prescribes. The warrants or
 9 bonds ~~shall~~ must bear the signatures of the ~~chairman~~ presiding officer of the board and the county clerk
 10 and ~~shall~~ must bear the corporate seal of the county. They ~~shall~~ must be registered in the office of the
 11 county clerk and the county treasurer, and if interest coupons are attached to the warrants or bonds, they
 12 ~~shall~~ must also be registered and shall bear the signatures of the chairman of the board and the county
 13 clerk. The coupons may bear the facsimile signatures of the officers in the discretion of the board.

14 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,
 15 may be issued in installments, and may extend over a period not to exceed 30 years; ~~except that~~ However,
 16 if federal loans are available for improvements, repayment may extend over a period not to exceed 40
 17 years. For the purposes of this subsection, the term of a bond issue commences on July 1 of the fiscal year
 18 in which the county first levies to pay principal and interest on the bonds.

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

22 ~~(4)~~(3) As used in this part, unless the context clearly indicates otherwise, the following definitions
 23 apply:

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

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

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

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

30 (iv) the final payment may vary from prior payments in the amount resulting from disregarding

1 fractional costs in prior payments; and

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

4 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
5 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
6 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
7 maturing in the immediately preceding installment."

8

9 **Section 10.** Section 7-12-4169, MCA, is amended to read:

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

16 (2) If the bonds or warrants are secured by the revolving fund under 7-12-4225, the costs of any
17 improvement must include an amount equal to 5% of the principal amount of any bonds or warrants to be
18 issued, which must be deposited in the revolving fund created in 7-12-4221.

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

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

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

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

30 (e) Money in the district reserve account may be used to pay the final principal and interest

1 ~~payment on bonds or warrants remaining in the district reserve account after the principal and interest on~~
 2 ~~all bonds and warrants drawn on the district have been paid or discharged must be transferred to the~~
 3 ~~revolving fund.~~

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

6
 7 **Section 11.** Section 7-12-4203, MCA, is amended to read:

8 **"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of**
 9 **bond forms.** (1) The bonds and warrants ~~shall~~ must be drawn against the special improvement district fund
 10 created for the district and ~~shall~~ must bear interest from the date of registration until called for redemption
 11 or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the discretion of the
 12 governing body of the municipality, on the dates that the governing body prescribes. The warrants or bonds
 13 ~~shall~~ must bear the signatures of the mayor and clerk and ~~shall~~ must bear the corporate seal of the city.
 14 ~~They shall~~ The warrants or bonds must be registered in the office of the clerk and treasurer, and if interest
 15 coupons are attached to the warrants or bonds, they ~~shall~~ must also be registered and ~~shall~~ bear the
 16 signatures of the mayor and clerk.

17 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,
 18 may be issued in installments, and may extend over a period not to exceed 20 years or, if refunding bonds
 19 are issued pursuant to 7-12-4194, over a period ending not later than 30 years after the date that the
 20 bonds to be refunded were issued. For the purposes of this subsection, the term of a bond issue
 21 commences on July 1 of the fiscal year in which the city first levies assessments to pay principal and
 22 interest on the bonds.

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

26 ~~(4)(3)~~ As used in part 41 and this part, unless the context clearly indicates otherwise, the following
 27 definitions apply:

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

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

30 (ii) the part payment of principal increases at each installment in the same amount that the interest

1 decreases;

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

4 (iv) the final payment may vary from prior payments in the amount resulting from disregarding
5 fractional costs in prior payments; and

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

8 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
9 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
10 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
11 maturing in the immediately preceding installment."

12

13 **Section 12.** Section 7-13-2208, MCA, is amended to read:

14 **"7-13-2208. Decision on petition -- election required.** (1) On the final hearing provided for in
15 7-13-2206, the board of county commissioners shall make any changes in the proposed boundaries within
16 the county that are considered advisable and shall define and establish the boundaries. The board of county
17 commissioners may not modify the boundaries in a manner that would exclude from the proposed district
18 any territory that would be benefited by the formation of the district. Land that will not, in the judgment
19 of the board of county commissioners, be benefited by the district may not be included within the proposed
20 district.

21 (2) Upon the final determination of the boundaries of the district, the board of county
22 commissioners of each county in which the district lies shall give notice of an election to be held in the
23 proposed district for the purpose of determining whether or not the district is to be incorporated. The
24 election ~~must~~ may be held in conjunction with a regular or primary election or may be held by mail ballot
25 election as provided in Title 13, chapter 19."

26

27 **Section 13.** Section 7-14-2526, MCA, is amended to read:

28 **"7-14-2526. Choice of form of bonds.** All bonds issued by ~~any~~ a county shall ~~shall~~ must be either
29 amortization bonds or serial bonds. ~~Amortization bonds shall be issued in preference to serial bonds.~~"

30

1 **Section 14.** Section 7-33-2404, MCA, is amended to read:

2 **"7-33-2404. Financing of fire service area -- fee on structures.** (1) In the resolution creating the
3 fire service area and by resolution as necessary ~~thereafter~~ after creation of the fire service area, the board
4 of county commissioners shall establish a schedule of rates to be charged owners of structures that are
5 benefited by the services offered by the fire service area.

6 (2) The rates must be applied on a fair and equal basis to all classes of structures benefited by the
7 fire service area.

8 (3) The board of county commissioners shall collect the funds necessary to operate the fire service
9 area by charging the area rate as a special assessment on the owners of structures and shall collect the
10 assessments with the general taxes of the county. The assessments are a lien on the assessed property
11 ~~so assessed~~.

12 (4) The board of county commissioners or the trustees, if the fire service area is governed by
13 trustees under 7-33-2403, may pledge the income of the fire service area to secure financing necessary
14 to procure equipment and buildings to house the equipment. The outstanding amount of ~~such~~ the
15 indebtedness may not exceed ~~7%~~ 18% of the taxable valuation of the area."

16

17 **Section 15.** Section 19-13-704, MCA, is amended to read:

18 **"19-13-704. Amount of service retirement benefit.** (1) (a) A member hired before July 1, 1981,
19 who elects to retire after having reached 20 years of membership service must receive a service retirement
20 benefit equal to the sum of:

21 (i) 50% of the average of the member's last ~~monthly~~ 6 months of compensation for years of
22 service credit up to and including 20 years; and

23 (ii) 2% of the average of the member's last ~~monthly~~ 6 months of compensation for each year of
24 service credit after 20 years.

25 (b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years
26 but less than 20 years of membership service as an active member must receive a service retirement benefit
27 equal to 2% of the member's last ~~monthly~~ 6 months of compensation for each year of service credit. Upon
28 the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving
29 spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the
30 children are entitled to receive the allowance as long as they remain dependent children as defined in

1 19-13-104.

2 (2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership
3 service must receive a service retirement benefit equal to 2% of the member's final average compensation
4 for each year of service credit."

5
6 **NEW SECTION. Section 16. Retroactive applicability.** [Section 15] applies retroactively, within
7 the meaning of 1-2-109, to all members of the firefighters' unified retirement system provided for in Title
8 19, chapter 13, who retire on or after January 1, 1997.

9
10 **NEW SECTION. Section 17. Effective dates.** (1) Except as provided in subsection (2), [this act]
11 is effective October 1, 1997.

12 (2) [Sections 8 and 16 and this section] are effective on passage and approval.

13 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0518, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising local government laws; allowing appointed municipal officials to reside outside city limits; increasing the period for municipal installment contracts from five years to 10 years; clarifying that amortization bonds are not preferred over serial bonds; allowing refunding bonds to be sold at less than par value; allowing multi-jurisdictional service districts to provide programs for the protection of human health and environment; allowing money in a district reserve account to be used to pay the final principal and interest payment on bonds or warrants; allowing a vote on changing county water or sewer district boundaries to be held by mail ballot; allowing a fire service area to incur indebtedness in an amount not exceeding 18 percent of the area's taxable value; and amending the calculation for determining a firefighter's service retirement benefit.

ASSUMPTIONS:

Department of Commerce/Local Government Assistance Division:

1. An undetermined number of municipalities will enter into installment purchase contracts exceeding \$4,000 which will extend over five years but not more than 10 years. The municipalities that enter into the longer contracts will have reduced annual debt service expenditures but will also have higher interest expenditures over the term of the installment purchase contracts.
2. An undetermined number of special improvement districts which have established district reserve accounts will use monies in those accounts to pay the final principal and interest payment on bonds or warrants. The affected districts will be able to reduce their final special assessment or tax levies by the amount of monies available in the district reserve account.
3. An undetermined number of fire service areas will increase their indebtedness above seven percent but to not more than 18 percent of the taxable valuation of the area. The affected fire service areas will incur an undetermined increase in debt service expenditures to repay such indebtedness.
4. The bill will have no fiscal impact on state agency expenditures and revenues.

Public Employees Retirement Division:

5. The proposed changes in sections 15 and 16 of the bill would reduce retirement benefits payable to certain members of the Firefighters' Unified Retirement System (FURS). No estimate of savings to the retirement system trust fund is possible at this time.

FISCAL IMPACT:

There is no estimated fiscal impact to state agencies.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:


See assumptions 1-3.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The long-range effects of the proposed legislation are not determinable because it is not known how many local government entities will utilize the provisions of the proposed legislation.

TECHNICAL NOTES:

The PERD contends that the bill would reduce the benefits payable under the FURS which may be unconstitutional under both the state and federal constitutions. Benefits payable under this retirement system are a contract right of employment for persons hired prior to the effective date of this act. These benefits may only be increased or "swapped" for benefits of equal or greater value. Benefit levels may be decreased only for those persons hired after the effective date of this act. Further, this bill will need to be coordinated with HB430.

 2-18-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

DAVE EWER, PRIMARY SPONSOR DATE

Fiscal Note for HB0518, as introduced

HB 518

1 HOUSE BILL NO. 518

2 INTRODUCED BY EWER

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LOCAL GOVERNMENT LAWS;
5 ALLOWING APPOINTED MUNICIPAL OFFICIALS TO RESIDE OUTSIDE CITY LIMITS; INCREASING THE
6 PERIOD FOR MUNICIPAL INSTALLMENT CONTRACTS FROM 5 YEARS TO 10 YEARS; CLARIFYING THAT
7 AMORTIZATION BONDS ARE NOT PREFERRED OVER SERIAL BONDS; ALLOWING REFUNDING BONDS
8 TO BE SOLD AT LESS THAN PAR VALUE; ALLOWING MULTIJURISDICTIONAL SERVICE DISTRICTS TO
9 PROVIDE PROGRAMS FOR THE PROTECTION OF HUMAN HEALTH AND THE ENVIRONMENT; ALLOWING
10 MONEY IN A DISTRICT RESERVE ACCOUNT TO BE USED TO PAY THE FINAL PRINCIPAL AND INTEREST
11 PAYMENT ON BONDS OR WARRANTS; ALLOWING A VOTE ON CHANGING COUNTY WATER OR SEWER
12 DISTRICT BOUNDARIES TO BE HELD BY MAIL BALLOT; ALLOWING A FIRE SERVICE AREA TO INCUR
13 INDEBTEDNESS IN AN AMOUNT NOT EXCEEDING 18 PERCENT OF THE AREA'S TAXABLE VALUE;
14 ~~AMENDING THE CALCULATION FOR DETERMINING A FIREFIGHTER'S SERVICE RETIREMENT BENEFIT;~~
15 ALLOWING A MUNICIPALITY TO INCUR INDEBTEDNESS FOR THE REPAIR AND REHABILITATION OF
16 CERTAIN FACILITIES; AMENDING SECTIONS 7-4-4111, 7-5-4302, 7-5-4306, 7-7-2209, 7-7-4208,
17 7-7-4251, 7-7-4626, 7-11-1102, 7-12-2171, 7-12-4169, 7-12-4203, 7-13-2208, 7-14-2526, 7-16-4104,
18 AND 7-33-2404, AND ~~19-13-704,~~ MCA; AND PROVIDING EFFECTIVE DATES ~~AND A RETROACTIVE~~
19 ~~APPLICABILITY DATE."~~

20

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

22

23 **Section 1.** Section 7-4-4111, MCA, is amended to read:

24 **"7-4-4111. Determination of vacancy in municipal office.** An office becomes vacant on the
25 happening of any of the following events before the expiration of the term of the incumbent:

- 26 (1) the death of the incumbent;
- 27 (2) a determination pursuant to Title 53, chapter 21, part 1, that ~~he~~ the incumbent is mentally ill;
- 28 (3) ~~his~~ the incumbent's resignation;
- 29 (4) ~~his~~ the incumbent's removal from office;
- 30 (5) ~~his~~ the incumbent's absence from the city or town continuously for 10 days without the

1 consent of the council;

2 (6) ~~his~~ the incumbent's open neglect or refusal to discharge ~~his~~ duties;

3 (7) ~~his~~ the incumbent's ceasing to be a resident of the city or town or, in the case of ~~an alderman~~
4 a city council member, ~~his~~ ceasing to be a resident of ~~his~~ the city council member's ward~~;~~. This subsection
5 does not apply to an appointed municipal officer who resides outside the city or town limits with the
6 approval of the city or town governing body and within a distance of the city or town approved by the
7 governing body.

