

## 1 HOUSE BILL NO. 620

2 INTRODUCED BY K. WHITE

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAXATION AND THE DISTRIBUTION OF  
5 TAX REVENUE; ENACTING A GENERAL STATEWIDE SALES TAX AND USE TAX; ELIMINATING PROPERTY  
6 TAX LEVY AUTHORITY FOR LOCAL GOVERNMENTS AND SCHOOLS; REPLACING CERTAIN STATE MILL  
7 LEVIES WITH A STATE MILL LEVY ON CENTRALLY ASSESSED PROPERTY FOR SCHOOL FUNDING;  
8 REQUIRING THE DEPARTMENT OF REVENUE TO CLOSE COUNTY PROPERTY TAX ADMINISTRATION  
9 OFFICES; PROVIDING FOR AN EXEMPTION FROM THE STATE MILL LEVY FOR CERTAIN PROPERTY;  
10 REVISING SCHOOL FUNDING; AUTHORIZING THE DEPARTMENT OF REVENUE TO ENTER INTO THE  
11 STREAMLINED SALES TAX AND USE TAX AGREEMENT; IMPLEMENTING APPROPRIATE PROVISIONS  
12 OF THE STREAMLINED SALES TAX AND USE TAX AGREEMENT; ALLOWING VARIOUS SALES TAX AND  
13 USE TAX EXEMPTIONS, INCLUDING FOOD AND MEDICAL; PROVIDING AN EXEMPTION FROM SALES  
14 AND USE TAXES FOR A CENTRALLY ASSESSED PROPERTY TAXPAYER; PROVIDING A GENERAL SALES  
15 TAX AND USE TAX EXEMPTION DURING A CERTAIN STATUTORY TIME PERIOD; ELIMINATING THE  
16 RESALE EXEMPTION IN THE SALES AND USE TAX FOR CERTAIN PROPERTY AND SERVICES;  
17 PROVIDING A STATUTORY APPROPRIATION FOR THE DISTRIBUTION OF SALES AND USE TAX  
18 REVENUE TO LOCAL GOVERNMENTS; ESTABLISHING THE CRITICAL NEEDS ASSESSMENT  
19 COMMISSION FOR CONSIDERATION OF LOCAL GOVERNMENT SUPPLEMENTAL FUNDING REQUESTS;  
20 PROVIDING FOR A 100% STATE-FUNDED SCHOOL DISTRICT BUDGET; PROVIDING STATE FUNDING TO  
21 SCHOOL DISTRICTS FOR TRANSPORTATION AND RETIREMENT; ESTABLISHING THE SCHOOL  
22 INFRASTRUCTURE NEEDS ASSESSMENT COMMISSION FOR CONSIDERATION OF SCHOOL DISTRICT  
23 SUPPLEMENTAL FUNDING REQUESTS; CREATING A SCHOOL DISTRICT LOCAL CONTROL AND  
24 EFFICIENCY FUND FOR DISCRETIONARY EXPENSES; PROVIDING FOR DISTRIBUTION OF NONLEVY  
25 REVENUE TO LOCAL CONTROL AND EFFICIENCY FUNDS OF CERTAIN DISTRICTS; PROVIDING  
26 TRANSITION SECTIONS; CREATING A STATE DEBT FOR PAYMENT OF SCHOOL DISTRICTS BONDED  
27 INDEBTEDNESS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 1-2-112, 1-2-113, 2-2-121,  
28 2-7-514, 2-9-212, 2-9-316, 2-16-117, 2-18-703, 7-1-112, 7-1-114, 7-1-2103, 7-1-4123, 7-2-2730, 7-2-2745,  
29 7-2-2746, 7-2-2747, 7-2-2749, 7-2-2751, 7-2-2759, 7-2-2807, 7-2-4625, 7-2-4918, 7-3-175, 7-3-184, 7-3-1104,  
30 7-3-1223, 7-3-1230, 7-3-1313, 7-3-4312, 7-3-4313, 7-4-2504, 7-5-131, 7-6-502, 7-6-621, 7-6-1502, 7-6-1506,

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4 7-12-4161, 7-12-4162, 7-12-4222, 7-12-4225, 7-12-4252, 7-12-4255, 7-12-4256, 7-12-4337, 7-13-114, 7-13-142,  
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6 7-13-4406, 7-13-4502, 7-14-111, 7-14-1111, 7-14-1131, 7-14-1133, 7-14-1134, 7-14-1632, 7-14-2101, 7-14-2502,  
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8 7-15-4279, 7-15-4281, 7-15-4283, 7-15-4284, 7-15-4288, 7-15-4289, 7-15-4290, 7-15-4292, 7-15-4301,  
9 7-15-4324, 7-15-4532, 7-16-101, 7-16-2102, 7-16-2108, 7-16-2109, 7-16-4112, 7-16-4114, 7-21-3203, 7-21-3411,  
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13 15-1-211, 15-1-303, 15-1-402, 15-2-301, 15-2-302, 15-2-306, 15-6-101, 15-6-122, 15-6-135, 15-6-137, 15-6-138,  
14 15-6-141, 15-6-145, 15-6-156, 15-6-157, 15-6-159, 15-6-215, 15-6-217, 15-6-223, 15-6-229, 15-7-101, 15-7-102,  
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19 15-68-101, 15-68-102, 15-68-110, 15-68-201, 15-68-202, 15-68-206, 15-68-207, 15-68-208, 15-68-209,  
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28 20-15-221, 20-15-231, 20-15-241, 20-15-301, 20-15-310, 20-15-311, 20-15-312, 20-15-324, 20-15-404,  
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30 23-4-303, 30-20-204, 39-71-403, 41-5-1804, 50-2-111, 53-3-115, 53-3-116, 53-20-208, 53-21-1010, 61-1-101,

