

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR LOCAL AUTHORITY TO REDUCE  
5 RESIDENTIAL PROPERTY TAXES; AUTHORIZING A LOCAL OPTION TAX BY VOTE OF THE QUALIFIED  
6 ELECTORS; PROVIDING THAT THE TAX MAY BE LEVIED IN A MUNICIPALITY, A CONSOLIDATED CITY-  
7 COUNTY, A COUNTY, OR A LOCAL OPTION TAX DISTRICT; PROVIDING THAT THE LOCAL OPTION TAX  
8 QUESTION DEFINE THE RATE OF THE TAX AND HOW THE REVENUE WILL BE SPENT; PROVIDING THE  
9 GOODS AND SERVICES SUBJECT TO THE TAX; PROVIDING FOR LOCAL OPTION TAX DISTRICTS AND  
10 THEIR GOVERNANCE; PROVIDING DEFINITIONS; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA;  
11 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

12  
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14  
15 NEW SECTION. **Section 1. Local option tax -- definitions.** As used in [sections 1 through 23], the  
16 following definitions apply:

- 17 (1) "Board of directors" means the board of directors of the local option tax district.
- 18 (2) "Governing body" means:
  - 19 (a) the governing body of a municipality, consolidated city-county, or county in which a local option tax
  - 20 is proposed or approved; or
  - 21 (b) if the qualified electors establish a local option tax district, the district board of directors.
- 22 (3) "Local option tax district" means a district created under [sections 11 through 23] that consists of:
  - 23 (a) a contiguous unincorporated area within a county; or
  - 24 (b) a contiguous area that includes one or more municipalities and may include unincorporated areas
  - 25 contiguous to the municipality or municipalities.
- 26 (4) "Luxury" means any gift item, luxury item, or other item normally sold to the public or transient
- 27 visitors or tourists. The term does not include food purchased unprepared or unserved, medicine, medical
- 28 supplies and services, appliances, hardware supplies and tools, or any necessities of life.

1 (5) "Medical supplies" means items that are sold to be used for curative, prosthetic, or medical  
2 maintenance purposes, whether or not prescribed by a physician.

3 (6) "Medicine" means substances sold for curative or remedial properties, including both physician-  
4 prescribed and over-the-counter medications.

5 (7) "Outdoor gear" means gear for camping, hunting, hiking, skiing, biking, fishing, rafting, and other  
6 outdoor activities.

7  
8 **NEW SECTION. Section 2. Local option taxing authority -- specific delegation.** As required by 7-  
9 1-112, [sections 1 through 23] specifically delegate to the qualified electors each respective municipality,  
10 consolidated city-county, county, or local option tax district the power to authorize their municipality,  
11 consolidated city-county, county, or local option tax district to impose a local option tax within the corporate  
12 boundary of the municipality, within the boundary of the consolidated city-county or county, or within the local  
13 option tax district.

14  
15 **NEW SECTION. Section 3. Limit on local option tax rate -- goods and services subject to tax.**

16 (1) The rate of a local option tax must be established by the election petition or resolution provided for in  
17 [section 4], but the rate may not exceed 4%.

18 (2) (a) A local option tax is a tax on the retail value of all goods and services sold, except for goods  
19 and services sold for resale, within a municipality, consolidated city-county, county, or local option tax district by  
20 the following establishments:

- 21 (i) hotels, motels, and other lodging or camping facilities, including vacation rentals;
- 22 (ii) restaurants, fast food stores, caterers, and other food service establishments;
- 23 (iii) taverns, bars, nightclubs, lounges, and other public establishments that serve beer, wine, liquor, or  
24 other alcoholic beverages by the drink;
- 25 (iv) destination ski resorts and other destination recreational facilities;
- 26 (v) outfitters, hunting guides, fishing guides, and rafting companies;
- 27 (vi) tour companies, including but not limited to those that provide bus, car, or walking tours; and
- 28 (vii) art galleries.