8 (8) ~~his~~ the incumbent's ceasing to discharge the duty of ~~his~~ office for a period of 3 consecutive
9 months, except when prevented by illness or when absent from the city or town by permission of the
10 governing body;

11 (9) ~~his~~ the incumbent's conviction of a felony or of any offense involving moral turpitude or a
12 violation of ~~his~~ official duties;

13 (10) ~~his~~ the incumbent's refusal or neglect to file ~~his~~ an official bond within the time prescribed;

14 (11) the decision of a competent tribunal declaring void ~~his~~ the incumbent's election or
15 appointment."

16

17 **Section 2.** Section 7-5-4302, MCA, is amended to read:

18 **"7-5-4302. Competitive, advertised bidding required for certain purchase and construction**
19 **contracts.** (1) Except as provided in 7-5-4303 or 7-5-4310, all contracts for the purchase of any
20 automobile, truck, other vehicle, road machinery, other machinery, apparatus, appliances, ~~or~~ equipment~~;~~
21 ~~for any or~~ materials or supplies of any kind in excess of \$20,000~~;~~ or for construction, repair, or
22 maintenance in excess of \$25,000 must be let to the lowest responsible bidder after advertisement for bids.

23 (2) The advertisement must be made in the official newspaper of the city or town if there is an
24 official newspaper, and if not, it must be made in a daily newspaper of general circulation published in the
25 city or town if there is a newspaper. If there is no newspaper, the advertisement must be made by posting
26 in three of the most public places in the city or town. The advertisement, if by publication in a newspaper,
27 must be made once each week for 2 consecutive weeks, and the second publication must be made not less
28 than 5 days or more than 12 days before the consideration of bids. If the advertisement is made by posting,
29 15 days must elapse, including the day of posting, between the time of the posting of the advertisement
30 and the day set for considering bids.

1 (3) The council may postpone action on any contract until the next regular meeting after bids are
 2 received in response to the advertisement and may reject any bids and readvertise as provided in this
 3 section."

4
 5 **Section 3.** Section 7-5-4306, MCA, is amended to read:

6 **"7-5-4306. Use of installment purchase contract.** (1) ~~Subject to the requirements of subsection~~
 7 ~~(2), when~~ When the amount to be paid under an installment purchase contract exceeds \$4,000, the council
 8 may provide for the payment of the amount in installments extending over a period of not more than ~~5~~ 10
 9 years, ~~provided that~~ if at the time of entering into the contract, there is an unexpended balance of
 10 appropriation in the budget for the then-current fiscal year available and sufficient to ~~meet and take care~~
 11 ~~of~~ pay for the portion of the contract price payable during the then-current fiscal year. The budget for each
 12 following year in which any portion of the purchase price is to be paid must contain an appropriation for
 13 the purpose of paying that portion.

14 ~~(2) When the purchase price is extended over a term of 2 years, at least 40% of the amount must~~
 15 ~~be paid the first year and the remainder the second year. When the amount is extended over a term of 3~~
 16 ~~years, at least one third of the amount must be paid each year. If the amount is extended over a term of~~
 17 ~~4 years, at least one fourth is to be paid each year. If the amount is extended over a term of 5 years, at~~
 18 ~~least one fifth is to be paid each year."~~

19
 20 **Section 4.** Section 7-7-2209, MCA, is amended to read:

21 **"7-7-2209. Types of bonds.** (1) Except as provided in subsection (2), bonds issued by any county
 22 must be either amortization bonds or serial bonds. ~~All things being equal, amortization bonds must be issued~~
 23 ~~in preference to serial bonds; otherwise, serial bonds may be issued.~~

24 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
 25 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

26
 27 **Section 5.** Section 7-7-4208, MCA, is amended to read:

28 **"7-7-4208. Types of general obligation bonds.** (1) Except as provided in subsection (2), ~~all~~ bonds
 29 issued by any city or town ~~shall~~ must be either amortization bonds or serial bonds. ~~All things being equal,~~
 30 ~~amortization bonds shall be issued in preference to serial bonds; otherwise, serial bonds may be issued.~~

1 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
2 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

3

4 **Section 6.** Section 7-7-4251, MCA, is amended to read:

5 **"7-7-4251. Form of notice of sale of bonds.** (1) The notice of sale ~~shall~~ must state the purpose
6 or purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose
7 and ~~shall~~ must be substantially in the following form:

8

NOTICE OF SALE OF (CITY OR TOWN) BONDS

9 Notice is hereby given by the council of the (city or town) of, Montana, that the council will,
10 on the day of, ~~19~~...., at the hour ofm., at its council chamber in the (city or town) of,
11 Montana, sell to the highest and best bidder for cash ~~either amortization or serial~~ general obligation bonds
12 of the ~~said~~ (city or town) in the total amount of dollars, (\$....) for the purpose of

13 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the council.~~

14 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
15 ~~divided into several bonds as the council may determine at the time of sale, both principal and interest to~~
16 ~~be payable in semiannual installments during a period of years from the date of issue.~~

17 ~~If serial~~ The bonds are will be issued and sold, ~~they will be~~ in the aggregate principal amount of
18 dollars (\$....) each and will become due and payable according to the maturity schedule set forth below (set
19 forth maturity schedule adopted by the city or town council).

20 The bonds, ~~whether amortization or serial bonds, will~~ must bear an original issue date of, ~~19~~....,
21 ~~will bear~~ must pay interest ~~at a rate not exceeding% per annum~~ commencing on the day of
22 (month), ~~19~~.., and are payable semiannually on the day of and on the day of in each year
23 thereafter and will be redeemable (here insert the optional provisions, if any, recited in the bonds).

24 ~~Said~~ The bonds will be sold for not less than ~~their par value \$....,~~ with accrued interest on the
25 principal amount of the bonds to date of delivery, and all bidders ~~must~~ shall state the lowest rate or rates
26 of interest at which they will purchase the bonds at ~~par~~ the purchase price specified for the bonds. (An
27 interest rate may not exceed% a year.) The council reserves the right to reject any ~~and all~~ bids and to
28 sell ~~said~~ the bonds at private sale.

29 All bids ~~other than by or on behalf of the board of investments of the state of Montana~~ must be
30 accompanied by ~~a certified check~~ (insert appropriate bid security as permitted by 18-1-203) in the sum of

1 dollars (\$....), payable to the order of the (city or town) clerk, which will be forfeited by the successful
2 bidder in the event ~~he~~ that the bidder shall fail fails or refuse refuses to complete the purchase of ~~said the~~
3 bonds in accordance with the terms of ~~his~~ the bid.

4 All bids ~~shall~~ must be addressed to the council of the (city or town) of and delivered to the clerk
5 of ~~said the~~ (city or town)

6
7 Mayor of the (city or town) of
8, Montana

9 ATTEST:

10

11 (City or Town) Clerk

12 (2) The form of notice required under this section may be modified to accommodate changes
13 necessary to issue citizen bonds pursuant to 7-7-4211 through 7-7-4213."

14

15 **Section 7.** Section 7-7-4626, MCA, is amended to read:

16 "**7-7-4626. Details relating to sales of refunding revenue bonds.** If the governing body determines
17 to sell any refunding bonds, ~~such the~~ refunding bonds ~~shall must~~ MAY NOT be sold ~~at not less than par,~~
18 AT LESS THAN 97% OF THE FACE VALUE, at public or private sale, and in ~~such a~~ manner and upon ~~such~~
19 terms ~~as that~~ the governing body ~~shall deem~~ considers best for the interests of the municipality."

20

21 **Section 8.** Section 7-11-1102, MCA, is amended to read:

22 "**7-11-1102. Services that may be provided.** (1) A multijurisdictional service district may provide
23 only those services that are authorized to be provided by local governments.

24 (2) The services that a multijurisdictional service district may provide are:

25 (a) recreation programs other than park and recreation programs in a county park district
26 established under Title 7, chapter 16, part 24;

27 (b) road, street, and highway maintenance;

28 (c) libraries;

29 (d) jails;

30 (e) dog control programs;

- 1 (f) ambulance service; ~~and~~
 2 (g) dispatch service; ~~and~~
 3 (h) protection of human health and the environment, including scenic concerns and recreational
 4 activities FOR AREAS REQUIRING OR INVOLVING ENVIRONMENTAL RECLAMATION."
 5

6 **Section 9.** Section 7-12-2171, MCA, is amended to read:

7 **"7-12-2171. Details relating to rural improvement district bonds and warrants -- definitions of bond**
 8 **forms.** (1) The bonds and warrants ~~shall~~ must be drawn against either the construction or maintenance fund
 9 created for the special improvement district and ~~shall~~ must bear interest from the date of registration until
 10 called for redemption or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the
 11 discretion of the board of county commissioners, on the dates that the board prescribes. The warrants or
 12 bonds ~~shall~~ must bear the signatures of the ~~chairman~~ presiding officer of the board and the county clerk
 13 and ~~shall~~ must bear the corporate seal of the county. They ~~shall~~ must be registered in the office of the
 14 county clerk and the county treasurer, and if interest coupons are attached to the warrants or bonds, they
 15 ~~shall~~ must also be registered and shall bear the signatures of the chairman of the board and the county
 16 clerk. The coupons may bear the facsimile signatures of the officers in the discretion of the board.

17 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,
 18 may be issued in installments, and may extend over a period not to exceed 30 years; ~~except that~~ However,
 19 if federal loans are available for improvements, repayment may extend over a period not to exceed 40
 20 years. For the purposes of this subsection, the term of a bond issue commences on July 1 of the fiscal year
 21 in which the county first levies to pay principal and interest on the bonds.

22 ~~(3) All special improvement district bonds must be amortization bonds unless, in the judgment of~~
 23 ~~the board, serial bonds will be more advantageous to the district and can be sold at a comparatively~~
 24 ~~reasonable rate or rates of interest.~~

25 ~~(4)~~(3) As used in this part, unless the context clearly indicates otherwise, the following definitions
 26 apply:

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

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

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

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

3 (iv) the final payment may vary from prior payments in the amount resulting from disregarding
4 fractional costs in prior payments; and

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

7 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
8 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
9 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
10 maturing in the immediately preceding installment."

11

12 **Section 10.** Section 7-12-4169, MCA, is amended to read:

13 **"7-12-4169. Incidental expenses considered as cost of improvements -- costs for bonds or**
14 **warrants secured by revolving fund -- district reserve account.** (1) Incidental expenses connected with the
15 formation of a special improvement district, including costs of preparation of plans, specifications, maps,
16 and plats; engineering, superintendence, and inspection; preparation of assessment rolls; and the other
17 incidental expenses described in 7-12-4101(7) are considered a part of the cost of making the
18 improvements within the special improvement district.

19 (2) If the bonds or warrants are secured by the revolving fund under 7-12-4225, the costs of any
20 improvement must include an amount equal to 5% of the principal amount of any bonds or warrants to be
21 issued, which must be deposited in the revolving fund created in 7-12-4221.

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

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

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

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

3 (e) Money in the district reserve account may be used to pay the final principal and interest
4 payment on bonds or warrants remaining in the district reserve account after the principal and interest on
5 all bonds and warrants drawn on the district have been paid or discharged must be transferred to the
6 revolving fund.