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2 67-11-302, 67-11-303, 70-1-106, 75-10-112, 76-1-111, 76-1-403, 76-1-404, 76-1-406, 76-2-102, 76-2-205,  
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6 85-7-2103, 85-7-2104, 85-7-2118, 85-7-2119, 85-7-2132, 85-7-2137, 85-7-2142, 85-8-615, 85-8-617, 85-9-304,  
7 90-5-112, 90-6-304, 90-6-305, 90-6-307, AND 90-6-405, MCA; REPEALING SECTIONS 2-9-318, 7-2-2750,  
8 7-2-4111, 7-2-4810, 7-3-1310, 7-3-1311, 7-6-1507, 7-6-2521, 7-6-2522, 7-6-2524, 7-6-4014, 7-6-4035, 7-6-4036,  
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17 15-6-133, 15-6-134, 15-6-143, 15-6-301, 15-6-302, 15-6-305, 15-6-311, 15-7-110, 15-7-111, 15-7-112, 15-7-113,  
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27 19-13-214, 20-5-324, 20-6-412, 20-7-705, 20-7-714, 20-9-122, 20-9-141, 20-9-142, 20-9-152, 20-9-303,  
28 20-9-323, 20-9-331, 20-9-332, 20-9-333, 20-9-335, 20-9-343, 20-9-346, 20-9-348, 20-9-360, 20-9-361, 20-9-366,  
29 20-9-367, 20-9-368, 20-9-369, 20-9-370, 20-9-371, 20-9-401, 20-9-402, 20-9-403, 20-9-404, 20-9-405, 20-9-406,  
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 3 20-9-465, 20-9-471, 20-9-472, 20-9-473, 20-9-474, 20-9-502, 20-9-503, 20-9-505, 20-9-506, 20-9-508, 20-9-515,  
 4 20-9-516, 20-9-533, 20-9-534, 20-9-543, 20-9-544, 20-9-615, 20-9-630, 20-10-141, 20-10-144, 20-10-145,  
 5 20-10-146, 20-10-147, 20-15-305, 20-15-313, 20-15-314, 20-15-325, 20-15-326, 20-25-439, 71-3-1506,  
 6 76-5-1114, 76-15-515, 76-15-519, 76-15-532, 85-7-307, 85-7-2105, 85-7-2134, 85-8-601, 85-8-618, 85-8-624,  
 7 90-5-110, 90-6-309, 90-6-310, 90-6-403, 90-6-404, 90-6-801, 90-6-802, 90-6-803, 90-6-809, 90-6-810, 90-6-811,  
 8 90-6-812, 90-6-818, 90-6-819, 90-7-116, AND 90-7-230, MCA; AND PROVIDING A DELAYED EFFECTIVE  
 9 DATE AND AN APPLICABILITY DATE."

10

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

12

13 **NEW SECTION. Section 1. Reimbursement to local governments for property tax mitigation.** (1)

14 (a) Except as provided in subsection (1)(b), the state shall provide a sales tax and use tax local property tax relief  
 15 payment to fully compensate each county, consolidated government, incorporated city, incorporated town, or  
 16 other taxing entity for the elimination of property tax levy authority and special assessments by [this act]. The  
 17 reimbursement under this section is provided by direct payment from the state treasury and cannot be applied  
 18 to compensate for a loss of funding that could have been obtained after June 30, 2017, under former 15-10-425  
 19 as that section read on January 1, 2017. Supplemental funding requests that were typically addressed through  
 20 a new mill levy or an increased mill levy request must be submitted to the critical needs assessment commission  
 21 as provided in [section 3] and approved by the legislature.

22 (b) This section does not apply to reimbursements to the state or school districts.

23 (2) (a) For the fiscal year ending June 30, 2017, the department shall calculate the total amount of  
 24 property tax revenue, including but not limited to taxes, fees, or assessments that were collected by each county,  
 25 consolidated government, incorporated city, incorporated town, or other taxing entity.

26 (b) The department shall determine the percentage of total revenue collected under subsection (2)(a)  
 27 that is allocable to each county, consolidated government, incorporated city, incorporated town, or any other  
 28 taxing entity. The percentage becomes the allocation percentage for all future distributions of sales and use tax  
 29 revenue.

30 (c) For the purpose of determining the amount of revenue collected in subsection (2)(a), the department

1 shall include unpaid taxes, fees, and assessments, as well as taxes paid under protest.

2 (3) For the loss of property taxes and special assessments because of the elimination of the property  
3 tax base required by [this act], the department shall distribute a share of sales and use tax revenue from the sales  
4 and use tax reimbursement account as provided in [section 2] based on the allocation percentage in subsection  
5 (2)(b).

6 (4) The legislature may evaluate and amend the percentage that is allocable to each county,  
7 consolidated government, incorporated city, incorporated town, or other taxing entity for the purpose of  
8 distribution equality.