1 (b) Establishments that sell luxuries shall collect a tax on the luxuries.

2 (c) Establishments that sell outdoor gear shall collect a tax on the outdoor gear.

3

4 **NEW SECTION. Section 4. Local option tax -- election required -- procedure -- notice.** (1) A local  
5 option tax may not be imposed or, except as provided in [section 5], amended or repealed unless the local  
6 option tax question has been submitted to the qualified electors of the municipality, consolidated city-county,  
7 county, or proposed local option tax district and approved by a majority of the qualified electors voting on the  
8 question.

9 (2) The local option tax question may be presented to the qualified electors of:

10 (a) a municipality by a petition of the electors, as provided in 7-1-4130, 7-5-131 through 7-5-135, and  
11 7-5-137, or by a resolution of the governing body of the municipality;

12 (b) a county by a petition of electors, as provided in 7-5-131 through 7-5-135 and 7-5-137, or by a  
13 resolution of the board of county commissioners;

14 (c) a consolidated city-county by a petition of electors, as provided in 7-5-131 through 7-5-135 and 7-  
15 15-137, or by resolution of the governing body of the consolidated city-county; or

16 (d) a proposed local option tax district by a petition of electors, as provided in [section 11].

17 (3) The petition or resolution referring the local option tax question must state:

18 (a) the rate of the local option tax;

19 (b) the duration of the local option tax;

20 (c) the dates the local option tax will be collected;

21 (d) the date the local option tax becomes effective, which may not be earlier than 35 days after the  
22 election; and

23 (e) subject to [section 6], the purposes that may be funded by the local option tax revenue.

24 (4) On passage of a resolution or on receipt of an adequate petition, the governing body shall hold an  
25 election in accordance with Title 13, chapter 1, part 5.

26 (5) (a) Before the local option tax question is submitted to the qualified electors, the governing body  
27 shall provide notice of the goods and services subject to the local option tax by a method described in 13-1-  
28 108.

1 (b) The notice must be given two times, with at least 6 days separating the notices. The first notice  
2 must be no more than 45 days prior to the election, and the last notice must be no less than 30 days prior to the  
3 election.

4 (6) Notice of the election must be given as provided in 13-1-108 and must include the information  
5 contained in subsection (3) of this section.

6 (7) The question of the imposition of a local option tax may not be placed before the qualified electors  
7 more than once in any fiscal year.

8  
9 **NEW SECTION. Section 5. Local option tax administration.** (1) Not less than 30 days prior to the  
10 date the local option tax becomes effective, the governing body shall enact an administrative ordinance  
11 governing the collection and reporting of the local option tax. The administrative ordinance may be amended at  
12 any time as needed to effectively administer the local option tax.

13 (2) The administrative ordinance must specify:  
14 (a) the times that local option taxes collected by businesses are to be remitted to the governing body;  
15 (b) the office responsible for receiving and accounting for the local option tax receipts;  
16 (c) the office responsible for enforcing the collection of the local option taxes and the methods and  
17 procedures to be used in enforcing the collection of local option taxes due; and  
18 (d) the penalties for failure to report local option taxes due, failure to remit taxes due, and violations of  
19 the administrative ordinance. The penalties may include:

20 (i) criminal penalties not to exceed a fine of \$1,000 or 6 months' imprisonment, or both;  
21 (ii) if the governing body prevails in a suit for the collection of local option taxes, civil penalties not to  
22 exceed 50% of the local option taxes found due plus the costs and attorney fees incurred by the governing  
23 body in the action;  
24 (iii) revocation of a county or municipal business license held by the offender; and  
25 (iv) any other penalties that may apply for violation of an ordinance.

