

HOUSE BILL NO. 301

INTRODUCED BY D. HALVORSON

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A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE DEBT LIMIT FOR AN ELEMENTARY DISTRICT OR A HIGH SCHOOL DISTRICT TO 100% OF THE TAXABLE VALUE OF THE PROPERTY SUBJECT TO TAXATION; AMENDING SECTIONS 20-9-406 AND 20-9-407, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 20-9-406, MCA, is amended to read:

**"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support payment.** (1) (a) Except as provided in subsection (1)(c), the maximum amount for which an elementary district or a high school district may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations of the district, is ~~50%~~ 100% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

(b) Except as provided in subsection (1)(c), the maximum amount for which a K-12 school district, as formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations of the district, is up to 100% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

(c) (i) The maximum amount for which an elementary district or a high school district with a district mill value per elementary ANB or per high school ANB that is less than the facility guaranteed mill value per elementary ANB or high school ANB under 20-9-366 may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations of the district, is 50% of the corresponding facility guaranteed mill value per ANB times



1 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may become  
2 indebted is 50% of the sum of the facility guaranteed mill value per elementary ANB times 1,000 times the  
3 elementary ANB of the district and the facility guaranteed mill value per high school ANB times 1,000 times the  
4 high school ANB of the district. For the purpose of calculating ANB under this subsection, a district may use the  
5 greater of the current year ANB or the 3-year ANB calculated under 20-9-311.

6 (ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded  
7 indebtedness under this subsection (1)(c), a district may include the ANB of the district plus the number of  
8 students residing within the district for which the district or county pays tuition for attendance at a school in an  
9 adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum  
10 indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual  
11 agreement. For the purpose of calculating ANB under this subsection, a district may use the greater of the current  
12 year ANB or the 3-year ANB calculated under 20-9-311.

13 (2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by  
14 special improvement district obligations or assessments against the school district or to general obligation bonds  
15 issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the  
16 amount are void, except as provided in this section.

17 (3) The maximum amount of impact aid revenue bonds that an elementary district, high school district,  
18 or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of  
19 the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the  
20 issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal  
21 and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic support  
22 payments of the school district for the current year.

23 (4) When the total indebtedness of a school district has reached the limitations prescribed in this section,  
24 the school district may pay all reasonable and necessary expenses of the school district on a cash basis in  
25 accordance with the financial administration provisions of this chapter.

26 (5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt  
27 service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the  
28 refunding bond issue is decreased accordingly.

29 (6) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue  
30 received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education

1 under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707."

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3 **Section 2.** Section 20-9-407, MCA, is amended to read:

4 **"20-9-407. Industrial facility agreement for bond issue in excess of maximum.** (1) In a school district  
5 within which a new major industrial facility that seeks to qualify for taxation as class five property under 15-6-135  
6 is being constructed or is about to be constructed, the school district may require, as a precondition of the new  
7 major industrial facility qualifying as class five property, that the owners of the proposed industrial facility enter  
8 into an agreement with the school district concerning the issuing of bonds in excess of the ~~50%~~ limitation  
9 prescribed in 20-9-406. Under an agreement, the school district may, with the approval of the voters, issue bonds  
10 that exceed the limitation prescribed in this section by a maximum of ~~50%~~ 100% of the estimated taxable value  
11 of the property of the new major industrial facility subject to taxation when completed. The estimated taxable value  
12 of the property of the new major industrial facility subject to taxation must be computed by the department of  
13 revenue when requested to do so by a resolution of the board of trustees of the school district. A copy of the  
14 department's statement of estimated taxable value must be printed on each ballot used to vote on a bond issue  
15 proposed under this section.

16 (2) Pursuant to the agreement between the new major industrial facility and the school district and as  
17 a precondition to qualifying as class five property, the new major industrial facility and its owners shall pay, in  
18 addition to the taxes imposed by the school district on property owners generally, as much of the principal and  
19 interest on the bonds provided for under this section as represents payment on an indebtedness in excess of the  
20 limitation prescribed in 20-9-406. After the completion of the new major industrial facility and when the  
21 indebtedness of the school district no longer exceeds the limitation prescribed in this section, the new major  
22 industrial facility is entitled, after all the current indebtedness of the school district has been paid, to a tax credit  
23 over a period of no more than 20 years. The credit must as a total amount be equal to the amount that the facility  
24 paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within  
25 the district.

26 (3) A major industrial facility is a facility subject to the taxing power of the school district, whose  
27 construction or operation will increase the population of the district, imposing a significant burden upon the  
28 resources of the district and requiring construction of new school facilities. A significant burden is an increase in  
29 ANB of at least 20% in a single year."

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