9 (5) It is the intent of the legislature to fully reimburse each county, consolidated government, incorporated  
10 city, incorporated town, or any other taxing entity for any activity, bond payment obligation, contract obligation,  
11 expense, facility, or service that existed on or before June 30, 2017, through a combination of sales and use tax  
12 revenue. The department shall report biennially any proposed legislative changes that accomplish this intent to  
13 the revenue and transportation interim committee.

14 (6) The department may adopt rules to implement this section.

15  
16 **NEW SECTION. Section 2. Sales and use tax reimbursement account.** (1) There is a sales and use  
17 tax reimbursement account in the state special revenue fund provided for in 17-2-102.

18 (2) All money allocated under 15-68-820(1)(a) must be deposited in the account.

19 (3) Money in the account is statutorily appropriated, as provided in 17-7-502, from the account for  
20 distributions to each county, consolidated government, incorporated city, incorporated town, or other taxing entity  
21 as provided in [section 1].

22  
23 **NEW SECTION. Section 3. Critical needs assessment commission -- composition.** (1) There is  
24 a critical needs assessment commission.

25 (2) The composition, method of selection, and terms of office of members of the commission are as  
26 prescribed in [sections 4 through 16].

27 (3) The commission is attached to the department of administration for administrative purposes only as  
28 provided in 2-15-121. However, the board may hire its own personnel, and 2-15-121(2)(d) does not apply.

29  
30 **NEW SECTION. Section 4. Definitions.** For purposes of [sections 4 through 16], the following

1 definitions apply:

2 (1) "Commission" means the critical needs assessment commission provided for in [section 3].

3 (2) "Local government" means an incorporated city or town, a county, a consolidated local government,  
4 a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as defined in  
5 75-6-304.

6 (3) "Local government projects" means:

7 (a) drinking water systems;

8 (b) wastewater treatment;

9 (c) sanitary sewer or storm sewer systems;

10 (d) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

11 (e) roads;

12 (f) bridges;

13 (g) facilities for government administration, fire protection, law enforcement, and emergency services;

14 and

15 (h) other projects that address the increased social needs of a community, including but not limited to  
16 the need for education, human services, medical care, recreation, social safety net programs, and the  
17 development of community programs that enhance the quality of living in a community.

18 (4) "Tribal government" means the government of a federally recognized Indian tribe within the state of  
19 Montana.

20

21 **NEW SECTION. Section 5. Critical needs assessment commission -- duties.** The duty of the critical  
22 needs assessment commission is to consider the state's existing and projected funding in the critical needs  
23 assessment account provided for in [section 16] while recommending local government infrastructure projects  
24 to the legislature for potential funding as provided in [section 11].

25

26 **NEW SECTION. Section 6. Composition of commission.** There are five critical needs assessment  
27 commission districts, with one commissioner elected from each district, distributed as follows:

28 (1) first district: Blaine, Cascade, Chouteau, Daniels, Dawson, Fergus, Garfield, Hill, Judith Basin,  
29 Liberty, McCone, Petroleum, Phillips, Richland, Roosevelt, Sheridan, Toole, Valley, and Wibaux Counties;

30 (2) second district: Big Horn, Carbon, Carter, Custer, Fallon, Powder River, Prairie, Rosebud, Treasure,

1 and Yellowstone Counties;

2 (3) third district: Beaverhead, Broadwater, Deer Lodge, Gallatin, Golden Valley, Jefferson, Madison,  
3 Meagher, Musselshell, Park, Silver Bow, Stillwater, Sweet Grass, and Wheatland Counties;

4 (4) fourth district: Granite, Lincoln, Mineral, Missoula, Powell, Ravalli, and Sanders Counties;

5 (5) fifth district: Flathead, Glacier, Lake, Lewis and Clark, Pondera, and Teton Counties.

6

7 **NEW SECTION. Section 7. Term of office -- term limits.** (1) A commissioner's term is for a period of  
8 4 years. A commissioner when elected must qualify at the time and in the manner provided by law for other state  
9 officers and shall take office on the first Monday of January after the election.

10 (2) A commissioner shall serve until a successor is elected and qualified.

11 (3) The secretary of state or other authorized official may not certify a candidate's nomination or election  
12 to the critical needs assessment commission or print or cause to be printed on any ballot the name of a candidate  
13 for the critical needs assessment commission if, at the end of the current term of that office, the candidate will  
14 have served in that office or, had the candidate not resigned or been recalled, would have served in that office  
15 for 8 or more years in a 16-year period.

16

17 **NEW SECTION. Section 8. Vacancies.** (1) Any vacancy occurring in the commission must be filled by  
18 appointment by the governor as provided in this section. The appointee shall hold office until the next general  
19 election and until a successor is elected and qualified. At the biennial election following the occurrence of any  
20 vacancy in the commission, there must be elected one member to fill out the unexpired term for which the  
21 vacancy exists.

22 (2) (a) When a vacancy occurs, if the former incumbent represented a party eligible for primary election  
23 under 13-10-601, the person appointed by the governor must be a member of the same political party and must  
24 be selected by the governor as provided in subsections (3) and (4).

25 (b) If the former incumbent was an independent or was originally nominated from a party that does not  
26 meet the requirements of 13-10-601, the governor shall appoint an individual to the vacant position within 45 days  
27 of receiving notification from the secretary of state of the vacancy.

28 (3) Within 7 days of being notified of a vacancy as described in 2-16-501, the secretary of state shall  
29 notify the governor and, if the former incumbent represented a party eligible for primary election under 13-10-601,  
30 the state party that was represented by the former incumbent.