26 (3) The administrative ordinance may include:  
27 (a) further clarification and specificity in the categories of goods and services that are subject to the  
28 local option tax consistent with [section 3];

1 (b) authorization for business administration and prepayment discounts. The discount authorization  
2 may allow each vendor and commercial establishment to:

3 (i) withhold up to 5% of the local option taxes collected to defray their costs of administering the tax  
4 collection; or

5 (ii) receive a refund of up to 5% of the local option tax payment received from the vendor or  
6 establishment by the governing body 10 days prior to the collection due date established by the administrative  
7 ordinance; or

8 (c) other administrative details needed to efficiently and effectively administer the tax.  
9

10 **NEW SECTION. Section 6. Distribution of local option tax proceeds -- property tax relief. (1)**

11 After payment of the vendor allowance provided for in [section 5], the proceeds of a local option tax must be  
12 used as follows:

13 (a) 85% for residential property tax relief;

14 (b) 10% for affordable housing programs, including rental assistance programs; and

15 (c) 5% for administrative costs of the municipality, consolidated city-county, county, or local option tax  
16 district.

17 (2) The residential property tax relief may be calculated and distributed in any manner approved by  
18 the governing body.

19 (3) Unless otherwise restricted by the voter-approved authorization provided for in [section 4], the  
20 local option tax designated for affordable housing programs may be appropriated and expended for any  
21 affordable housing program.  
22

23 **NEW SECTION. Section 7. Use of local option tax revenue -- bond issues -- pledge. (1) A**

24 municipality, consolidated city-county, county, or local option tax district may issue bonds to provide, install, or  
25 construct any of the public facilities, improvements, or undertakings authorized under 7-7-4101, 7-7-4404, and  
26 7-12-4102.

27 (2) Bonds issued under this section must be authorized by a resolution of the municipality,  
28 consolidated city-county, county, or local option tax district stating the terms, conditions, and covenants that the

1 municipality, consolidated city-county, county, or local option tax district considers appropriate. The bonds may  
2 be sold at a discount at a public or private sale.

3 (3) A municipality, consolidated city-county, county, or local option tax district may pledge for  
4 repayment of bonds issued under this section the revenue derived from a local option tax, special assessments  
5 levied for and revenue collected from the facilities, improvements, or undertakings for which the bonds are  
6 issued, and any other source of revenue authorized by the legislature to be imposed or collected by the  
7 municipality, consolidated city-county, county, or local option tax district. The bonds do not constitute debt for  
8 the purposes of any statutory debt limitation provided that, in the resolution authorizing the issuance of the  
9 bonds, the municipality, consolidated city-county, county, or local option tax district determines that the local  
10 option tax revenue, special assessments levied for and revenue from the facilities, improvements, or  
11 undertakings, or other sources of revenue, if any, pledged to the payment of the bonds will be sufficient in each  
12 year to pay the principal and interest of the bonds when due.

13 (4) Bonds may not be issued that pledge proceeds of the local option tax for repayment unless the  
14 municipality, consolidated city-county, county, or local option tax district in the resolution authorizing issuance of  
15 the bonds determines that in any fiscal year the annual revenue expected to be derived from the local option  
16 tax less the amount required to reduce property taxes pursuant to [section 6] equals at least 125% of the  
17 average amount of the principal and interest payable from the local option tax on the bonds and any other  
18 outstanding bonds payable from the local option tax, except any bonds to be refunded on the issuance of the  
19 proposed bonds.

20  
21 **NEW SECTION. Section 8. Local option tax district authorized.** The qualified electors of a  
22 proposed local option tax district may create a local option tax district by proceeding under the provisions of  
23 [sections 8 through 23].

24  
25 **NEW SECTION. Section 9. Petition to create local option tax district.** (1) The qualified electors of  
26 a proposed local option tax district may present, at a regular meeting, a petition requesting the establishment of  
27 a local option tax district to the board of county commissioners of the county in which the proposed local option  
28 tax district is located. The petition must meet the requirements of 7-5-131 through 7-5-135 and 7-5-137.

1 (2) The petition must include a description or map of the proposed local option tax district boundaries.

