

## 1 SENATE BILL NO. 271

2 INTRODUCED BY F. THOMAS

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 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS GOVERNING DISSOLUTION OF WATER AND  
 5 SEWER DISTRICTS; ALLOWING A PROCESS OF DISSOLUTION TO BE INITIATED BY A DISTRICT BOARD  
 6 AND REFERRED TO THE ELECTORS OF A DISTRICT UNDER CERTAIN CIRCUMSTANCES; AMENDING  
 7 SECTION 7-13-2351, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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 11 **Section 1.** Section 7-13-2351, MCA, is amended to read:  
 12 **"7-13-2351. Dissolution of district by petition.** (1) A district may be dissolved as provided in [section  
 13 2] or this section.

14 (2) Upon receipt of a petition to dissolve the district, signed by more than 50% of the freeholders property  
 15 owners of the district, the board of directors shall set a date for a public hearing on dissolution of the district. The  
 16 hearing date may be not earlier than 45 days or later than 60 days after the date on which the board schedules  
 17 the date of the hearing. A notice of the public hearing on the dissolution must be published as provided in  
 18 7-1-2121. The published notice must include notice to creditors of the district to present claims owed by the  
 19 district to the board of directors prior to the date set for the dissolution hearing.

20 ~~(2)~~(3) At the dissolution hearing the board of directors shall hear testimony of all persons interested in  
 21 whether the district should be dissolved and shall determine whether there are any outstanding debts of the  
 22 district.

23 ~~(3)~~(4) After the hearing, if the board determines that dissolution of the district is in the best interest of the  
 24 public and that there are no outstanding debts of the district, it may resolve to recommend that the district be  
 25 dissolved. A copy of the resolution must be sent to the county commissioners of the county or counties in which  
 26 the district is located.

27 ~~(4)~~(5) The district is dissolved after the approval of the dissolution by all the boards of county  
 28 commissioners of the counties in which the district is located. An instrument approving dissolution must be filed  
 29 with the clerk and recorder of the county or counties in which the district is located, who shall then ~~cause a copy~~  
 30 ~~of the instrument to be filed with~~ notify the secretary of state.

1           ~~(5)~~(6) Any assets of the district after dissolution ~~shall~~ must be distributed according to a specific plan  
 2 adopted by the board of directors after a public hearing and ~~set forth as provided~~ in the resolution recommending  
 3 that the district be dissolved."

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 5           NEW SECTION. Section 2. Dissolution of district by special election. (1) The board of directors  
 6 may, after notice is given as provided in 7-1-2121, hold a hearing for dissolution of the district if:

7           (a) the district has no facilities;

8           (b) the district provides no services;

9           (c) the board ~~has not entered into any~~ IS NOT A PARTY TO ANY EXISTING contracts and is not engaged in  
 10 any contract proposals for facilities or services; and

11           (d) the district has not had outstanding debts for at least 3 years.

12           (2) At the dissolution hearing, the board of directors shall hear testimony of all persons interested in  
 13 whether the district should be dissolved.

14           (3) If the board of directors determines that the dissolution of the district is in the best interests of the  
 15 public, the board may resolve to recommend that the district be dissolved. The recommendation must include  
 16 a specific plan for distribution of any remaining assets after dissolution and must be provided to the board of  
 17 county commissioners in each county in which the district is located.

18           (4) Upon receipt of a recommendation for dissolution, the board of county commissioners in each county  
 19 in which the district lies shall order a referendum on the proposed dissolution. The referendum must be held in  
 20 conjunction with a regular or primary election or must be conducted by mail ballot election as provided in Title  
 21 13, chapter 19.

22           (5) If the majority of votes cast at the election by qualified electors of the district are in favor of dissolving  
 23 the district, each board of county commissioners shall by order declare the district dissolved.

24           (6) Upon dissolution of the district by each board of county commissioners, the clerk of each county in  
 25 which the district was located shall immediately send written notice to the secretary of state and shall record a  
 26 certificate stating that the district is dissolved.

27           (7) Any assets of the district after dissolution must be distributed according to the plan adopted by the  
 28 board of directors under subsection (3).

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 30           NEW SECTION. Section 3. Codification instruction. [Section 2] is intended to be codified as an

1 integral part of Title 7, chapter 13, part 23, and the provisions of Title 7, chapter 13, part 23, apply to [section 2].

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

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