1 (4) (a) Upon receipt of a notification of a vacancy, the state party central committee notified pursuant to  
 2 subsection (3) has 30 days to forward to the governor a list of three prospective appointees, each of whom must  
 3 be a resident of the district represented by the former incumbent.

4 (b) If the governor does not select an appointee from the list forwarded pursuant to subsection (4)(a)  
 5 within 15 days, the central committee shall, within 15 days, forward a second list of three prospective appointees,  
 6 each of whom must be a resident of the district represented by the former incumbent. The second list may not  
 7 contain a name submitted on the first list. Within 15 days of receipt of the second list, the governor shall select  
 8 an appointee from either list.

9  
 10 **NEW SECTION. Section 9. Presiding officer of commission.** A presiding officer must be selected  
 11 by the commission from its membership at the first meeting of each year after a general election.

12  
 13 **NEW SECTION. Section 10. Conduct of commission business.** (1) The commission shall hold  
 14 sessions at times and places in this state as may be expedient. A majority of the commission constitutes a  
 15 quorum for the transaction of business.

16 (2) The members of the commission may administer oaths and affirmations.

17 (3) The commission may adopt rules to govern its proceedings and to regulate the mode and manner  
 18 of all investigations and hearings concerning parties before it.

19  
 20 **NEW SECTION. Section 11. Priorities for community infrastructure projects and community**  
 21 **needs -- procedure -- rulemaking.** (1) The commission:

22 (a) shall assess the needs and costs related to the operation of local government for local government  
 23 costs that were traditionally funded by property taxes before the passage of [this act];

24 (b) shall seek input from representatives from the governor's office, local governments, private  
 25 organizations, and members of the public;

26 (c) must receive proposals for infrastructure projects from local governments;

27 (d) must receive proposals for projects that address social needs of a community or that enable a local  
 28 government to meet social needs that traditionally funded by a property tax;

29 (e) shall prepare and submit a list containing the recommended projects and the recommended form and  
 30 amount of financial assistance for each project to the legislature, prioritized pursuant to subsection (3), after



1 taking into consideration the amount of money projected to be available in the critical needs assessment account  
2 provided for in [section 16].

3 (2) Before making recommendations to the legislature, the commission may adjust the ranking of projects  
4 by giving priority to projects that solve urgent and serious public health or safety problems of a local government  
5 or school district.

6 (3) In preparing recommendations under subsection (1), preference must be given to projects based on  
7 the following order of priority:

8 (a) projects that solve urgent and serious public health or safety problems or that enable local  
9 governments to meet state or federal health or safety standards;

10 (b) projects that reflect greater need for financial assistance than other projects;

11 (c) projects that incorporate appropriate, cost-effective technical design and that provide thorough,  
12 long-term solutions to community public facility and school district needs;

13 (d) projects that enable local governments and school districts to obtain funds from sources other than  
14 the funds provided by the state; and

15 (e) projects that are high local priorities and have strong community support.

16 (4) The commission shall report to each regular session of the legislature on the status of all  
17 infrastructure and social needs projects that have not been completed in order for the legislature to review each  
18 project's status and determine whether the authorized grant should be withdrawn.

19  
20 **NEW SECTION. Section 12. Reimbursement for expenses.** The commission and its staff are entitled  
21 to reimbursement for travel expenses, as provided for in 2-18-501 through 2-18-503. Expenditures must be sworn  
22 to by the person who incurred the expenses and be approved by the presiding officer of the commission or the  
23 presiding officer's designee.

24  
25 **NEW SECTION. Section 13. Funding of commission.** All expenses of the commission must be paid  
26 out of the state general fund.

27  
28 **NEW SECTION. Section 14. Removal or suspension of commissioner.** If a commissioner fails to  
29 perform the commissioner's duties as provided in [sections 4 through 16], the commissioner may be removed  
30 from office as provided by 45-7-401. Upon complaint made and good cause shown, the governor may suspend

1 any commissioner, and if, in the governor's judgment the exigencies of the case require, the governor may  
2 appoint temporarily some competent person to perform the duties of the suspended commissioner during the  
3 period of the suspension.

4  
5 **NEW SECTION. Section 15. Commission recordkeeping and employment of personnel.** (1) The  
6 commission shall keep a full and complete record of all its proceedings and preserve at the office of the  
7 commission all documents and papers entrusted to its care.

8 (2) The commission may appoint employees and consultants necessary to carry out the provisions of  
9 [sections 4 through 16].

10  
11 **NEW SECTION. Section 16. Critical needs assessment account.** (1) There is a critical needs  
12 assessment account in the state special revenue fund provided for in 17-2-102.

13 (2) All money allocated under 15-68-820(1)(b) must be deposited in the account.

14 (3) Money in the account may be appropriated by the legislature to provide state government funding  
15 for local government infrastructure projects and social needs of a community that were previously funded by  
16 property taxes before the enactment of [this act].

17 (4) The critical needs assessment commission shall make recommendations to the legislature regarding  
18 funding for new proposals as provided in [section 11].

19 (5) Subject to legislative appropriation, the department of revenue shall make distributions from this  
20 account to fund projects that were approved by the legislature.

21  
22 **NEW SECTION. Section 17. Short title.** [Sections 17 through 24] may be cited as the "Uniform Sales  
23 Tax and Use Tax Administration Act".