2

3 **NEW SECTION. Section 10. Local option tax district -- notice of petition -- hearing required.** (1)

4 The board of county commissioners shall publish the text of the petition described in [section 9], as provided in  
5 7-1-2121, in the county in which the proposed local option tax district lies and shall publish the date, time, and  
6 place that a public hearing on the petition will be held.

7 (2) In addition to the requirements of subsection (1), the board of county commissioners shall publish  
8 the text of the petition described in [section 9] in a newspaper of general circulation in the county within which  
9 the proposed local option tax district lies.

10 (3) A person wishing to comment on the creation of the proposed local option tax district may file, by  
11 first-class mail or otherwise, comments with the clerk and recorder of the county in which the proposed local  
12 option tax district lies.

13

14 **NEW SECTION. Section 11. Local option tax district -- hearing on petition.** (1) At the hearing for  
15 which notification has occurred under [section 10], the board of county commissioners shall accept comments  
16 supporting and opposing the petition. The board of county commissioners may adjourn the hearing from time to  
17 time, but the hearing must be completed within 4 weeks of its commencement.

18 (2) On concluding the hearing on the petition, the board of county commissioners shall determine  
19 whether the petition complies with the requirements of [sections 8 through 23] and enter its determination into  
20 the minutes of a regularly scheduled meeting.

21

22 **NEW SECTION. Section 12. Local option tax district -- election required -- notice.** (1) On a  
23 determination that the petition complies with the provisions of [sections 8 through 23], the board of county  
24 commissioners of the county in which the local option tax district lies shall conduct an election in accordance  
25 with Title 13, chapter 1, part 5.

26 (2) Notice of the election must be made as provided in 13-1-108 and must:

27 (a) describe the purpose of the proposed local option tax district; and

28 (b) state the name of the proposed local option tax district, which must include the words "local option

1 tax district".

2

3 NEW SECTION. Section 13. Resolution creating local option tax district on favorable vote. (1) If  
4 a majority of the votes cast on the question of creating the local option tax district are in favor of creating the  
5 local option tax district, the board of county commissioners shall enter into its minutes an order, by resolution,  
6 creating the local option tax district.

7 (2) Immediately following adoption of the resolution creating the local option tax district, the board of  
8 county commissioners shall file with the secretary of state and the county clerk and recorder a copy of the  
9 resolution.

10

11 NEW SECTION. Section 14. General powers of local option tax district. (1) A local option tax  
12 district may:

- 13 (a) have perpetual succession;
- 14 (b) sue and be sued in any court of competent jurisdiction;
- 15 (c) acquire by any legal means real and personal property necessary to the full exercise of its powers;
- 16 (d) make contracts, employ labor, and do all acts necessary for the full exercise of its powers; and
- 17 (e) issue and repay bonds as provided in 7-6-1542.

18 (2) (a) Subject to subsection (2)(b), the board of directors for a local option tax district that does not  
19 have perpetual succession may submit the question of extension of the term of the local option tax district  
20 directly to the qualified electors in an election conducted in accordance with Title 13, chapter 1, part 5. If the  
21 electorate extends the term of the local option tax district, the provisions of this part continue to apply.

22 (b) The board of directors may not submit a question to the qualified electors to extend the term of a  
23 local option tax district until the expiration of at least one-half of the existing term of the local option tax, as  
24 provided for in [section 4]. If a vote to extend the term fails, successive votes to extend the term may be taken  
25 no more than once each year.

26 (3) The board of directors shall exercise the powers described in [sections 8 through 23].

27

28 NEW SECTION. Section 15. Local option tax district board powers related to local option tax



1 **revenue -- bonds -- election -- restrictions.** (1) The board of directors of a local option tax district may:

2 (a) appropriate and expend revenue from a local option tax for any activity, undertaking, or  
3 administrative service authorized in the resolution creating a local option tax and adopting a local option tax;

4 (b) adopt administrative ordinances necessary to aid in the collection or reporting of local option tax  
5 and in the expenditure of local option tax revenue; and

6 (c) except as provided in subsection (2), if approved by four of the five board members, issue bonds  
7 to provide, install, or construct any of the public facilities, improvements, or capital projects authorized as  
8 provided in subsection (1)(a) and pledge for repayment of the bonds the revenue derived from the local option  
9 tax.