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

9

10 **Section 11.** Section 7-12-4203, MCA, is amended to read:

11 **"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of**
12 **bond forms.** (1) The bonds and warrants ~~shall~~ must be drawn against the special improvement district fund
13 created for the district and ~~shall~~ must bear interest from the date of registration until called for redemption
14 or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the discretion of the
15 governing body of the municipality, on the dates that the governing body prescribes. The warrants or bonds
16 ~~shall~~ must bear the signatures of the mayor and clerk and ~~shall~~ must bear the corporate seal of the city.
17 ~~They shall~~ The warrants or bonds must be registered in the office of the clerk and treasurer, and if interest
18 coupons are attached to the warrants or bonds, they ~~shall~~ must also be registered and ~~shall~~ bear the
19 signatures of the mayor and clerk.

20 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,
21 may be issued in installments, and may extend over a period not to exceed 20 years or, if refunding bonds
22 are issued pursuant to 7-12-4194, over a period ending not later than 30 years after the date that the
23 bonds to be refunded were issued. For the purposes of this subsection, the term of a bond issue
24 commences on July 1 of the fiscal year in which the city first levies assessments to pay principal and
25 interest on the bonds.

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

29 ~~(4)(3)~~ As used in part 41 and this part, unless the context clearly indicates otherwise, the following
30 definitions apply:

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

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

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

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

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

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

11 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
12 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
13 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
14 maturing in the immediately preceding installment."

15

16 **Section 12.** Section 7-13-2208, MCA, is amended to read:

17 "**7-13-2208. Decision on petition -- election required.** (1) On the final hearing provided for in
18 7-13-2206, the board of county commissioners shall make any changes in the proposed boundaries within
19 the county that are considered advisable and shall define and establish the boundaries. The board of county
20 commissioners may not modify the boundaries in a manner that would exclude from the proposed district
21 any territory that would be benefited by the formation of the district. Land that will not, in the judgment
22 of the board of county commissioners, be benefited by the district may not be included within the proposed
23 district.

24 (2) Upon the final determination of the boundaries of the district, the board of county
25 commissioners of each county in which the district lies shall give notice of an election to be held in the
26 proposed district for the purpose of determining whether or not the district is to be incorporated. The
27 election ~~must~~ may be held in conjunction with a regular or primary election or may be held by mail ballot
28 election as provided in Title 13, chapter 19."

29

30 **Section 13.** Section 7-14-2526, MCA, is amended to read:

1 **"7-14-2526. Choice of form of bonds.** All bonds issued by ~~any~~ a county ~~shall~~ must be either
2 amortization bonds or serial bonds. ~~Amortization bonds shall be issued in preference to serial bonds."~~

3

4 **SECTION 14. SECTION 7-16-4104, MCA, IS AMENDED TO READ:**

5 **"7-16-4104. Authorization for municipal indebtedness for various cultural, social, and recreational**
6 **purposes.** (1) A city or town council or commission may contract an indebtedness on behalf of the city or
7 town, upon the credit ~~thereof~~ of the city or town, by borrowing money or issuing bonds:

8 (a) for the purpose of purchasing and improving lands for public parks and grounds;

9 (b) for procuring by purchase, construction, or otherwise swimming ~~poole~~ pool facilities, athletic
10 fields, skating rinks, playgrounds, museums, a golf course, a site and building for a civic center, a youth
11 center, or combination ~~thereof~~ of these facilities; and

12 (c) for furnishing, ~~and~~ equipping, ~~repairing, or rehabilitating the same~~ a swimming pool facility,
13 athletic field, skating rink, playground, museum, golf course, civic center, or youth center.

14 (2) The total amount of indebtedness authorized to be contracted in any form, including the
15 then-existing indebtedness, may not at any time exceed 16.5% of the taxable value of the taxable property
16 of the city or town as ascertained by the last assessment for state and county taxes previous to the
17 incurring of ~~such~~ the indebtedness. ~~No money~~ Money may not be borrowed for any purpose on bonds
18 issued for the purchase of lands and improving the ~~same land for any such purpose~~ until the proposition
19 has been submitted to the vote of the qualified electors of the city or town and a majority vote is cast in
20 favor ~~thereof~~ of the proposition."

21

22 **Section 15.** Section 7-33-2404, MCA, is amended to read:

23 **"7-33-2404. Financing of fire service area -- fee on structures.** (1) In the resolution creating the
24 fire service area and by resolution as necessary ~~thereafter~~ after creation of the fire service area, the board
25 of county commissioners shall establish a schedule of rates to be charged owners of structures that are
26 benefited by the services offered by the fire service area.

27 (2) The rates must be applied on a fair and equal basis to all classes of structures benefited by the
28 fire service area.

29 (3) The board of county commissioners shall collect the funds necessary to operate the fire service
30 area by charging the area rate as a special assessment on the owners of structures and shall collect the

1 assessments with the general taxes of the county. The assessments are a lien on the assessed property
2 ~~so assessed.~~

3 (4) The board of county commissioners or the trustees, if the fire service area is governed by
4 trustees under 7-33-2403, may pledge the income of the fire service area to secure financing necessary
5 to procure equipment and buildings to house the equipment. The outstanding amount of such the
6 indebtedness may not exceed ~~7%~~ 18% of the taxable valuation of the area."

7
8 ~~Section 15. Section 19-13-704, MCA, is amended to read:~~

9 ~~"19-13-704. Amount of service retirement benefit. (1) (a) A member hired before July 1, 1981,~~
10 ~~who elects to retire after having reached 20 years of membership service must receive a service retirement~~
11 ~~benefit equal to the sum of:~~

12 ~~(i) 50% of the average of the member's last monthly 6 months of compensation for years of~~
13 ~~service credit up to and including 20 years; and~~

14 ~~(ii) 2% of the average of the member's last monthly 6 months of compensation for each year of~~
15 ~~service credit after 20 years.~~

16 ~~(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years~~
17 ~~but less than 20 years of membership service as an active member must receive a service retirement benefit~~
18 ~~equal to 2% of the member's last monthly 6 months of compensation for each year of service credit. Upon~~
19 ~~the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving~~
20 ~~spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the~~
21 ~~children are entitled to receive the allowance as long as they remain dependent children as defined in~~
22 ~~19-13-104.~~

23 ~~(2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership~~
24 ~~service must receive a service retirement benefit equal to 2% of the member's final average compensation~~
25 ~~for each year of service credit."~~

26
27 ~~NEW SECTION. Section 16. Retroactive applicability. [Section 15] applies retroactively, within~~
28 ~~the meaning of 1-2-109, to all members of the firefighters' unified retirement system provided for in Title~~
29 ~~19, chapter 13, who retire on or after January 1, 1997.~~

HOUSE BILL NO. 518

INTRODUCED BY EWER

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LOCAL GOVERNMENT LAWS; ALLOWING APPOINTED MUNICIPAL OFFICIALS TO RESIDE OUTSIDE CITY LIMITS; INCREASING THE PERIOD FOR MUNICIPAL INSTALLMENT CONTRACTS FROM 5 YEARS TO 10 YEARS; CLARIFYING THAT AMORTIZATION BONDS ARE NOT PREFERRED OVER SERIAL BONDS; ALLOWING REFUNDING BONDS TO BE SOLD AT LESS THAN PAR VALUE; ALLOWING MULTIJURISDICTIONAL SERVICE DISTRICTS TO PROVIDE PROGRAMS FOR THE PROTECTION OF HUMAN HEALTH AND THE ENVIRONMENT; ALLOWING MONEY IN A DISTRICT RESERVE ACCOUNT TO BE USED TO PAY THE FINAL PRINCIPAL AND INTEREST PAYMENT ON BONDS OR WARRANTS; ALLOWING A VOTE ON CHANGING COUNTY WATER OR SEWER DISTRICT BOUNDARIES TO BE HELD BY MAIL BALLOT; ALLOWING A FIRE SERVICE AREA TO INCUR INDEBTEDNESS IN AN AMOUNT NOT EXCEEDING 18 PERCENT OF THE AREA'S TAXABLE VALUE; ~~AMENDING THE CALCULATION FOR DETERMINING A FIREFIGHTER'S SERVICE RETIREMENT BENEFIT;~~ ALLOWING A MUNICIPALITY TO INCUR INDEBTEDNESS FOR THE REPAIR AND REHABILITATION OF CERTAIN FACILITIES; AMENDING SECTIONS 7-4-4111, 7-5-4302, 7-5-4306, 7-7-2209, 7-7-4208, 7-7-4251, 7-7-4626, 7-11-1102, 7-12-2171, 7-12-4169, 7-12-4203, 7-13-2208, 7-14-2526, 7-16-4104, ~~AND 7-33-2404, AND 19-13-704,~~ MCA; AND PROVIDING EFFECTIVE DATES ~~AND A RETROACTIVE APPLICABILITY DATE."~~

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

Section 1. Section 7-4-4111, MCA, is amended to read:

"7-4-4111. Determination of vacancy in municipal office. An office becomes vacant on the happening of any of the following events before the expiration of the term of the incumbent:

- (1) the death of the incumbent;
- (2) a determination pursuant to Title 53, chapter 21, part 1, that ~~he~~ the incumbent is mentally ill;
- (3) ~~his~~ the incumbent's resignation;
- (4) ~~his~~ the incumbent's removal from office;
- (5) ~~his~~ the incumbent's absence from the city or town continuously for 10 days without the

1 consent of the council;

2 (6) ~~his~~ the incumbent's open neglect or refusal to discharge ~~his~~ duties;

3 (7) ~~his~~ the incumbent's ceasing to be a resident of the city or town or, in the case of ~~an alderman~~
4 a city council member, ~~his~~ ceasing to be a resident of ~~his~~ the city council member's ward~~;~~. This subsection
5 does not apply to an appointed municipal officer who resides outside the city or town limits with the
6 approval of the city or town governing body and within a distance of the city or town approved by the
7 governing body.

8 (8) ~~his~~ the incumbent's ceasing to discharge the duty of ~~his~~ office for a period of 3 consecutive
9 months, except when prevented by illness or when absent from the city or town by permission of the
10 governing body;

11 (9) ~~his~~ the incumbent's conviction of a felony or of any offense involving moral turpitude or a
12 violation of ~~his~~ official duties;

13 (10) ~~his~~ the incumbent's refusal or neglect to file ~~his~~ an official bond within the time prescribed;

14 (11) the decision of a competent tribunal declaring void ~~his~~ the incumbent's election or
15 appointment."

16

17 **Section 2.** Section 7-5-4302, MCA, is amended to read:

18 **"7-5-4302. Competitive, advertised bidding required for certain purchase and construction**
19 **contracts.** (1) Except as provided in 7-5-4303 or 7-5-4310, all contracts for the purchase of any
20 automobile, truck, other vehicle, road machinery, other machinery, apparatus, appliances, ~~or~~ equipment~~;~~
21 ~~for any~~ or materials or supplies of any kind in excess of \$20,000~~;~~ or for construction, repair, or
22 maintenance in excess of \$25,000 must be let to the lowest responsible bidder after advertisement for bids.

23 (2) The advertisement must be made in the official newspaper of the city or town if there is an
24 official newspaper, and if not, it must be made in a daily newspaper of general circulation published in the
25 city or town if there is a newspaper. If there is no newspaper, the advertisement must be made by posting
26 in three of the most public places in the city or town. The advertisement, if by publication in a newspaper,
27 must be made once each week for 2 consecutive weeks, and the second publication must be made not less
28 than 5 days or more than 12 days before the consideration of bids. If the advertisement is made by posting,
29 15 days must elapse, including the day of posting, between the time of the posting of the advertisement
30 and the day set for considering bids.

1 (3) The council may postpone action on any contract until the next regular meeting after bids are
 2 received in response to the advertisement and may reject any bids and readvertise as provided in this
 3 section."

4
 5 **Section 3.** Section 7-5-4306, MCA, is amended to read:

6 **"7-5-4306. Use of installment purchase contract.** ~~(1) Subject to the requirements of subsection~~
 7 ~~(2), when~~ When the amount to be paid under an installment purchase contract exceeds \$4,000, the council
 8 may provide for the payment of the amount in installments extending over a period of not more than 5 ~~10~~
 9 years, ~~provided that~~ if at the time of entering into the contract, there is an unexpended balance of
 10 appropriation in the budget for the then-current fiscal year available and sufficient to ~~meet and take care~~
 11 ~~of pay for~~ the portion of the contract price payable during the then-current fiscal year. The budget for each
 12 following year in which any portion of the purchase price is to be paid must contain an appropriation for
 13 the purpose of paying that portion.