24  
25 **NEW SECTION. Section 18. Definitions.** As used in [sections 17 through 24], the following definitions  
26 apply:

27 (1) "Agreement" means the streamlined sales and use tax agreement.

28 (2) "Certified automated system" means software certified jointly by the states that are signatories to the  
29 agreement to calculate the tax imposed by each jurisdiction on a transaction, to determine the amount of tax to  
30 remit to the appropriate state, and to maintain a record of the transaction.

1 (3) "Certified service provider" means an agent certified jointly by the states that are signatories to the  
2 agreement to perform all of the seller's sales tax functions.

3 (4) "Person" means an individual, trust, estate, fiduciary, partnership, limited liability company, limited  
4 liability partnership, corporation, or other legal entity.

5 (5) "Sales tax" means the tax levied under 15-68-102.

6 (6) "Seller" means a person making sales, leases, or rentals of personal property.

7 (7) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto  
8 Rico, or any territory or possession of the United States.

9 (8) "Use tax" means the tax levied under 15-68-102.

10

11 **NEW SECTION. Section 19. Authority to enter agreement.** (1) The department is authorized and  
12 directed to enter into the agreement with one or more states to simplify and modernize sales tax and use tax  
13 administration to substantially reduce the burden of tax compliance for all sellers and for all types of commerce.  
14 In furthering the agreement, the department is authorized to act jointly with other states that are signatories to  
15 the agreement to establish standards for certification of certified service providers and a certified automated  
16 system and to establish performance standards for multistate sellers through a multistate central registration  
17 system.

18 (2) The department is further authorized to take other actions reasonably required to implement the  
19 provisions of [sections 17 through 24]. Other actions authorized by this section include but are not limited to the  
20 adoption of rules and the joint procurement, with other signatory states, of goods and services in furthering the  
21 agreement.

22 (3) The department or the department's designee is authorized to represent this state before other states  
23 that are signatories to the agreement.

24

25 **NEW SECTION. Section 20. Relationship to state law.** A provision of the agreement, in whole or in  
26 part, does not invalidate or amend any provision of the law of this state. Adoption of the agreement by this state  
27 does not amend or modify any law of this state. Implementation of any condition of the agreement within this  
28 state, whether adopted before, at the time, or after this state becomes a signatory to the agreement, must be by  
29 the action of this state.

30

1            NEW SECTION. **Section 21. Agreement requirements.** The department may not enter into the  
2 agreement unless the agreement requires each signatory state to abide by the following requirements:

3            (1) The agreement must set restrictions to achieve, over time, more uniform rates in Montana through  
4 the following methods:

5            (a) limiting the number of state rates;

6            (b) limiting the application of maximums on the amount of state tax that is due on a transaction; and

7            (c) limiting the application of thresholds on the application of state tax.

8            (2) The agreement must establish uniform standards for the following:

9            (a) the sourcing of transactions to taxing jurisdictions;

10           (b) the administration of exempt sales;

11           (c) the allowances that a seller may take for bad debts; and

12           (d) sales tax and use tax returns and remittances.

13           (3) The agreement must require states to develop and adopt uniform definitions of sales tax and use tax  
14 terms. The definitions must enable a state to preserve its ability to make policy choices consistent with the uniform  
15 definitions.

16           (4) The agreement must provide a central, electronic registration system that allows a seller to register  
17 to collect and remit sales taxes and use taxes for all signatory states.

18           (5) The agreement must provide that registration with the multistate central registration system and the  
19 collection of sales taxes and use taxes in the signatory states will not be used as factors in determining whether  
20 the seller has nexus with a state for any tax.

21           (6) The agreement must provide for reduction of the burdens of complying with local sales taxes and use  
22 taxes through the following methods:

23           (a) restricting variances between the state and local tax bases;

24           (b) requiring states to administer any sales taxes and use taxes levied by local jurisdictions within the  
25 state so that sellers collecting and remitting these taxes will not have to register or file returns with, remit funds  
26 to, or be subject to independent audits from local taxing jurisdictions;

27           (c) restricting the frequency of changes in the local sales tax and use tax rates and setting effective dates  
28 for the application of local jurisdictional boundary changes to local sales taxes and use taxes; and

29           (d) providing notice of changes in local sales tax and use tax rates and changes in the boundaries of  
30 local taxing jurisdictions.

1 (7) The agreement must outline any monetary allowances that are to be provided by the states to sellers  
2 or certified service providers.

3 (8) The agreement must require a state to certify compliance with the terms of the agreement prior to  
4 becoming a signatory and to maintain compliance, under the laws of the state, with all provisions of the  
5 agreement while a signatory.

6 (9) The agreement must require each signatory state to adopt a uniform policy for certified service  
7 providers that protects the privacy of consumers and maintains the confidentiality of tax information.

8 (10) The agreement must provide for the appointment of an advisory council of private sector  
9 representatives and an advisory council of representatives of states that are not signatory states to consult in  
10 administering the agreement.

11  
12 **NEW SECTION. Section 22. Cooperating sovereigns.** The agreement is an accord among individual  
13 cooperating sovereigns in furthering their governmental functions. The agreement provides a mechanism among  
14 the signatory states to establish and maintain a cooperative, simplified system for applying and administering  
15 sales taxes and use taxes under the adopted law of each signatory state.

