

SENATE BILL NO. 209

INTRODUCED BY ARTHUN, BANGERTER

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A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING RESORT AREA DISTRICTS TO ISSUE BONDS AND PROVIDE FOR REPAYMENT; AMENDING SECTIONS 7-6-1506, 7-6-1541, AND 7-6-1542, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-6-1506, MCA, is amended to read:

"7-6-1506. Use of resort community tax ~~revenues~~ revenue -- bond issue -- pledge. (1) Unless otherwise restricted by the voter-approved tax authorization provided for in 7-6-1504, a resort community or a resort area district as defined in 7-6-1531 may appropriate and expend ~~revenues~~ revenue derived from a resort tax for any activity, undertaking, or administrative service that the municipality or resort area district is authorized by law to perform, including costs resulting from the imposition of the tax.

(2) A resort community may issue bonds to provide, install, or construct any of the public facilities, improvements, or undertakings authorized under 7-7-4101, 7-7-4404, and 7-12-4102.

(3) Bonds issued under this section must be authorized by a resolution of the governing body, stating the terms, conditions, and covenants of the municipality or resort area district as the governing body considers appropriate. The bonds may be sold at a discount at a public or private sale.

~~(3)~~(4) A resort community may pledge for repayment of bonds issued under this section the ~~revenues~~ revenue derived from a resort tax, special assessments levied for and ~~revenues~~ revenue collected from the facilities, improvements, or undertakings for which the bonds are issued, and any other source of revenue authorized by the legislature to be imposed or collected by the resort community. ~~Such~~ The bonds do not constitute debt for purposes of any statutory debt limitation, provided that in the resolution authorizing the issuance of the bonds the municipality determines that the resort tax ~~revenues~~ revenue, special assessments levied for and ~~revenues~~ revenue from ~~such~~ the facilities, improvements or undertakings, or other sources of revenue, if any, pledged to the payment of the bonds will be sufficient in each year to pay the principal ~~thereof~~ and interest ~~thereon~~ on the bonds when due.

(5) Bonds may not be issued pledging proceeds of the resort tax for repayment unless the municipality

1 in the resolution authorizing issuance of the bonds determines that in any fiscal year the annual ~~revenues~~ revenue
 2 expected to be derived from the resort tax, less the amount required to reduce property taxes pursuant to
 3 7-6-1507, equals at least 125% of the average amount of the principal and interest payable from the resort tax
 4 ~~revenues~~ revenue on the bonds and any other outstanding bonds payable from the resort tax except any bonds
 5 to be refunded upon the issuance of the proposed bonds."

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7 **Section 2.** Section 7-6-1541, MCA, is amended to read:

8 **"7-6-1541. General powers of resort area district.** (1) A resort area district created under 7-6-1531
 9 through 7-6-1550 may:

10 (a) have perpetual succession;

11 (b) sue and be sued in any court of competent jurisdiction;

12 (c) acquire by any legal means real and personal property necessary to the full exercise of its powers;

13 ~~and~~

14 (d) make contracts, employ labor, and do all acts necessary for the full exercise of its powers; and

15 (e) issue and repay bonds as provided in 7-6-1542.

16 (2) (a) The board for a resort area district that does not have perpetual succession may submit the
 17 question of extension of the term of the resort area district directly to the voters. If the electorate extends the term
 18 of the resort area district, the provisions of this part continue to apply.

19 (b) The board may not submit a question to the voters to extend the term of a resort area district until
 20 the expiration of at least half the existing term of the resort tax, as provided for in 7-6-1504. If a vote to extend
 21 the term fails, successive votes to extend the term may be taken no more than once each year.

22 (3) The board shall exercise the powers described in 7-6-1531 through 7-6-1550."

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24 **Section 3.** Section 7-6-1542, MCA, is amended to read:

25 **"7-6-1542. Resort area district board powers related to administration and expenditure of resort**
 26 **tax revenue -- authorization to issue bonds -- restrictions.** (1) The board of a resort area district created under
 27 7-6-1531 through 7-6-1550 may:

28 ~~(+)~~(a) appropriate and expend revenue from a resort tax for any activity, undertaking, or administrative
 29 service authorized in the resolution creating a resort area and adopting a resort tax; ~~and~~

30 ~~(-)~~(b) adopt administrative ordinances necessary to aid in the collection or reporting of resort taxes and

1 in the expenditure of resort tax revenue; and

2 (c) if approved by four of the five board members, issue bonds to provide, install, or construct any of the
3 public facilities, improvements, or ~~undertakings~~ CAPITAL PROJECTS authorized as provided in subsection (1)(a) and
4 pledge for repayment of the bonds the revenue derived from the resort tax.

5 (2) The provisions of 7-6-1506(3) apply to the issuance of bonds by a resort area district, EXCEPT FOUR
6 OF THE FIVE BOARD MEMBERS SHALL CONCLUDE THAT THE PROJECTED USEFUL LIFE OF THE PUBLIC FACILITIES,
7 IMPROVEMENTS, OR CAPITAL PROJECTS WILL BE GREATER THAN THE TERM OF THE BONDS THAT WERE ISSUED TO
8 CONSTRUCT THE PUBLIC FACILITIES, IMPROVEMENTS, OR CAPITAL PROJECTS.

9 (3) Resort tax revenue that is pledged by a resort area district to the repayment of bonds must be
10 sufficient to pay the principal and interest on the bonds in each year when the principal and interest is due. Bonds
11 do not constitute debt for the purpose of any statutory debt limitation. A resort area district may not issue bonds
12 pledging proceeds of the resort tax for repayment unless the board in the resolution authorizing issuance of the
13 bonds determines that the ANNUAL principal and interest is not greater than PAYMENT ON THE BONDS ISSUED WILL
14 NOT CUMULATIVELY EXCEED 25% of the average of resort tax revenue received by the district during the preceding
15 5 years. Bonds may not be issued for a term longer than the remaining duration of the resort area district."

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

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