10 (2) A local option tax district may not issue bonds to construct any single-purpose public facility,  
11 improvement, or capital project in an amount exceeding \$500,000 without the approval of a majority of the  
12 qualified electors voting at an election conducted in accordance with Title 13, chapter 1, part 5.

13 (3) The provisions of [section 7(3)] apply to the issuance of bonds by a local option tax district, and  
14 the board of directors shall conclude that the projected useful life of the public facilities, improvements, or  
15 capital projects will be greater than the term of the bonds that were issued to construct the public facilities,  
16 improvements, or capital projects.

17 (4) Local option tax revenue that is pledged by a local option tax district to the repayment of bonds  
18 must be sufficient to pay the principal and interest on the bonds in each year when the principal and interest is  
19 due. Bonds do not constitute debt for the purpose of any statutory debt limitation. A local option tax district may  
20 not issue bonds pledging proceeds of the local option tax for repayment unless the board of directors in the  
21 resolution authorizing issuance of the bonds determines that the annual principal and interest payment on the  
22 bonds issued will not cumulatively exceed 25% of the average of local option tax revenue received by the  
23 district during the preceding 5 years. Bonds may not be issued for a term longer than the remaining duration of  
24 the local option tax district.

25

26 **NEW SECTION. Section 16. Local option tax district governed by board -- composition --**

27 **qualifications -- term of office.** (1) The board of directors is the governing body of the local option tax district  
28 and is composed of five members to be elected as provided in [section 17].

1 (2) To qualify for the board of directors, a person must be a resident of the local option tax district.

2 (3) Directors shall serve for a term of 4 years from the date of their election, except, of the directors  
3 elected at the first election, three directors shall serve for a term of 2 years and two directors shall serve for a  
4 term of 4 years.

5 (4) At the first meeting of the board, the directors shall determine by lot which of them shall serve the  
6 terms of less than 4 years. Each succeeding term is 4 years.

7  
8 **NEW SECTION. Section 17. Local option tax district board election.** (1) The first election of the  
9 board of directors and each succeeding election must be held in accordance with Title 13, chapter 1, part 5.

10 (2) A declaration of candidacy for the board of directors may be filed with the election administrator of  
11 the county conducting the election for the local option tax district. A declaration of candidacy must be filed  
12 within the time period specified in 13-1-502.

13 (3) (a) If the number of candidates filing a petition is insufficient to complete board membership, the  
14 existing board shall appoint as many members as are needed to complete the five-member board.

15 (b) An appointee to the board of directors must be elected by a majority of those voting at an election  
16 conducted on the date established pursuant to 13-1-504(1)(b) during the next year following the appointment. If  
17 an appointee does not receive a majority of votes cast in the election, the appointee's term expires, and the  
18 board of directors shall initiate the process described in this subsection (3).

19  
20 **NEW SECTION. Section 18. Local option tax district board -- vacancy.** (1) If a vacancy on the  
21 board of directors occurs by death, resignation, or removal from the local option tax district, the remaining  
22 directors shall appoint a director to fill the vacancy. The term of the appointment coincides with the term that  
23 became vacant.

24 (2) An appointee to the board of directors must be elected by a majority of those voting at an election  
25 conducted in accordance with Title 13, chapter 1, part 5, as soon as possible following the appointment. If an  
26 appointee does not receive a majority of the votes cast in the election, the appointee's term expires and the  
27 board shall initiate the process to fill the vacancy as provided in subsection (1).