14 ~~(2) When the purchase price is extended over a term of 2 years, at least 40% of the amount must~~
 15 ~~be paid the first year and the remainder the second year. When the amount is extended over a term of 3~~
 16 ~~years, at least one third of the amount must be paid each year. If the amount is extended over a term of~~
 17 ~~4 years, at least one fourth is to be paid each year. If the amount is extended over a term of 5 years, at~~
 18 ~~least one fifth is to be paid each year."~~

19
 20 **Section 4.** Section 7-7-2209, MCA, is amended to read:

21 **"7-7-2209. Types of bonds.** (1) Except as provided in subsection (2), bonds issued by any county
 22 must be either amortization bonds or serial bonds. ~~All things being equal, amortization bonds must be issued~~
 23 ~~in preference to serial bonds; otherwise, serial bonds may be issued.~~

24 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
 25 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

26
 27 **Section 5.** Section 7-7-4208, MCA, is amended to read:

28 **"7-7-4208. Types of general obligation bonds.** (1) Except as provided in subsection (2), all bonds
 29 issued by any city or town ~~shall~~ must be either amortization bonds or serial bonds. ~~All things being equal,~~
 30 ~~amortization bonds shall be issued in preference to serial bonds; otherwise, serial bonds may be issued.~~

1 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
2 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

3
4 **Section 6.** Section 7-7-4251, MCA, is amended to read:

5 "**7-7-4251. Form of notice of sale of bonds.** (1) The notice of sale ~~shall~~ must state the purpose
6 or purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose
7 and ~~shall~~ must be substantially in the following form:

8 NOTICE OF SALE OF (CITY OR TOWN) BONDS

9 Notice is hereby given by the council of the (city or town) of, Montana, that the council will,
10 on the day of, ~~19....~~, at the hour ofm., at its council chamber in the (city or town) of,
11 Montana, sell to the highest and best bidder for cash ~~either amortization or serial~~ general obligation bonds
12 of the ~~said~~ (city or town) in the total amount of dollars, (\$....) for the purpose of

13 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the council.~~

14 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
15 ~~divided into several bonds as the council may determine at the time of sale, both principal and interest to~~
16 ~~be payable in semiannual installments during a period of years from the date of issue.~~

17 ~~If serial~~ The bonds are will be issued and sold, ~~they will be~~ in the aggregate principal amount of
18 dollars (\$....) each and will become due and payable according to the maturity schedule set forth below (set
19 forth maturity schedule adopted by the city or town council).

20 The bonds, ~~whether amortization or serial bonds,~~ will must bear an original issue date of, ~~19....~~,
21 ~~will bear must pay~~ interest ~~at a rate not exceeding% per annum~~ commencing on the day of
22 (month), ~~19..~~, and are payable semiannually on the day of and on the day of in each year
23 thereafter and will be redeemable (here insert the optional provisions, if any, recited in the bonds).

24 ~~Said~~ The bonds will be sold for not less than ~~their par value \$....~~, with accrued interest on the
25 principal amount of the bonds to date of delivery, and all bidders ~~must~~ shall state the lowest rate or rates
26 of interest at which they will purchase the bonds at ~~par~~ the purchase price specified for the bonds. (An
27 interest rate may not exceed% a year.) The council reserves the right to reject any ~~and all~~ bids and to
28 sell ~~said~~ the bonds at private sale.

29 All bids ~~other than by or on behalf of the board of investments of the state of Montana~~ must be
30 accompanied by ~~a certified check~~ (insert appropriate bid security as permitted by 18-1-203) in the sum of

1 dollars (\$....), payable to the order of the (city or town) clerk, which will be forfeited by the successful
2 bidder in the event he ~~that the bidder shall fail~~ fails or ~~refuse~~ refuses to complete the purchase of ~~said the~~
3 bonds in accordance with the terms of ~~his~~ the bid.

4 All bids ~~shall~~ must be addressed to the council of the (city or town) of and delivered to the clerk
5 of ~~said the~~ (city or town)

6
7 Mayor of the (city or town) of
8, Montana

9 ATTEST:
10
11 (City or Town) Clerk

12 (2) The form of notice required under this section may be modified to accommodate changes
13 necessary to issue citizen bonds pursuant to 7-7-4211 through 7-7-4213."

14
15 **Section 7.** Section 7-7-4626, MCA, is amended to read:
16 **"7-7-4626. Details relating to sales of refunding revenue bonds.** If the governing body determines
17 to sell any refunding bonds, ~~such the~~ refunding bonds ~~shall must~~ MAY NOT be sold ~~at not less than par,~~
18 AT LESS THAN 97% OF THE FACE VALUE, AND MUST BE SOLD at public or private sale₇₂ and in ~~such~~
19 a manner and upon ~~such~~ terms ~~as that~~ the governing body ~~shall deem~~ considers best for the interests of
20 the municipality."

21
22 **Section 8.** Section 7-11-1102, MCA, is amended to read:
23 **"7-11-1102. Services that may be provided.** (1) A multijurisdictional service district may provide
24 only those services that are authorized to be provided by local governments.

- 25 (2) The services that a multijurisdictional service district may provide are:
- 26 (a) recreation programs other than park and recreation programs in a county park district
 - 27 established under Title 7, chapter 16, part 24;
 - 28 (b) road, street, and highway maintenance;
 - 29 (c) libraries;
 - 30 (d) jails;

- 1 (e) dog control programs;
- 2 (f) ambulance service; ~~and~~
- 3 (g) dispatch service; and
- 4 (h) protection of human health and the environment, including scenic concerns and recreational
- 5 activities FOR AREAS REQUIRING OR INVOLVING ENVIRONMENTAL RECLAMATION."
- 6

7 **Section 9.** Section 7-12-2171, MCA, is amended to read:

8 **"7-12-2171. Details relating to rural improvement district bonds and warrants -- definitions of bond**

9 **forms.** (1) The bonds and warrants ~~shall~~ must be drawn against either the construction or maintenance fund

10 created for the special improvement district and ~~shall~~ must bear interest from the date of registration until

11 called for redemption or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the

12 discretion of the board of county commissioners, on the dates that the board prescribes. The warrants or

13 bonds ~~shall~~ must bear the signatures of the ~~chairman~~ presiding officer of the board and the county clerk

14 and ~~shall~~ must bear the corporate seal of the county. They ~~shall~~ must be registered in the office of the

15 county clerk and the county treasurer, and if interest coupons are attached to the warrants or bonds, they

16 ~~shall~~ must also be registered and shall bear the signatures of the chairman of the board and the county

17 clerk. The coupons may bear the facsimile signatures of the officers in the discretion of the board.

18 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,

19 may be issued in installments, and may extend over a period not to exceed 30 years; ~~except that~~ However,

20 if federal loans are available for improvements, repayment may extend over a period not to exceed 40

21 years. For the purposes of this subsection, the term of a bond issue commences on July 1 of the fiscal year

22 in which the county first levies to pay principal and interest on the bonds.

23 ~~(3) All special improvement district bonds must be amortization bonds unless, in the judgment of~~

24 ~~the board, serial bonds will be more advantageous to the district and can be sold at a comparatively~~

25 ~~reasonable rate or rates of interest.~~

26 ~~(4)~~(3) As used in this part, unless the context clearly indicates otherwise, the following definitions

27 apply:

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

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

30 (ii) the part payment of principal increases at each installment in the same amount that the interest

1 decreases;

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

4 (iv) the final payment may vary from prior payments in the amount resulting from disregarding
5 fractional costs in prior payments; and

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

8 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
9 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
10 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
11 maturing in the immediately preceding installment."

12

13 **Section 10.** Section 7-12-4169, MCA, is amended to read:

14 **"7-12-4169. Incidental expenses considered as cost of improvements -- costs for bonds or**
15 **warrants secured by revolving fund -- district reserve account.** (1) Incidental expenses connected with the
16 formation of a special improvement district, including costs of preparation of plans, specifications, maps,
17 and plats; engineering, superintendence, and inspection; preparation of assessment rolls; and the other
18 incidental expenses described in 7-12-4101(7) are considered a part of the cost of making the
19 improvements within the special improvement district.

20 (2) If the bonds or warrants are secured by the revolving fund under 7-12-4225, the costs of any
21 improvement must include an amount equal to 5% of the principal amount of any bonds or warrants to be
22 issued, which must be deposited in the revolving fund created in 7-12-4221.

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

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

29 (c) If there are insufficient funds in the district bond and interest accounts to pay when due the
30 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used

1 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

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

4 (e) Money in the district reserve account may be used to pay the final principal and interest
5 payment on bonds or warrants remaining in the district reserve account after the principal and interest on
6 all bonds and warrants drawn on the district have been paid or discharged must be transferred to the
7 revolving fund.

8 (4) The establishment of a district reserve account does not preclude the city or town council from
9 requiring additional security from owners of real property in the district."
10

11 **Section 11.** Section 7-12-4203, MCA, is amended to read:

12 **"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of**
13 **bond forms.** (1) The bonds and warrants ~~shall~~ must be drawn against the special improvement district fund
14 created for the district and ~~shall~~ must bear interest from the date of registration until called for redemption
15 or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the discretion of the
16 governing body of the municipality, on the dates that the governing body prescribes. The warrants or bonds
17 ~~shall~~ must bear the signatures of the mayor and clerk and ~~shall~~ must bear the corporate seal of the city.
18 ~~They shall~~ The warrants or bonds must be registered in the office of the clerk and treasurer, and if interest
19 coupons are attached to the warrants or bonds, they ~~shall~~ must also be registered and ~~shall~~ bear the
20 signatures of the mayor and clerk.

21 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,
22 may be issued in installments, and may extend over a period not to exceed 20 years or, if refunding bonds
23 are issued pursuant to 7-12-4194, over a period ending not later than 30 years after the date that the
24 bonds to be refunded were issued. For the purposes of this subsection, the term of a bond issue
25 commences on July 1 of the fiscal year in which the city first levies assessments to pay principal and
26 interest on the bonds.

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

30 ~~(4)~~(3) As used in part 41 and this part, unless the context clearly indicates otherwise, the following

1 definitions apply:

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

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

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

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

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

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

12 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
13 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
14 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
15 maturing in the immediately preceding installment."
16

17 **Section 12.** Section 7-13-2208, MCA, is amended to read:

18 **"7-13-2208. Decision on petition -- election required.** (1) On the final hearing provided for in
19 7-13-2206, the board of county commissioners shall make any changes in the proposed boundaries within
20 the county that are considered advisable and shall define and establish the boundaries. The board of county
21 commissioners may not modify the boundaries in a manner that would exclude from the proposed district
22 any territory that would be benefited by the formation of the district. Land that will not, in the judgment
23 of the board of county commissioners, be benefited by the district may not be included within the proposed
24 district.

25 (2) Upon the final determination of the boundaries of the district, the board of county
26 commissioners of each county in which the district lies shall give notice of an election to be held in the
27 proposed district for the purpose of determining whether or not the district is to be incorporated. The
28 election ~~must~~ may be held in conjunction with a regular or primary election or may be held by mail ballot
29 election as provided in Title 13, chapter 19."
30

1 **Section 13.** Section 7-14-2526, MCA, is amended to read:

2 "7-14-2526. **Choice of form of bonds.** All bonds issued by ~~any a county shall~~ must be either
3 amortization bonds or serial bonds. ~~Amortization bonds shall be issued in preference to serial bonds."~~

4

5 **SECTION 14. SECTION 7-16-4104, MCA, IS AMENDED TO READ:**

6 "7-16-4104. **Authorization for municipal indebtedness for various cultural, social, and recreational**
7 **purposes.** (1) A city or town council or commission may contract an indebtedness on behalf of the city or
8 town, upon the credit ~~thereof~~ of the city or town, by borrowing money or issuing bonds:

9 (a) for the purpose of purchasing and improving lands for public parks and grounds;

10 (b) for procuring by purchase, construction, or otherwise swimming ~~pools~~ pool facilities, athletic
11 fields, skating rinks, playgrounds, museums, a golf course, a site and building for a civic center, a youth
12 center, or combination ~~thereof~~ of these facilities; and

13 (c) for furnishing, ~~and equipping, repairing, or rehabilitating the same~~ a swimming pool facility,
14 athletic field, skating rink, playground, museum, golf course, civic center, or youth center.