16  
17 **NEW SECTION. Section 23. Limited binding and beneficial effect.** (1) The agreement binds and  
18 inures only to the benefit of this state and the other signatory states. No person other than a signatory state is  
19 an intended beneficiary of the agreement. Any benefit to a person other than a signatory state is established by  
20 the law of this state and the other signatory states and not by the terms of the agreement.

21 (2) Consistent with subsection (1), no person has any cause of action or defense under the agreement  
22 or by virtue of this state's approval of the agreement. A person may not challenge, in any action brought under  
23 any provision of law, an action or inaction by a department, agency, or other instrumentality of this state or a  
24 political subdivision of this state on the ground that the action or inaction is inconsistent with the agreement.

25 (3) A law of this state or the application of a law of this state may not be declared invalid as to any person  
26 or circumstance on the ground that the provision or application is inconsistent with the agreement.

27  
28 **NEW SECTION. Section 24. Seller and third-party liability.** (1) (a) A certified service provider is the  
29 agent of a seller with whom the certified service provider has contracted for the collection and remittance of sales  
30 taxes and use taxes. As the seller's agent, the certified service provider is liable for sales tax and use tax due

1 each signatory state on all sales transactions that it processes for the seller, except as set out in this section.

2 (b) A seller that contracts with a certified service provider is not liable to the state for sales tax or use tax  
3 due on transactions processed by the certified service provider unless the seller misrepresented the type of items  
4 that it sells or committed fraud. In the absence of probable cause to believe that the seller has committed fraud  
5 or made a material misrepresentation, the seller is not subject to audit on the transactions processed by the  
6 certified service provider.

7 (c) A seller is subject to audit for transactions not processed by the certified service provider. The  
8 signatory states, acting jointly, may perform a system check of the seller and review the seller's procedures to  
9 determine whether the certified service provider's system is functioning properly and the extent to which the  
10 seller's transactions are being processed by the certified service provider.

11 (2) A person who provides a certified automated system is responsible for the proper functioning of the  
12 system and is liable to the state for underpayments of tax attributable to errors in the functioning of the system.  
13 A seller that uses a certified automated system remains responsible and is liable to the state for reporting and  
14 remitting tax.

15 (3) A seller that has a proprietary system for determining the amount of tax due on transactions and that  
16 has signed an agreement establishing a performance standard for the system is liable for the failure of the system  
17 to meet the performance standard.

18  
19 **NEW SECTION. Section 25. Property tax exemption for property that is not centrally assessed**  
20 **-- taxes and assessments prohibited.** (1) All real property and personal property that is not centrally assessed  
21 property described in 15-23-101 is exempt from property taxes and assessments. Property taxes and property  
22 assessments may not be levied by the state, a county, a consolidated government, an incorporated city or town,  
23 a school district, a special district, or any taxing entity against exempt property. An application for tax exempt  
24 status is not required.

25 (2) The department does not have a duty to:

26 (a) classify, subclassify, or appraise property that is exempt from taxation under this section; or

27 (b) provide information to taxpayers when the taxpayer's property is exempt from property taxation.

28 (3) Information that the department is not required to provide under subsection (2) includes but is not  
29 limited to information regarding:

30 (a) land classification;

- 1 (b) market value;  
2 (c) taxable value; and  
3 (d) availability of property tax assistance programs.  
4

5 **NEW SECTION. Section 26. Direct payment of sales tax -- direct payment permits.** (1) The  
6 department may issue direct payment permits to any person liable for the payment of more than \$500 a year in  
7 sales tax. A person shall apply to the department for a permit, on forms approved by the department. By applying  
8 for a direct payment permit, the applicant acknowledges that the applicant assumes all obligations to pay any  
9 sales tax due under this chapter from the applicant as a direct payment permitholder. A direct payment permit  
10 may be revoked by the department at any time upon 90 days' written notice to the permitholder. A permitholder  
11 may be audited by the department.

12 (2) A direct payment permitholder shall pay any sales tax authorized under this chapter directly to the  
13 department. The permitholder must receive a nontaxable transaction certificate, as provided in 15-68-202, using  
14 the direct payment permit as a basis for the exemption.  
15

16 **NEW SECTION. Section 27. Credit -- out-of-state taxes.** If a sales tax, use tax, or similar tax has been  
17 levied by another state or a political subdivision of another state on property that was bought outside this state  
18 but that will be used or consumed within this state and the tax was paid by the current user, the amount of tax  
19 paid may be credited against any use tax due this state on the same property. The credit may not exceed the  
20 sales tax or use tax due this state.  
21

22 **NEW SECTION. Section 28. Exemption -- food products.** The sale or use of food and food  
23 ingredients is exempt from the sales tax and use tax.  
24

25 **NEW SECTION. Section 29. Exemption -- medicine, drugs, and certain devices.** The following are  
26 exempt from the sales tax and use tax:

- 27 (1) prescription drugs, over-the-counter drugs, durable medical equipment, and mobility-enhancing  
28 equipment; and  
29 (2) insulin, oxygen, and therapeutic and prosthetic devices.  
30

