

HOUSE BILL NO. 561
INTRODUCED BY J. MUSGROVE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING COUNTY DEBT LIMITS; OUTLINING THE INFORMATION TO BE INCLUDED IN A BOND QUESTION SUBMITTED TO THE ELECTORS; REQUIRING TWO-THIRDS APPROVAL FOR THE ISSUANCE OF THE BONDS OR INCURRENCE OF OTHER INDEBTEDNESS EXCEEDING THE LIMITATION IF MORE THAN 30 PERCENT BUT LESS THAN 40 PERCENT OF THE QUALIFIED ELECTORS VOTE; AMENDING SECTIONS 7-7-2101, 7-7-2237, 7-14-2524, AND 7-14-2525, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 7-7-2101, MCA, is amended to read:

"7-7-2101. Limitation on amount of county indebtedness. (1) Except as provided in subsection (3), a county may not issue bonds or incur other indebtedness for any purpose in an amount, including existing indebtedness, that in the aggregate exceeds 1.4% of the total assessed value of taxable property, determined as provided in 15-8-111, within the county, as ascertained by the last assessment for state and county taxes.

(2) Except as provided in 7-7-2402 and 7-21-3413, a county may not incur indebtedness or liability for any single purpose to an amount exceeding \$500,000 without the approval of a majority of the electors of the county voting at an election as provided by law.

(3) (a) A county may issue bonds or incur other indebtedness for any purpose in an amount, including existing indebtedness, that in the aggregate exceeds 1.4% but is no more than 3% of the total assessed value of taxable property, determined as provided in 15-8-111, within the county, as ascertained by the last assessment for state and county taxes, if the bonds or other indebtedness are authorized at a special election that is conducted by mail ballot, as provided in Title 13, chapter 19, at a special election held in conjunction with a regular or primary election, or at a general election at which the question is submitted to the registered electors of the county pursuant to 7-7-2223.

(b) The question submitted to the registered electors of the county pursuant to subsection (3)(a) must include the purpose for which the bonds are to be issued, the amount of the bonds, the term of years for which the bonds are to be paid, and the percentage exceeding 1.4% of the total assessed value of taxable property that is necessary to issue the bonds.

(c) Approval or rejection of the measure is determined pursuant to 7-7-2237.

~~(3)~~(4) This section does not apply to the acquisition of conservation easements as set forth in Title 76, chapter 6."

Section 2. Section 7-7-2237, MCA, is amended to read:

"7-7-2237. Percentage of electors required to authorize bond issue. Whenever the question of issuing county bonds for any purpose is submitted to the registered electors of a county at a general election, at an election that is conducted by mail ballot, as provided in Title 13, chapter 19, or at a special election that is held in conjunction with a regular or primary election, the determination of the approval or rejection of the bond proposition is made in the following manner:

- (1) determine the total number of electors who were qualified to vote in the bond election;
- (2) determine the total number of qualified electors who voted in the bond election from the tally sheet or sheets for the election;
- (3) calculate the percentage of qualified electors voting at the bond election by dividing the number determined in subsection (2) by the number determined in subsection (1); and
- (4) when the calculated percentage in subsection (3) is 40% or more, the bond proposition is considered approved and adopted if a majority of the votes cast were in favor of the proposition, otherwise it is considered rejected; or
- (5) except as provided in subsection (6), when the calculated percentage in subsection (3) is more than 30% but less than 40%, the bond proposition is considered approved and adopted if 60% or more of the votes cast were in favor of the proposition, otherwise it is considered rejected; ~~or~~
- (6) when the question before the electors is submitted pursuant to 7-7-2101(3) and the calculated percentage of qualified electors in subsection (3) of this section is more than 30% but less than 40%, the bond proposition is considered approved and adopted if two-thirds or more of the votes cast were in favor of the proposition, otherwise it is considered rejected; or
- ~~(6)~~(7) when the calculated percentage in subsection (3) is 30% or less, the bond proposition is considered rejected."

Section 3. Section 7-14-2524, MCA, is amended to read:

"7-14-2524. Limitation on amount of bonds issued. (1) Except as otherwise provided in 7-7-2203, 7-7-2204, and this section, a county may not issue bonds in an amount that, with all outstanding bonds and

warrants except emergency bonds, exceeds 0.68% of the total assessed value of taxable property, determined as provided in 15-8-111, within the county, as ascertained by the last assessment for state and county taxes.

(2) Except as provided in 7-7-2101(3), a A county may issue bonds in an amount that, with all outstanding bonds and warrants, exceeds 0.68% but does not exceed 1.4% of the total assessed value of taxable property, determined as provided in 15-8-111, when necessary for the purpose of replacing, rebuilding, or repairing county buildings, bridges, or highways that have been destroyed or damaged by an act of God or by a disaster, catastrophe, or accident.

(3) Except as provided in 7-7-2101(3), the The value of the bonds issued and all other outstanding indebtedness of the county may not exceed 1.4% of the total assessed value of taxable property, determined as provided in 15-8-111, within the county, as ascertained by the last assessment for state and county taxes prior to the issuance of the bonds."

Section 4. Section 7-14-2525, MCA, is amended to read:

"7-14-2525. Refunding agreements and refunding bonds authorized. (1) Whenever the total indebtedness of a county exceeds 1.4% of the total assessed value of taxable property, determined as provided in 15-8-111, within the county and the limitation established in 7-7-2101 and the board determines that the county is unable to pay the indebtedness in full, the board may:

(a) negotiate with the bondholders for an agreement under which the bondholders agree to accept less than the full amount of the bonds and the accrued unpaid interest in satisfaction of the bonds;

(b) enter into the agreement;

(c) issue refunding bonds for the amount agreed upon.

(2) These bonds may be issued in more than one series, and each series may be either amortization or serial bonds.

(3) The plan agreed upon between the board and the bondholders must be embodied in full in the resolution providing for the issuance of the bonds."

NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2007.

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