15 (2) The total amount of indebtedness authorized to be contracted in any form, including the
16 then-existing indebtedness, may not at any time exceed 16.5% of the taxable value of the taxable property
17 of the city or town as ascertained by the last assessment for state and county taxes previous to the
18 incurring of ~~such the~~ indebtedness. ~~No money~~ Money may not be borrowed for any purpose on bonds
19 issued for the purchase of lands and improving the ~~same land for any such purpose~~ until the proposition
20 has been submitted to the vote of the qualified electors of the city or town and a majority vote is cast in
21 favor ~~thereof~~ of the proposition."

22

23 **Section 15.** Section 7-33-2404, MCA, is amended to read:

24 "7-33-2404. **Financing of fire service area -- fee on structures.** (1) In the resolution creating the
25 fire service area and by resolution as necessary ~~thereafter~~ after creation of the fire service area, the board
26 of county commissioners shall establish a schedule of rates to be charged owners of structures that are
27 benefited by the services offered by the fire service area.

28 (2) The rates must be applied on a fair and equal basis to all classes of structures benefited by the
29 fire service area.

30 (3) The board of county commissioners shall collect the funds necessary to operate the fire service

1 area by charging the area rate as a special assessment on the owners of structures and shall collect the
 2 assessments with the general taxes of the county. The assessments are a lien on the assessed property
 3 ~~so-assessed~~.

4 (4) The board of county commissioners or the trustees, if the fire service area is governed by
 5 trustees under 7-33-2403, may pledge the income of the fire service area to secure financing necessary
 6 to procure equipment and buildings to house the equipment. The outstanding amount of ~~such~~ the
 7 indebtedness may not exceed ~~7%~~ 18% of the taxable valuation of the area."

8
 9 ~~Section 15. Section 19-13-704, MCA, is amended to read:~~

10 ~~"19-13-704. Amount of service retirement benefit. (1) (a) A member hired before July 1, 1981,~~
 11 ~~who elects to retire after having reached 20 years of membership service must receive a service retirement~~
 12 ~~benefit equal to the sum of:~~

13 ~~(i) 50% of the average of the member's last monthly 6 months of compensation for years of~~
 14 ~~service credit up to and including 20 years; and~~

15 ~~(ii) 2% of the average of the member's last monthly 6 months of compensation for each year of~~
 16 ~~service credit after 20 years.~~

17 ~~(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years~~
 18 ~~but less than 20 years of membership service as an active member must receive a service retirement benefit~~
 19 ~~equal to 2% of the member's last monthly 6 months of compensation for each year of service credit. Upon~~
 20 ~~the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving~~
 21 ~~spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the~~
 22 ~~children are entitled to receive the allowance as long as they remain dependent children as defined in~~
 23 ~~19-13-104.~~

24 ~~(2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership~~
 25 ~~service must receive a service retirement benefit equal to 2% of the member's final average compensation~~
 26 ~~for each year of service credit."~~

27
 28 ~~**NEW SECTION. Section 16. Retroactive applicability.** [Section 15] applies retroactively, within~~
 29 ~~the meaning of 1-2-109, to all members of the firefighters' unified retirement system provided for in Title~~
 30 ~~19, chapter 13, who retire on or after January 1, 1997.~~

1 **NEW SECTION. Section 16. Effective dates.** (1) Except as provided in subsection (2), [this act]
2 is effective October 1, 1997.

3 (2) [~~Sections SECTION 8 and 16~~ and this section] are effective on passage and approval.

4 -END-

1 HOUSE BILL NO. 518

2 INTRODUCED BY EWER

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LOCAL GOVERNMENT LAWS;
 5 ALLOWING APPOINTED MUNICIPAL OFFICIALS TO RESIDE OUTSIDE CITY LIMITS; INCREASING THE
 6 PERIOD FOR MUNICIPAL INSTALLMENT CONTRACTS FROM 5 YEARS TO 10 YEARS; CLARIFYING THAT
 7 AMORTIZATION BONDS ARE NOT PREFERRED OVER SERIAL BONDS; ALLOWING REFUNDING BONDS
 8 TO BE SOLD AT LESS THAN PAR VALUE; ALLOWING MULTIJURISDICTIONAL SERVICE DISTRICTS TO
 9 PROVIDE PROGRAMS FOR THE PROTECTION OF HUMAN HEALTH AND THE ENVIRONMENT; ALLOWING
 10 MONEY IN A DISTRICT RESERVE ACCOUNT TO BE USED TO PAY THE FINAL PRINCIPAL AND INTEREST
 11 PAYMENT ON BONDS OR WARRANTS; ALLOWING A VOTE ON CHANGING COUNTY WATER OR SEWER
 12 DISTRICT BOUNDARIES TO BE HELD BY MAIL BALLOT; ALLOWING A FIRE SERVICE AREA TO INCUR
 13 INDEBTEDNESS IN AN AMOUNT NOT EXCEEDING 18 PERCENT OF THE AREA'S TAXABLE VALUE;
 14 ~~AMENDING THE CALCULATION FOR DETERMINING A FIREFIGHTER'S SERVICE RETIREMENT BENEFIT;~~
 15 ALLOWING A MUNICIPALITY TO INCUR INDEBTEDNESS FOR THE REPAIR AND REHABILITATION OF
 16 CERTAIN FACILITIES; REGULATING LOCAL GOVERNMENT REQUIREMENTS FOR RECORDKEEPING;
 17 AMENDING SECTIONS 7-4-4111, 7-5-4302, 7-5-4306, 7-7-2209, 7-7-4208, 7-7-4251, 7-7-4626,
 18 7-11-1102, 7-12-2171, 7-12-4169, 7-12-4203, 7-13-2208, 7-14-2526, 7-16-4104, AND 7-33-2404, AND
 19 ~~19-13-704, MCA; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."~~

20

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

22

23 **Section 1.** Section 7-4-4111, MCA, is amended to read:

24 **"7-4-4111. Determination of vacancy in municipal office.** An office becomes vacant on the
 25 happening of any of the following events before the expiration of the term of the incumbent:

- 26 (1) the death of the incumbent;
- 27 (2) a determination pursuant to Title 53, chapter 21, part 1, that ~~he~~ the incumbent is mentally ill;
- 28 (3) ~~his~~ the incumbent's resignation;
- 29 (4) ~~his~~ the incumbent's removal from office;
- 30 (5) ~~his~~ the incumbent's absence from the city or town continuously for 10 days without the

1 consent of the council;

2 (6) ~~his~~ the incumbent's open neglect or refusal to discharge ~~his~~ duties;

3 (7) ~~his~~ the incumbent's ceasing to be a resident of the city or town or, in the case of ~~an alderman~~
4 a city council member, ~~his~~ ceasing to be a resident of ~~his~~ the city council member's ward~~;~~. This subsection
5 does not apply to an appointed municipal officer who resides outside the city or town limits with the
6 approval of the city or town governing body and within a distance of the city or town approved by the
7 governing body.

8 (8) ~~his~~ the incumbent's ceasing to discharge the duty of ~~his~~ office for a period of 3 consecutive
9 months, except when prevented by illness or when absent from the city or town by permission of the
10 governing body;

11 (9) ~~his~~ the incumbent's conviction of a felony or of any offense involving moral turpitude or a
12 violation of ~~his~~ official duties;

13 (10) ~~his~~ the incumbent's refusal or neglect to file ~~his~~ an official bond within the time prescribed;

14 (11) the decision of a competent tribunal declaring void ~~his~~ the incumbent's election or
15 appointment."

16

17 **Section 2.** Section 7-5-4302, MCA, is amended to read:

18 **"7-5-4302. Competitive, advertised bidding required for certain purchase and construction**
19 **contracts.** (1) Except as provided in 7-5-4303 or 7-5-4310, all contracts for the purchase of any
20 automobile, truck, other vehicle, road machinery, other machinery, apparatus, appliances, ~~or~~ equipment~~;~~
21 ~~for any~~ or materials or supplies of any kind in excess of \$20,000~~;~~ or for construction, repair, or
22 maintenance in excess of \$25,000 must be let to the lowest responsible bidder after advertisement for bids.

23 (2) The advertisement must be made in the official newspaper of the city or town if there is an
24 official newspaper, and if not, it must be made in a daily newspaper of general circulation published in the
25 city or town if there is a newspaper. If there is no newspaper, the advertisement must be made by posting
26 in three of the most public places in the city or town. The advertisement, if by publication in a newspaper,
27 must be made once each week for 2 consecutive weeks, and the second publication must be made not less
28 than 5 days or more than 12 days before the consideration of bids. If the advertisement is made by posting,
29 15 days must elapse, including the day of posting, between the time of the posting of the advertisement
30 and the day set for considering bids.

1 (3) The council may postpone action on any contract until the next regular meeting after bids are
 2 received in response to the advertisement and may reject any bids and readvertise as provided in this
 3 section."

4
 5 **Section 3.** Section 7-5-4306, MCA, is amended to read:

6 **"7-5-4306. Use of installment purchase contract.** ~~(1) Subject to the requirements of subsection~~
 7 ~~(2), when~~ When the amount to be paid under an installment purchase contract exceeds \$4,000, the council
 8 may provide for the payment of the amount in installments extending over a period of not more than ~~5~~ 10
 9 years, ~~provided that if~~ if at the time of entering into the contract, there is an unexpended balance of
 10 appropriation in the budget for the then-current fiscal year available and sufficient to ~~meet and take care~~
 11 ~~of pay for~~ the portion of the contract price payable during the then-current fiscal year. The budget for each
 12 following year in which any portion of the purchase price is to be paid must contain an appropriation for
 13 the purpose of paying that portion.

14 ~~(2) When the purchase price is extended over a term of 2 years, at least 40% of the amount must~~
 15 ~~be paid the first year and the remainder the second year. When the amount is extended over a term of 3~~
 16 ~~years, at least one third of the amount must be paid each year. If the amount is extended over a term of~~
 17 ~~4 years, at least one fourth is to be paid each year. If the amount is extended over a term of 5 years, at~~
 18 ~~least one fifth is to be paid each year."~~

19
 20 **Section 4.** Section 7-7-2209, MCA, is amended to read:

21 **"7-7-2209. Types of bonds.** (1) Except as provided in subsection (2), bonds issued by any county
 22 must be either amortization bonds or serial bonds. ~~All things being equal, amortization bonds must be issued~~
 23 ~~in preference to serial bonds; otherwise, serial bonds may be issued.~~

24 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
 25 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

26
 27 **Section 5.** Section 7-7-4208, MCA, is amended to read:

28 **"7-7-4208. Types of general obligation bonds.** (1) Except as provided in subsection (2), ~~all~~ bonds
 29 issued by any city or town ~~shall~~ must be either amortization bonds or serial bonds. ~~All things being equal,~~
 30 ~~amortization bonds shall be issued in preference to serial bonds; otherwise, serial bonds may be issued.~~

1 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
2 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

3
4 **Section 6.** Section 7-7-4251, MCA, is amended to read:

5 **"7-7-4251. Form of notice of sale of bonds.** (1) The notice of sale ~~shall~~ must state the purpose
6 or purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose
7 and ~~shall~~ must be substantially in the following form:

8 NOTICE OF SALE OF (CITY OR TOWN) BONDS

9 Notice is hereby given by the council of the (city or town) of, Montana, that the council will,
10 on the day of, ~~19....~~, at the hour ofm., at its council chamber in the (city or town) of,
11 Montana, sell to the highest and best bidder for cash ~~either amortization or serial~~ general obligation bonds
12 of the ~~said~~ (city or town) in the total amount of dollars, (\$....) for the purpose of

13 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the council.~~

14 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
15 ~~divided into several bonds as the council may determine at the time of sale, both principal and interest to~~
16 ~~be payable in semiannual installments during a period of years from the date of issue.~~

17 ~~If serial~~ The bonds are will be issued and sold, ~~they will be~~ in the aggregate principal amount of
18 dollars (\$....) each and will become due and payable according to the maturity schedule set forth below (set
19 forth maturity schedule adopted by the city or town council).

20 The bonds, ~~whether amortization or serial bonds,~~ will must bear an original issue date of, ~~19....~~,
21 ~~will bear~~ must pay interest ~~at a rate not exceeding% per annum~~ commencing on the day of
22 (month), ~~19..~~, and are payable semiannually on the day of and on the day of in each year
23 thereafter and will be redeemable (here insert the optional provisions, if any, recited in the bonds).