28

1            NEW SECTION. Section 19. Local option tax district board -- meetings. (1) The board of directors  
2 shall meet at a regularly scheduled time and place. The board of directors shall provide public notice of any  
3 change in the time and place of the board meetings.

4            (2) All board of directors meetings are open to the public unless, under the terms of Article II, section  
5 9, of the Montana constitution or 2-3-203, the presiding officer determines that the demands of individual  
6 privacy clearly exceed the merits of public disclosure.

7            (3) A majority of the board of directors constitutes a quorum for the transaction of business.

8            (4) The board of directors may act only by ordinance or resolution.

9

10           NEW SECTION. Section 20. Local option tax -- revisions of boundaries -- election. (1) Property  
11 may be annexed into or removed from a local option tax district as provided in this section.

12           (2) The governing body may recommend that property be annexed into or removed from a local  
13 option tax district. Property annexed into a local option tax district must be contiguous to the existing local  
14 option tax district.

15           (3) If the board of directors of a local option tax district recommends annexation or removal, the board  
16 shall submit its recommendation to the board of county commissioners, along with a description or map of the  
17 existing district and a description or map of the area proposed to be annexed or removed.

18           (4) The governing body shall give notice as required in 13-1-108 of the election to be held in the area  
19 proposed to be annexed into or removed from the local option tax district. The election must be held in  
20 accordance with Title 13, chapter 1, part 5.

21           (5) If a majority of the votes cast by qualified electors on the question of annexation or removal of the  
22 property are in favor of annexation or removal, the governing body shall enter into its minutes an order, by  
23 resolution, annexing or removing the property and shall cause to be created a map of the local option tax  
24 district that shows the annexed property or the removed property. Immediately following the adoption of the  
25 resolution, the governing body shall file with the county clerk and recorder a copy of the resolution and the map.

26           (6) The local option tax district that governed the district before the election shall continue to operate,  
27 and the members shall continue to serve the members' terms. On occurrence of a vacancy or the expiration of  
28 a member's term, residents of the area that has been annexed are eligible for election or appointment to the

1 board of directors under the provisions of [sections 16 through 18].

2

3 **NEW SECTION. Section 21. Referendum to dissolve local option tax district.** (1) On receipt of a  
4 petition to dissolve the local option tax district, signed by more than 50% of the qualified electors of the local  
5 option tax district, the board of directors shall set a date for a public hearing on dissolution of the local option  
6 tax district. The hearing date must be at least 45 days and no more than 60 days after the date on which the  
7 board schedules the date of the hearing. A notice of the public hearing on dissolution must be published as  
8 provided in 7-1-2121. The published notice must include notice to creditors of the local option tax district to  
9 present claims owed by the local option tax district to the board of directors prior to the date set for the  
10 dissolution hearing.

11 (2) After the hearing, the board of directors shall submit the question of the local option tax district's  
12 dissolution to a vote of the qualified electors voting in an election conducted in accordance with Title 13,  
13 chapter 1, part 5.

14

15 **NEW SECTION. Section 22. Resolution dissolving local option tax district on favorable vote.**  
16 (1) If a majority of the votes cast on the question of dissolving the local option tax district are in favor of  
17 dissolving the local option tax district, the board of county commissioners shall enter into its minutes an order,  
18 by resolution, dissolving the local option tax district. The resolution must contain, explicitly or by reference, an  
19 orderly plan of dissolution that includes distribution of any remaining revenue:

20 (a) to the county general fund; or

21 (b) for property tax relief within the local option tax district.

22 (2) Immediately following adoption of the resolution dissolving the local option tax district, the board of  
23 county commissioners shall file with the secretary of state and the county clerk and recorder a copy of the  
24 resolution.

25 (3) The local option tax district is dissolved as provided in the plan of dissolution.

26

27 **NEW SECTION. Section 23. Coordination with other local option taxes.** (1) A geographic area  
28 may only be subject to one local option tax.