- 1            **NEW SECTION. Section 30. Exemption for medical care.** The following are exempt from the sales  
2 tax and use tax:
- 3            (1) services provided by:
- 4            (a) clinical laboratory science practitioners;
- 5            (b) chiropractors;
- 6            (c) addiction counselors;
- 7            (d) licensed professional counselors;
- 8            (e) dental hygienists;
- 9            (f) dentists;
- 10           (g) denturists;
- 11           (h) hearing aid dispensers;
- 12           (i) acupuncturists;
- 13           (j) massage therapists;
- 14           (k) nurses;
- 15           (l) medical facilities, including but not limited to assisted living facilities, community homes for persons  
16 with developmental disabilities, community homes for physically disabled persons, adult foster family care homes,  
17 home health agencies, hospitals, infirmaries, kidney treatment centers, long-term care facilities, transitional living  
18 facilities, nursing homes, and youth care facilities;
- 19           (m) occupational therapists;
- 20           (n) optometrists;
- 21           (o) pharmacists;
- 22           (p) physical therapists;
- 23           (q) physicians;
- 24           (r) podiatrists;
- 25           (s) psychologists;
- 26           (t) radiologic technologists;
- 27           (u) respiratory care practitioners;
- 28           (v) speech-language pathologists and audiologists;
- 29           (w) licensed social workers;
- 30           (x) marriage and family therapists; and



- 1 (y) surgeons;
- 2 (2) services provided in direct support of the facilities and occupations in subsection (1) by an employee
- 3 or independent contractor of the facility or service provider;
- 4 (3) tangible personal property utilized by facilities and occupations in subsection (1);
- 5 (4) prepared food offered or delivered as part of a residential living arrangement and consumed by an
- 6 individual who is party to the arrangement or by patients of a medical facility; and
- 7 (5) any additional medical service or aid allowable under or provided by the federal Social Security Act.

8

9 **NEW SECTION. Section 31. Exemption -- centrally assessed property.** The sale of tangible personal

10 property and services provided to a centrally assessed property taxpayer as provided in 15-23-101 is not subject

11 to the sales tax and use tax. In order to qualify for the exemption provided by this section, the tangible personal

12 property or service must be utilized for the business activity that is subject to central assessment.

13

14 **NEW SECTION. Section 32. Exemption -- insurance premiums.** The premiums of an insurance

15 company for medicine, drugs, and certain devices and medical care services described in [sections 29 and 30]

16 are exempt from the sales tax.

17

18 **NEW SECTION. Section 33. Exemption -- dividends and interest.** The following are exempt from the

19 sales tax:

- 20 (1) interest on money loaned or deposited;
- 21 (2) dividends or interest from stocks, bonds, or securities; and
- 22 (3) proceeds from the sale of stocks, bonds, or securities.

23

24 **NEW SECTION. Section 34. Exemption -- personal effects.** The use by an individual of personal or

25 household effects brought into the state for the establishment by the individual of an initial residence within this

26 state and the use of property brought into the state by a nonresident for the nonresident's own nonbusiness use

27 while temporarily within this state are exempt from the use tax.

28

29 **NEW SECTION. Section 35. Nontaxability -- transactions in interstate commerce -- certain**

30 **property used in interstate commerce.** The following are nontaxable:

1 (1) a transaction in interstate commerce to the extent that the imposition of the sales tax or use tax would  
2 be unlawful under the United States constitution;

3 (2) transmitting messages or conversations by radio when the transmissions originate from a point  
4 outside this state and are received at a point within this state; and

5 (3) the sale of radio or television broadcast time if the advertising message is supplied by or on behalf  
6 of a national or regional seller or an advertiser that does not have its principal place of business within this state  
7 or that is not incorporated under the laws of this state.

8  
9 **NEW SECTION. Section 36. Nontaxability -- sale or lease of real property or improvements and**  
10 **lease of mobile homes.** (1) (a) The sale or lease of real property or improvements is nontaxable.

11 (b) The lease or rental of a mobile home for a period of 1 month or more is nontaxable.

12 (2) The inclusion of furniture or appliances furnished by the landlord or lessor as part of a leased or  
13 rented dwelling, house, mobile home, cabin, condominium, or apartment is nontaxable.

14  
15 **NEW SECTION. Section 37. Statewide school levy -- guarantee account.** Subject to 15-10-420,  
16 there is a levy of 478 mills imposed by the county commissioners of each county on all centrally assessed taxable  
17 property within the state, except property for which a tax or fee is required under 61-3-321(2) or (3), 61-3-529,  
18 61-3-537, 61-3-562, 61-3-570, and 67-3-204. Proceeds of the levy must be remitted to the department of revenue,  
19 as provided in 15-1-504, and must be deposited to the credit of the guarantee account provided for in 20-9-622.

20  
21 **NEW SECTION. Section 38. Local control and efficiency fund -- uses -- financing.** (1) The trustees  
22 of a school district shall establish a local control and efficiency fund for the following purposes:

23 (a) maintenance and improvement of school facilities, including technology infrastructure;

24 (b) providing adult education and literacy courses at the trustees' discretion;

25 (c) school litigation costs as necessary;

26 (d) costs related to any nonoperating purposes for any year in which the trustees will not operate a  
27 school;

28 (e) any other cost related to the education of district pupils as determined by the trustees.

29 (2) The trustees shall adopt a budget for the local control and efficiency fund and allocate money at the  
30 discretion of the trustees.

1 (3) Pursuant to 20-9-344, the board of public education shall annually distribute to each operating district  
 2 for the district's elementary and high school program as applicable \$50,000 plus \$500 per ANB for the first 100  
 3 ANB, decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 600 ANB, with  
 4 each ANB in excess of 600 receiving the same amount of entitlement as the 600th ANB to be deposited in the  
 5 local control and efficiency fund.