24 ~~Said~~ The bonds will be sold for not less than ~~their par value~~ \$...., with accrued interest on the
25 principal amount of the bonds to date of delivery, and all bidders ~~must~~ shall state the lowest rate or rates
26 of interest at which they will purchase the bonds at ~~par~~ the purchase price specified for the bonds. (An
27 interest rate may not exceed% a year.) The council reserves the right to reject any ~~and all~~ bids and to
28 sell ~~said~~ the bonds at private sale.

29 All bids ~~other than by or on behalf of the board of investments of the state of Montana~~ must be
30 accompanied by a ~~certified check~~ (insert appropriate bid security as permitted by 18-1-203) in the sum of

1 dollars (\$....), payable to the order of the (city or town) clerk, which will be forfeited by the successful
2 bidder in the event ~~he~~ that the bidder shall fail fails or ~~refuse~~ refuses to complete the purchase of ~~said the~~
3 bonds in accordance with the terms of ~~his~~ the bid.

4 All bids ~~shall~~ must be addressed to the council of the (city or town) of and delivered to the clerk
5 of ~~said the~~ (city or town)

6
7 Mayor of the (city or town) of
8, Montana

9 ATTEST:
10
11 (City or Town) Clerk

12 (2) The form of notice required under this section may be modified to accommodate changes
13 necessary to issue citizen bonds pursuant to 7-7-4211 through 7-7-4213."

14
15 **Section 7.** Section 7-7-4626, MCA, is amended to read:
16 "**7-7-4626. Details relating to sales of refunding revenue bonds.** If the governing body determines
17 to sell any refunding bonds, ~~such the~~ refunding bonds ~~shall must~~ MAY NOT be sold ~~at not less than par,~~
18 AT LESS THAN 97% OF THE FACE VALUE, AND MUST BE SOLD at public or private sale_{7Z} and in ~~such~~
19 a manner and upon ~~such~~ terms ~~as that~~ the governing body ~~shall deem~~ considers best for the interests of
20 the municipality."

21
22 **Section 8.** Section 7-11-1102, MCA, is amended to read:

23 "**7-11-1102. Services that may be provided.** (1) A multijurisdictional service district may provide
24 only those services that are authorized to be provided by local governments.

25 (2) The services that a multijurisdictional service district may provide are:

- 26 (a) recreation programs other than park and recreation programs in a county park district
27 established under Title 7, chapter 16, part 24;
- 28 (b) road, street, and highway maintenance;
- 29 (c) libraries;
- 30 (d) jails;

- 1 (e) dog control programs;
- 2 (f) ambulance service; ~~and~~
- 3 (g) dispatch service; and
- 4 (h) protection of human health and the environment, including scenic concerns and recreational
- 5 activities FOR AREAS REQUIRING OR INVOLVING ENVIRONMENTAL RECLAMATION."
- 6

7 **Section 9.** Section 7-12-2171, MCA, is amended to read:

8 **"7-12-2171. Details relating to rural improvement district bonds and warrants -- definitions of bond**

9 **forms.** (1) The bonds and warrants ~~shall~~ must be drawn against either the construction or maintenance fund

10 created for the special improvement district and ~~shall~~ must bear interest from the date of registration until

11 called for redemption or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the

12 discretion of the board of county commissioners, on the dates that the board prescribes. The warrants or

13 bonds ~~shall~~ must bear the signatures of the ~~chairman~~ presiding officer of the board and the county clerk

14 and ~~shall~~ must bear the corporate seal of the county. They ~~shall~~ must be registered in the office of the

15 county clerk and the county treasurer, and if interest coupons are attached to the warrants or bonds, they

16 ~~shall~~ must also be registered and shall bear the signatures of the chairman of the board and the county

17 clerk. The coupons may bear the facsimile signatures of the officers in the discretion of the board.

18 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,

19 may be issued in installments, and may extend over a period not to exceed 30 years; ~~except that~~ However,

20 if federal loans are available for improvements, repayment may extend over a period not to exceed 40

21 years. For the purposes of this subsection, the term of a bond issue commences on July 1 of the fiscal year

22 in which the county first levies to pay principal and interest on the bonds.

23 ~~(3) All special improvement district bonds must be amortization bonds unless, in the judgment of~~

24 ~~the board, serial bonds will be more advantageous to the district and can be sold at a comparatively~~

25 ~~reasonable rate or rates of interest.~~

26 ~~(4)(3)~~ As used in this part, unless the context clearly indicates otherwise, the following definitions

27 apply:

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

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

30 (ii) the part payment of principal increases at each installment in the same amount that the interest

1 decreases;

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

4 (iv) the final payment may vary from prior payments in the amount resulting from disregarding
5 fractional costs in prior payments; and

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

8 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
9 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
10 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
11 maturing in the immediately preceding installment."
12

13 **Section 10.** Section 7-12-4169, MCA, is amended to read:

14 **"7-12-4169. Incidental expenses considered as cost of improvements -- costs for bonds or**
15 **warrants secured by revolving fund -- district reserve account.** (1) Incidental expenses connected with the
16 formation of a special improvement district, including costs of preparation of plans, specifications, maps,
17 and plats; engineering, superintendence, and inspection; preparation of assessment rolls; and the other
18 incidental expenses described in 7-12-4101(7) are considered a part of the cost of making the
19 improvements within the special improvement district.

20 (2) If the bonds or warrants are secured by the revolving fund under 7-12-4225, the costs of any
21 improvement must include an amount equal to 5% of the principal amount of any bonds or warrants to be
22 issued, which must be deposited in the revolving fund created in 7-12-4221.

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

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

29 (c) If there are insufficient funds in the district bond and interest accounts to pay when due the
30 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used

1 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

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

4 (e) Money in the district reserve account may be used to pay the final principal and interest
5 payment on bonds or warrants ~~remaining in the district reserve account after the principal and interest on~~
6 ~~all bonds and warrants drawn on the district have been paid or discharged must be transferred to the~~
7 ~~revolving fund.~~

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

10
11 **Section 11.** Section 7-12-4203, MCA, is amended to read:

12 **"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of**
13 **bond forms.** (1) The bonds and warrants ~~shall~~ must be drawn against the special improvement district fund
14 created for the district and ~~shall~~ must bear interest from the date of registration until called for redemption
15 or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the discretion of the
16 governing body of the municipality, on the dates that the governing body prescribes. The warrants or bonds
17 ~~shall~~ must bear the signatures of the mayor and clerk and ~~shall~~ must bear the corporate seal of the city.
18 ~~They shall~~ The warrants or bonds must be registered in the office of the clerk and treasurer, and if interest
19 coupons are attached to the warrants or bonds, they ~~shall~~ must also be registered and ~~shall~~ bear the
20 signatures of the mayor and clerk.

21 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,
22 may be issued in installments, and may extend over a period not to exceed 20 years or, if refunding bonds
23 are issued pursuant to 7-12-4194, over a period ending not later than 30 years after the date that the
24 bonds to be refunded were issued. For the purposes of this subsection, the term of a bond issue
25 commences on July 1 of the fiscal year in which the city first levies assessments to pay principal and
26 interest on the bonds.

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

30 (4)(3) As used in part 41 and this part, unless the context clearly indicates otherwise, the following

1 definitions apply:

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

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

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

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

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

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

12 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
13 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
14 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
15 maturing in the immediately preceding installment."
16

17 **Section 12.** Section 7-13-2208, MCA, is amended to read:

18 **"7-13-2208. Decision on petition -- election required.** (1) On the final hearing provided for in
19 7-13-2206, the board of county commissioners shall make any changes in the proposed boundaries within
20 the county that are considered advisable and shall define and establish the boundaries. The board of county
21 commissioners may not modify the boundaries in a manner that would exclude from the proposed district
22 any territory that would be benefited by the formation of the district. Land that will not, in the judgment
23 of the board of county commissioners, be benefited by the district may not be included within the proposed
24 district.

25 (2) Upon the final determination of the boundaries of the district, the board of county
26 commissioners of each county in which the district lies shall give notice of an election to be held in the
27 proposed district for the purpose of determining whether or not the district is to be incorporated. The
28 election ~~must~~ may be held in conjunction with a regular or primary election or may be held by mail ballot
29 election as provided in Title 13, chapter 19."
30

1 **Section 13.** Section 7-14-2526, MCA, is amended to read:

2 **"7-14-2526. Choice of form of bonds.** All bonds issued by ~~any a county shall~~ must be either
3 amortization bonds or serial bonds. ~~Amortization bonds shall be issued in preference to serial bonds."~~

4
5 **SECTION 14. SECTION 7-16-4104, MCA, IS AMENDED TO READ:**

6 **"7-16-4104. Authorization for municipal indebtedness for various cultural, social, and recreational**
7 **purposes.** (1) A city or town council or commission may contract an indebtedness on behalf of the city or
8 town, upon the credit ~~thereof~~ of the city or town, by borrowing money or issuing bonds:

9 (a) for the purpose of purchasing and improving lands for public parks and grounds;

10 (b) for procuring by purchase, construction, or otherwise swimming ~~poole~~ pool facilities, athletic
11 fields, skating rinks, playgrounds, museums, a golf course, a site and building for a civic center, a youth
12 center, or combination ~~thereof~~ of these facilities; and

13 (c) for furnishing, ~~and~~ equipping, repairing, or rehabilitating the same a swimming pool facility,
14 athletic field, skating rink, playground, museum, golf course, civic center, or youth center.

15 (2) The total amount of indebtedness authorized to be contracted in any form, including the
16 then-existing indebtedness, may not at any time exceed 16.5% of the taxable value of the taxable property
17 of the city or town as ascertained by the last assessment for state and county taxes previous to the
18 incurring of ~~such the~~ indebtedness. No money Money may not be borrowed for any purpose on bonds
19 issued for the purchase of lands and improving the ~~same land for any such purpose~~ until the proposition
20 has been submitted to the vote of the qualified electors of the city or town and a majority vote is cast in
21 favor ~~thereof~~ of the proposition."

22
23 **Section 15.** Section 7-33-2404, MCA, is amended to read:

24 **"7-33-2404. Financing of fire service area -- fee on structures.** (1) In the resolution creating the
25 fire service area and by resolution as necessary ~~thereafter~~ after creation of the fire service area, the board
26 of county commissioners shall establish a schedule of rates to be charged owners of structures that are
27 benefited by the services offered by the fire service area.

28 (2) The rates must be applied on a fair and equal basis to all classes of structures benefited by the
29 fire service area.

30 (3) The board of county commissioners shall collect the funds necessary to operate the fire service

1 area by charging the area rate as a special assessment on the owners of structures and shall collect the
 2 assessments with the general taxes of the county. The assessments are a lien on the assessed property
 3 ~~so assessed~~.

4 (4) The board of county commissioners or the trustees, if the fire service area is governed by
 5 trustees under 7-33-2403, may pledge the income of the fire service area to secure financing necessary
 6 to procure equipment and buildings to house the equipment. The outstanding amount of ~~such~~ the
 7 indebtedness may not exceed ~~7%~~ 18% of the taxable valuation of the area."

8

9 ~~Section 15. Section 19-13-704, MCA, is amended to read:~~

10 ~~"19-13-704. Amount of service retirement benefit. (1) (a) A member hired before July 1, 1981,~~
 11 ~~who elects to retire after having reached 20 years of membership service must receive a service retirement~~
 12 ~~benefit equal to the sum of:~~

13 ~~(i) 50% of the average of the member's last monthly 6 months of compensation for years of~~
 14 ~~service credit up to and including 20 years; and~~

15 ~~(ii) 2% of the average of the member's last monthly 6 months of compensation for each year of~~
 16 ~~service credit after 20 years.~~

17 ~~(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years~~
 18 ~~but less than 20 years of membership service as an active member must receive a service retirement benefit~~
 19 ~~equal to 2% of the member's last monthly 6 months of compensation for each year of service credit. Upon~~
 20 ~~the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving~~
 21 ~~spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the~~
 22 ~~children are entitled to receive the allowance as long as they remain dependent children as defined in~~
 23 ~~19-13-104.~~

24 ~~(2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership~~
 25 ~~service must receive a service retirement benefit equal to 2% of the member's final average compensation~~
 26 ~~for each year of service credit."~~

27

28 ~~**NEW SECTION. Section 16. Retroactive applicability.** [Section 15] applies retroactively, within~~
 29 ~~the meaning of 1-2-109, to all members of the firefighters' unified retirement system provided for in Title~~
 30 ~~19, chapter 13, who retire on or after January 1, 1997.~~

1 NEW SECTION. SECTION 16. RECORDKEEPING. A CITY, TOWN, OR COUNTY THAT HAS THE
2 AUTHORITY TO REQUIRE A PRIVATE ENTITY TO KEEP RECORDS MAY PRESCRIBE THE FORM AND
3 CONTENT OF THE RECORDS BUT MAY NOT PRESCRIBE THE METHOD OF KEEPING THE REQUIRED
4 RECORDS.