1           (2) A local option tax may not be imposed in a resort community, resort area, or resort area district  
 2 that existed before [the effective date of this act]. However, an existing resort community, resort area, or resort  
 3 area district may elect to terminate its resort tax and subject itself to a local option tax.

4

5           **Section 24.** Section 7-7-4424, MCA, is amended to read:

6           **"7-7-4424. Undertakings to be self-supporting.** (1) (a) Except as provided in subsections (1)(b)  
 7 and (1)(c), the governing body of a municipality issuing bonds pursuant to this part shall prescribe and collect  
 8 reasonable rates, fees, or charges for the services, facilities, and commodities of the undertaking and shall  
 9 revise the rates, fees, or charges from time to time whenever necessary so that the undertaking is and remains  
 10 self-supporting.

11           (b) The property taxes specifically authorized to be levied for the general purpose served by an  
 12 undertaking ~~or~~ of any resort taxes approved, levied, and appropriated to an undertaking in compliance with 7-6-  
 13 1501 through 7-6-1509, or any local option taxes approved, levied, and appropriated to an undertaking in  
 14 compliance with [sections 1 through 23] constitute revenue of the undertaking and may not result in an  
 15 undertaking being considered not self-supporting.

16           (c) Revenue from assessments and fees enacted by local ordinance constitutes revenue of the  
 17 undertaking and may not result in an undertaking being considered not self-supporting.

18           (2) The rates, fees, or charges prescribed, along with any appropriated property tax collections, local  
 19 option tax collections, or resort tax collections, must produce revenue at least sufficient to:

20           (a) pay when due all bonds and interest on the bonds for the payment of which the revenue has been  
 21 pledged, charged, or otherwise encumbered, including reserves for the bonds; and

22           (b) provide for all expenses of operation and maintenance of the undertaking, including reserves."

23

24           **Section 25.** Section 7-7-4428, MCA, is amended to read:

25           **"7-7-4428. Covenants in resolution authorizing issuance of bonds.** Any resolution or resolutions  
 26 authorizing the issuance of bonds under this part may contain covenants as to:

27           (1) the purpose or purposes to which the proceeds of sale of the bonds may be applied and the  
 28 disposition of the proceeds;

1           (2) the use and disposition of the revenue of the undertaking for which the bonds are to be issued,  
 2 including the creation and maintenance of reserves and including the pledge or appropriation of all or a portion  
 3 of the property and resort tax revenue referred to in 7-7-4424 or the local option tax revenue referred to in  
 4 [section 7];

5           (3) the transfer, from the general fund of the municipality to the account or accounts of the  
 6 undertaking, of an amount equal to the cost of furnishing the municipality or any of its departments, boards, or  
 7 agencies with the services, facilities, or commodities of the undertaking;

8           (4) the issuance of other or additional bonds payable from the revenue of the undertaking;

9           (5) the operation and maintenance of the undertaking;

10           (6) the insurance to be carried on the undertaking and the use and disposition of insurance money;

11           (7) books of account and the inspection and audit of the books; and

12           (8) the terms and conditions upon which the holders or trustees of the bonds or any proportion of the  
 13 bonds are entitled to the appointment of a receiver by the district court having jurisdiction. The receiver may:

14           (a) enter and take possession of the undertaking;

15           (b) operate and maintain the undertaking;

16           (c) prescribe rates, fees, or charges, subject to the approval of the public service commission; and

17           (d) collect, receive, and apply all revenue thereafter arising from the undertaking in the same manner  
 18 as the municipality itself might do."

19

20           NEW SECTION. Section 26. Codification instruction. [Sections 1 through 23] are intended to be  
 21 codified as an integral part of Title 7, chapter 6, and the provisions of Title 7, chapter 6, apply to [sections 1  
 22 through 23].

23

24           NEW SECTION. Section 27. Saving clause. [This act] does not affect rights and duties that  
 25 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

26

27           NEW SECTION. Section 28. Effective date. [This act] is effective on passage and approval.

28

- END -