5
6 NEW SECTION. SECTION 17. CODIFICATION INSTRUCTION. [SECTION 16] IS INTENDED TO BE
7 CODIFIED AS AN INTEGRAL PART OF TITLE 7, CHAPTER 5, PART 1, AND THE PROVISIONS OF TITLE
8 7, CHAPTER 5, PART 1, APPLY TO [SECTION 16].

9
10 NEW SECTION. Section 18. Effective dates. (1) Except as provided in subsection (2), [this act]
11 is effective October 1, 1997.

12 (2) [~~Sections~~ SECTION SECTIONS 8 and 16 AND 16 and this section] are effective on passage and
13 approval.

14 -END-

1 HOUSE BILL NO. 518

2 INTRODUCED BY EWER

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LOCAL GOVERNMENT LAWS;
 5 ALLOWING APPOINTED MUNICIPAL OFFICIALS TO RESIDE OUTSIDE CITY LIMITS; INCREASING THE
 6 PERIOD FOR MUNICIPAL INSTALLMENT CONTRACTS FROM 5 YEARS TO 10 YEARS; CLARIFYING THAT
 7 AMORTIZATION BONDS ARE NOT PREFERRED OVER SERIAL BONDS; ALLOWING REFUNDING BONDS
 8 TO BE SOLD AT LESS THAN PAR VALUE; ALLOWING MULTIJURISDICTIONAL SERVICE DISTRICTS TO
 9 PROVIDE PROGRAMS FOR THE PROTECTION OF HUMAN HEALTH AND THE ENVIRONMENT; ALLOWING
 10 MONEY IN A DISTRICT RESERVE ACCOUNT TO BE USED TO PAY THE FINAL PRINCIPAL AND INTEREST
 11 PAYMENT ON BONDS OR WARRANTS; ALLOWING A VOTE ON CHANGING COUNTY WATER OR SEWER
 12 DISTRICT BOUNDARIES TO BE HELD BY MAIL BALLOT; ALLOWING A FIRE SERVICE AREA TO INCUR
 13 INDEBTEDNESS IN AN AMOUNT NOT EXCEEDING 18 PERCENT OF THE AREA'S TAXABLE VALUE;
 14 ~~AMENDING THE CALCULATION FOR DETERMINING A FIREFIGHTER'S SERVICE RETIREMENT BENEFIT;~~
 15 ALLOWING A MUNICIPALITY TO INCUR INDEBTEDNESS FOR THE REPAIR AND REHABILITATION OF
 16 CERTAIN FACILITIES; REGULATING LOCAL GOVERNMENT REQUIREMENTS FOR RECORDKEEPING;
 17 AMENDING SECTIONS 7-4-4111, 7-5-4302, 7-5-4306, 7-7-2209, 7-7-4208, 7-7-4251, 7-7-4626,
 18 7-11-1102, 7-12-2171, 7-12-4169, 7-12-4203, 7-13-2208, 7-14-2526, 7-16-4104, AND 7-33-2404, AND
 19 ~~19-13-704, MCA; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."~~

20

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

22

23 **Section 1.** Section 7-4-4111, MCA, is amended to read:

24 **"7-4-4111. Determination of vacancy in municipal office.** An office becomes vacant on the
 25 happening of any of the following events before the expiration of the term of the incumbent:

- 26 (1) the death of the incumbent;
- 27 (2) a determination pursuant to Title 53, chapter 21, part 1, that ~~he~~ the incumbent is mentally ill;
- 28 (3) ~~his~~ the incumbent's resignation;
- 29 (4) ~~his~~ the incumbent's removal from office;
- 30 (5) ~~his~~ the incumbent's absence from the city or town continuously for 10 days without the

1 consent of the council;

2 (6) ~~his~~ the incumbent's open neglect or refusal to discharge ~~his~~ duties;

3 (7) ~~his~~ the incumbent's ceasing to be a resident of the city or town or, in the case of ~~an alderman~~
4 a city council member, ~~his~~ ceasing to be a resident of ~~his~~ the city council member's ward; This subsection
5 does not apply to an appointed municipal officer who resides outside the city or town limits with the
6 approval of the city or town governing body and within a distance of the city or town approved by the
7 governing body.

8 (8) ~~his~~ the incumbent's ceasing to discharge the duty of ~~his~~ office for a period of 3 consecutive
9 months, except when prevented by illness or when absent from the city or town by permission of the
10 governing body;

11 (9) ~~his~~ the incumbent's conviction of a felony or of any offense involving moral turpitude or a
12 violation of ~~his~~ official duties;

13 (10) ~~his~~ the incumbent's refusal or neglect to file ~~his~~ an official bond within the time prescribed;

14 (11) the decision of a competent tribunal declaring void ~~his~~ the incumbent's election or
15 appointment."

16

17 **Section 2.** Section 7-5-4302, MCA, is amended to read:

18 **"7-5-4302. Competitive, advertised bidding required for certain purchase and construction**
19 **contracts.** (1) Except as provided in 7-5-4303 or 7-5-4310, all contracts for the purchase of any
20 automobile, truck, other vehicle, road machinery, other machinery, apparatus, appliances, ~~or~~ equipment~~;~~
21 ~~for any or~~ materials or supplies of any kind in excess of \$20,000~~;~~ or for construction, repair, or
22 maintenance in excess of \$25,000 must be let to the lowest responsible bidder after advertisement for bids.

23 (2) The advertisement must be made in the official newspaper of the city or town if there is an
24 official newspaper, and if not, it must be made in a daily newspaper of general circulation published in the
25 city or town if there is a newspaper. If there is no newspaper, the advertisement must be made by posting
26 in three of the most public places in the city or town. The advertisement, if by publication in a newspaper,
27 must be made once each week for 2 consecutive weeks, and the second publication must be made not less
28 than 5 days or more than 12 days before the consideration of bids. If the advertisement is made by posting,
29 15 days must elapse, including the day of posting, between the time of the posting of the advertisement
30 and the day set for considering bids.

1 (3) The council may postpone action on any contract until the next regular meeting after bids are
2 received in response to the advertisement and may reject any bids and readvertise as provided in this
3 section."

4
5 **Section 3.** Section 7-5-4306, MCA, is amended to read:

6 **"7-5-4306. Use of installment purchase contract.** ~~(1) Subject to the requirements of subsection~~
7 ~~(2), when~~ When the amount to be paid under an installment purchase contract exceeds \$4,000, the council
8 may provide for the payment of the amount in installments extending over a period of not more than ~~5~~ 10
9 years, ~~provided that if~~ if at the time of entering into the contract, there is an unexpended balance of
10 appropriation in the budget for the then-current fiscal year available and sufficient to ~~meet and take care~~
11 ~~of~~ pay for the portion of the contract price payable during the then-current fiscal year. The budget for each
12 following year in which any portion of the purchase price is to be paid must contain an appropriation for
13 the purpose of paying that portion.

14 ~~(2) When the purchase price is extended over a term of 2 years, at least 40% of the amount must~~
15 ~~be paid the first year and the remainder the second year. When the amount is extended over a term of 3~~
16 ~~years, at least one third of the amount must be paid each year. If the amount is extended over a term of~~
17 ~~4 years, at least one fourth is to be paid each year. If the amount is extended over a term of 5 years, at~~
18 ~~least one fifth is to be paid each year."~~

19
20 **Section 4.** Section 7-7-2209, MCA, is amended to read:

21 **"7-7-2209. Types of bonds.** (1) Except as provided in subsection (2), bonds issued by any county
22 must be either amortization bonds or serial bonds. ~~All things being equal, amortization bonds must be issued~~
23 ~~in preference to serial bonds; otherwise, serial bonds may be issued.~~

24 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
25 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

26
27 **Section 5.** Section 7-7-4208, MCA, is amended to read:

28 **"7-7-4208. Types of general obligation bonds.** (1) Except as provided in subsection (2), ~~all~~ bonds
29 issued by any city or town ~~shall~~ must be either amortization bonds or serial bonds. ~~All things being equal,~~
30 ~~amortization bonds shall be issued in preference to serial bonds; otherwise, serial bonds may be issued.~~

1 (2) Citizen bonds may be amortization bonds, serial bonds, term bonds, capital appreciation bonds,
2 or zero-coupon bonds, ~~with no~~ without preference for amortization bonds."

3

4 **Section 6.** Section 7-7-4251, MCA, is amended to read:

5 "**7-7-4251. Form of notice of sale of bonds.** (1) The notice of sale ~~shall~~ must state the purpose
6 or purposes for which the bonds are to be issued and the amount proposed to be issued for each purpose
7 and ~~shall~~ must be substantially in the following form:

8

NOTICE OF SALE OF (CITY OR TOWN) BONDS

9 Notice is hereby given by the council of the (city or town) of ..., Montana, that the council will,
10 on the ... day of ..., ~~19...~~, at the hour ofm., at its council chamber in the (city or town) of ...,
11 Montana, sell to the highest and best bidder for cash ~~either amortization or serial~~ general obligation bonds
12 of the ~~said~~ (city or town) in the total amount of ... dollars, (\$....) for the purpose of

13 ~~Amortization bonds will be the first choice and serial bonds will be the second choice of the council.~~

14 ~~If amortization bonds are sold and issued, the entire issue may be put into one single bond or~~
15 ~~divided into several bonds as the council may determine at the time of sale, both principal and interest to~~
16 ~~be payable in semiannual installments during a period of ... years from the date of issue.~~

17 ~~If serial~~ The bonds are will be issued and sold, ~~they will be~~ in the aggregate principal amount of ...
18 dollars (\$....) each and will become due and payable according to the maturity schedule set forth below (set
19 forth maturity schedule adopted by the city or town council).

20 The bonds, ~~whether amortization or serial bonds, will~~ must bear an original issue date of ..., ~~19...~~,
21 ~~will bear~~ must pay interest at a rate not exceeding ...% per annum commencing on the ... day of ...
22 (month), ~~19...~~, and are payable semiannually on the ... day of ... and on the ... day of ... in each year
23 thereafter and will be redeemable (here insert the optional provisions, if any, recited in the bonds).

24 ~~Said~~ The bonds will be sold for not less than ~~their par value \$....~~, with accrued interest on the
25 principal amount of the bonds to date of delivery, and all bidders ~~must~~ shall state the lowest rate or rates
26 of interest at which they will purchase the bonds at ~~par~~ the purchase price specified for the bonds. (An
27 interest rate may not exceed ...% a year.) The council reserves the right to reject any ~~and all~~ bids and to
28 sell ~~said~~ the bonds at private sale.

29 All bids ~~other than by or on behalf of the board of investments of the state of Montana~~ must be
30 accompanied by ~~a certified check~~ (insert appropriate bid security as permitted by 18-1-203) in the sum of

1 dollars (\$....), payable to the order of the (city or town) clerk, which will be forfeited by the successful
2 bidder in the event ~~he~~ that the bidder shall fail fails or ~~refuse~~ refuses to complete the purchase of ~~said the~~
3 bonds in accordance with the terms of ~~his~~ the bid.

4 All bids ~~shall~~ must be addressed to the council of the (city or town) of and delivered to the clerk
5 of ~~said the~~ (city or town)

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.....
Mayor of the (city or town) of
....., Montana

9 ATTEST:
10
11 (City or Town) Clerk

12 (2) The form of notice required under this section may be modified to accommodate changes
13 necessary to issue citizen bonds pursuant to 7-7-4211 through 7-7-4213."

15 **Section 7.** Section 7-7-4626, MCA, is amended to read:

16 **"7-7-4626. Details relating to sales of refunding revenue bonds.** If the governing body determines
17 to sell any refunding bonds, ~~such the~~ refunding bonds ~~shall must~~ MAY NOT be sold ~~at not less than par,~~
18 AT LESS THAN 97% OF THE FACE VALUE, AND MUST BE SOLD at public or private sale^{7z} and in ~~such~~
19 a manner and upon ~~such terms as~~ that the governing body ~~shall deem~~ considers best for the interests of
20 the municipality."

22 **Section 8.** Section 7-11-1102, MCA, is amended to read:

23 **"7-11-1102. Services that may be provided.** (1) A multijurisdictional service district may provide
24 only those services that are authorized to be provided by local governments.

25 (2) The services that a multijurisdictional service district may provide are:

- 26 (a) recreation programs other than park and recreation programs in a county park district
27 established under Title 7, chapter 16, part 24;
- 28 (b) road, street, and highway maintenance;
- 29 (c) libraries;
- 30 (d) jails;

- 1 (e) dog control programs;
- 2 (f) ambulance service; ~~and~~
- 3 (g) dispatch service; ~~and~~
- 4 (h) protection of human health and the environment, including scenic concerns and recreational
- 5 activities FOR AREAS REQUIRING OR INVOLVING ENVIRONMENTAL RECLAMATION."
- 6

7 **Section 9.** Section 7-12-2171, MCA, is amended to read:

8 **"7-12-2171. Details relating to rural improvement district bonds and warrants -- definitions of bond**

9 **forms.** (1) The bonds and warrants ~~shall~~ must be drawn against either the construction or maintenance fund

10 created for the special improvement district and ~~shall~~ must bear interest from the date of registration until

11 called for redemption or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the

12 discretion of the board of county commissioners, on the dates that the board prescribes. The warrants or

13 bonds ~~shall~~ must bear the signatures of the ~~chairman~~ presiding officer of the board and the county clerk

14 and ~~shall~~ must bear the corporate seal of the county. They ~~shall~~ must be registered in the office of the

15 county clerk and the county treasurer, and if interest coupons are attached to the warrants or bonds, they

16 ~~shall~~ must also be registered and shall bear the signatures of the chairman of the board and the county

17 clerk. The coupons may bear the facsimile signatures of the officers in the discretion of the board.

18 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,

19 may be issued in installments, and may extend over a period not to exceed 30 years; ~~except that~~ However,

20 if federal loans are available for improvements, repayment may extend over a period not to exceed 40

21 years. For the purposes of this subsection, the term of a bond issue commences on July 1 of the fiscal year

22 in which the county first levies to pay principal and interest on the bonds.

23 ~~(3) All special improvement district bonds must be amortization bonds unless, in the judgment of~~

24 ~~the board, serial bonds will be more advantageous to the district and can be sold at a comparatively~~

25 ~~reasonable rate or rates of interest.~~

26 ~~(4)~~(3) As used in this part, unless the context clearly indicates otherwise, the following definitions

27 apply:

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

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

30 (ii) the part payment of principal increases at each installment in the same amount that the interest

1 decreases;

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

4 (iv) the final payment may vary from prior payments in the amount resulting from disregarding
5 fractional costs in prior payments; and

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

8 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
9 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
10 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
11 maturing in the immediately preceding installment."
12

13 **Section 10.** Section 7-12-4169, MCA, is amended to read:

14 **"7-12-4169. Incidental expenses considered as cost of improvements -- costs for bonds or**
15 **warrants secured by revolving fund -- district reserve account.** (1) Incidental expenses connected with the
16 formation of a special improvement district, including costs of preparation of plans, specifications, maps,
17 and plats; engineering, superintendence, and inspection; preparation of assessment rolls; and the other
18 incidental expenses described in 7-12-4101(7) are considered a part of the cost of making the
19 improvements within the special improvement district.

20 (2) If the bonds or warrants are secured by the revolving fund under 7-12-4225, the costs of any
21 improvement must include an amount equal to 5% of the principal amount of any bonds or warrants to be
22 issued, which must be deposited in the revolving fund created in 7-12-4221.

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

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

29 (c) If there are insufficient funds in the district bond and interest accounts to pay when due the
30 principal of and the interest on bonds or warrants, the district reserve account, if established, must be used

1 to pay the principal of and the interest on the bonds or warrants issued against the district fund.

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

4 (e) Money in the district reserve account may be used to pay the final principal and interest
5 payment on bonds or warrants remaining in the district reserve account after the principal and interest on
6 all bonds and warrants drawn on the district have been paid or discharged must be transferred to the
7 revolving fund.

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

10

11 **Section 11.** Section 7-12-4203, MCA, is amended to read:

12 **"7-12-4203. Details relating to special improvement district bonds and warrants -- definitions of**
13 **bond forms.** (1) The bonds and warrants ~~shall~~ must be drawn against the special improvement district fund
14 created for the district and ~~shall~~ must bear interest from the date of registration until called for redemption
15 or paid in full. The interest ~~shall~~ must be payable annually or semiannually, at the discretion of the
16 governing body of the municipality, on the dates that the governing body prescribes. The warrants or bonds
17 ~~shall~~ must bear the signatures of the mayor and clerk and ~~shall~~ must bear the corporate seal of the city.
18 ~~They shall~~ The warrants or bonds must be registered in the office of the clerk and treasurer, and if interest
19 coupons are attached to the warrants or bonds, they ~~shall~~ must also be registered and ~~shall~~ bear the
20 signatures of the mayor and clerk.

21 (2) The bonds ~~shall~~ must be in denominations of \$100 or fractions or multiples ~~thereof~~ of \$100,
22 may be issued in installments, and may extend over a period not to exceed 20 years or, if refunding bonds
23 are issued pursuant to 7-12-4194, over a period ending not later than 30 years after the date that the
24 bonds to be refunded were issued. For the purposes of this subsection, the term of a bond issue
25 commences on July 1 of the fiscal year in which the city first levies assessments to pay principal and
26 interest on the bonds.

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

30 ~~(4)~~(3) As used in part 41 and this part, unless the context clearly indicates otherwise, the following

1 definitions apply:

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

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

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

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

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

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

12 (b) "Serial bonds" means a bond issue payable in annual installments commencing not more than
13 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal
14 amount of bonds maturing in each installment not exceeding five times the principal amount of the bonds
15 maturing in the immediately preceding installment."

16

17 **Section 12.** Section 7-13-2208, MCA, is amended to read:

18 "**7-13-2208. Decision on petition -- election required.** (1) On the final hearing provided for in
19 7-13-2206, the board of county commissioners shall make any changes in the proposed boundaries within
20 the county that are considered advisable and shall define and establish the boundaries. The board of county
21 commissioners may not modify the boundaries in a manner that would exclude from the proposed district
22 any territory that would be benefited by the formation of the district. Land that will not, in the judgment
23 of the board of county commissioners, be benefited by the district may not be included within the proposed
24 district.

25 (2) Upon the final determination of the boundaries of the district, the board of county
26 commissioners of each county in which the district lies shall give notice of an election to be held in the
27 proposed district for the purpose of determining whether or not the district is to be incorporated. The
28 election ~~must~~ may be held in conjunction with a regular or primary election or may be held by mail ballot
29 election as provided in Title 13, chapter 19."

30

1 **Section 13.** Section 7-14-2526, MCA, is amended to read:

2 **"7-14-2526. Choice of form of bonds.** All bonds issued by ~~any a~~ a county ~~shall~~ must be either
3 amortization bonds or serial bonds. ~~Amortization bonds shall be issued in preference to serial bonds."~~

4

5 **SECTION 14. SECTION 7-16-4104, MCA, IS AMENDED TO READ:**

6 **"7-16-4104. Authorization for municipal indebtedness for various cultural, social, and recreational**
7 **purposes.** (1) A city or town council or commission may contract an indebtedness on behalf of the city or
8 town, upon the credit ~~thereof~~ of the city or town, by borrowing money or issuing bonds:

9 (a) for the purpose of purchasing and improving lands for public parks and grounds;

10 (b) for procuring by purchase, construction, or otherwise ~~swimming pools~~ pool facilities, athletic
11 fields, skating rinks, playgrounds, museums, a golf course, a site and building for a civic center, a youth
12 center, or combination ~~thereof~~ of these facilities; and

13 (c) for furnishing, ~~and equipping, repairing, or rehabilitating the same~~ a swimming pool facility,
14 athletic field, skating rink, playground, museum, golf course, civic center, or youth center.

15 (2) The total amount of indebtedness authorized to be contracted in any form, including the
16 then-existing indebtedness, may not at any time exceed 16.5% of the taxable value of the taxable property
17 of the city or town as ascertained by the last assessment for state and county taxes previous to the
18 incurring of ~~such the~~ indebtedness. ~~No money~~ Money may not be borrowed for any purpose on bonds
19 issued for the purchase of lands and improving the ~~same land for any such purpose~~ until the proposition
20 has been submitted to the vote of the qualified electors of the city or town and a majority vote is cast in
21 favor ~~thereof~~ of the proposition."

22

23 **Section 15.** Section 7-33-2404, MCA, is amended to read:

24 **"7-33-2404. Financing of fire service area -- fee on structures.** (1) In the resolution creating the
25 fire service area and by resolution as necessary ~~thereafter~~ after creation of the fire service area, the board
26 of county commissioners shall establish a schedule of rates to be charged owners of structures that are
27 benefited by the services offered by the fire service area.

28 (2) The rates must be applied on a fair and equal basis to all classes of structures benefited by the
29 fire service area.

30 (3) The board of county commissioners shall collect the funds necessary to operate the fire service

1 area by charging the area rate as a special assessment on the owners of structures and shall collect the
 2 assessments with the general taxes of the county. The assessments are a lien on the assessed property
 3 ~~so assessed.~~

4 (4) The board of county commissioners or the trustees, if the fire service area is governed by
 5 trustees under 7-33-2403, may pledge the income of the fire service area to secure financing necessary
 6 to procure equipment and buildings to house the equipment. The outstanding amount of ~~such~~ the
 7 indebtedness may not exceed ~~7%~~ 18% of the taxable valuation of the area."

8
 9 ~~Section 15.~~ Section ~~19-13-704~~, MCA, is amended to read:

10 ~~"19-13-704. Amount of service retirement benefit. (1) (a) A member hired before July 1, 1981,~~
 11 ~~who elects to retire after having reached 20 years of membership service must receive a service retirement~~
 12 ~~benefit equal to the sum of:~~

13 ~~(i) 50% of the average of the member's last monthly 6 months of compensation for years of~~
 14 ~~service credit up to and including 20 years; and~~

15 ~~(ii) 2% of the average of the member's last monthly 6 months of compensation for each year of~~
 16 ~~service credit after 20 years.~~

17 ~~(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years~~
 18 ~~but less than 20 years of membership service as an active member must receive a service retirement benefit~~
 19 ~~equal to 2% of the member's last monthly 6 months of compensation for each year of service credit. Upon~~
 20 ~~the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving~~
 21 ~~spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the~~
 22 ~~children are entitled to receive the allowance as long as they remain dependent children as defined in~~
 23 ~~19-13-104.~~

24 ~~(2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership~~
 25 ~~service must receive a service retirement benefit equal to 2% of the member's final average compensation~~
 26 ~~for each year of service credit."~~

27
 28 ~~NEW SECTION. Section 16. Retroactive applicability. [Section 15] applies retroactively, within~~
 29 ~~the meaning of 1-2-109, to all members of the firefighters' unified retirement system provided for in Title~~
 30 ~~19, chapter 13, who retire on or after January 1, 1997.~~

1 NEW SECTION. SECTION 16. RECORDKEEPING. A CITY, TOWN, OR COUNTY THAT HAS THE
2 AUTHORITY TO REQUIRE A PRIVATE ENTITY TO KEEP RECORDS MAY PRESCRIBE THE FORM AND
3 CONTENT OF THE RECORDS BUT MAY NOT PRESCRIBE THE METHOD OF KEEPING THE REQUIRED
4 RECORDS.

5
6 NEW SECTION. SECTION 17. CODIFICATION INSTRUCTION. [SECTION 16] IS INTENDED TO BE
7 CODIFIED AS AN INTEGRAL PART OF TITLE 7, CHAPTER 5, PART 1, AND THE PROVISIONS OF TITLE
8 7, CHAPTER 5, PART 1, APPLY TO [SECTION 16].

9
10 NEW SECTION. Section 18. Effective dates. (1) Except as provided in subsection (2), [this act]
11 is effective October 1, 1997.

12 (2) [~~Sections~~ SECTION SECTIONS 8 and 16 AND 16 and this section] are effective on passage and
13 approval.

14

-END-