6 (4) No later than August 15, 2017, the trustees of a school district shall transfer to the local control and  
 7 efficiency fund all remaining money from the following funds:

8 (a) the building reserve fund;

9 (b) the nonoperating fund;

10 (c) the tuition fund;

11 (d) the adult education fund;

12 (e) the litigation reserve fund;

13 (f) the flexibility fund;

14 (g) the technology acquisition fund;

15 (h) the building fund;

16 (4) The legislature shall adjust the allocation amount in subsection (3) as necessary to ensure the  
 17 adequacy of funding for the basic system of free quality public elementary and secondary schools of the state  
 18 and the ability of local trustees to exercise control and supervision of schools in the trustees' district. The  
 19 legislature shall include a factor in the allocation formula under subsection (3) that is based on the growth of each  
 20 district's sales and use tax revenue.

21  
 22 **NEW SECTION. Section 39. School transportation fund -- financing.** (1) A school district operating  
 23 a transportation program shall establish a transportation fund and adopt a transportation budget.

24 (2) The office of public instruction shall calculate each district's transportation payment based on district  
 25 transportation expenditures in the fiscal year ending June 30, 2016, with the payment increased by the inflationary  
 26 adjustment as calculated in 20-9-326. The board of public education shall distribute each district's transportation  
 27 payment as provided in 20-9-344.

28 (3) The trustees of a district operating a transportation program may request from the school  
 29 infrastructure needs assessment commission provided for in [section 42] additional funds for transportation costs  
 30 above the district's transportation payment, including but not limited to:

- 1 (a) the purchase of school buses;
- 2 (b) district demographic changes resulting in increased transportation costs; and
- 3 (c) increased operational costs related to fuel prices that increase above the rate of inflation.
- 4 (4) At the end of a school fiscal year, trustees shall:
- 5 (a) transfer unexpended funds from the district transportation allocation under subsection (2) to the
- 6 district's local control and efficiency fund provided for in [section 38]; and
- 7 (b) reappropriate unexpended funds from any additional transportation funds allocated under subsection
- 8 (3) to the ensuing year's transportation budget to be used to reduce the district's payment under subsection (2)
- 9 in the ensuing year.

10

11 **NEW SECTION. Section 40. School infrastructure needs assessment commission.** (1) There is

12 a school infrastructure needs assessment commission.

13 (2) The composition, method of selection, and terms of office of members of the commission are as

14 prescribed in [sections 41 through 54].

15 (3) The commission is attached to the department of administration for administrative purposes only as

16 provided in 2-15-121. However, the board may hire its own personnel, and 2-15-121(2)(d) does not apply.

17

18 **NEW SECTION. Section 41. Definitions.** For purposes of [sections 41 through 54], the following

19 definitions apply:

20 (1) "Commission" means the school infrastructure needs assessment commission provided for in [section

21 40].

22 (2) "School district" means a public school district, as provided in 20-6-101 and 20-6-701.

23 (3) "School district projects" means projects that:

24 (a) enhance the quality of life and protect the health, safety, and welfare of Montana's public school

25 students;

26 (b) ensure the successful delivery of an educational system that meets the accreditation standards

27 provided for in 20-7-111;

28 (c) extend the life of Montana's existing public school facilities;

29 (d) promote energy conservation and reduction;

30 (e) integrate technology into Montana's education framework to support student educational needs for

1 the 21st century; and

2 (f) are fiscally responsible by considering both long-term and short-term needs of the public school  
3 district, the local community, and the state.

4

5 **NEW SECTION. Section 42. School infrastructure needs assessment commission -- duties.** (1)

6 The duty of the school infrastructure needs assessment commission is to consider the state's existing and  
7 projected funding in the school infrastructure needs assessment account provided for in [section 53] while  
8 recommending school district projects to the legislature for potential funding as provided in [section 48].

9 (2) The commission shall adjust all school district allocations under this title upon district reorganization  
10 pursuant to 20-6-422 and 20-6-423 and upon any district boundary changes as provided in this title.

11

12 **NEW SECTION. Section 43. Composition of commission.** There are five school infrastructure needs  
13 assessment commission districts, with one commissioner elected from each district, distributed as follows:

14 (1) first district: Blaine, Cascade, Chouteau, Daniels, Dawson, Fergus, Garfield, Hill, Judith Basin,  
15 Liberty, McCone, Petroleum, Phillips, Richland, Roosevelt, Sheridan, Toole, Valley, and Wibaux Counties;

16 (2) second district: Big Horn, Carbon, Carter, Custer, Fallon, Powder River, Prairie, Rosebud, Treasure,  
17 and Yellowstone Counties;

18 (3) third district: Beaverhead, Broadwater, Deer Lodge, Gallatin, Golden Valley, Jefferson, Madison,  
19 Meagher, Musselshell, Park, Silver Bow, Stillwater, Sweet Grass, and Wheatland Counties;

20 (4) fourth district: Granite, Lincoln, Mineral, Missoula, Powell, Ravalli, and Sanders Counties;

21 (5) fifth district: Flathead, Glacier, Lake, Lewis and Clark, Pondera, and Teton Counties.

22

23 **NEW SECTION. Section 44. Term of office -- term limits.** (1) A commissioner's term is for a period  
24 of 4 years. A commissioner when elected must qualify at the time and in the manner provided by law for other  
25 state officers and shall take office on the first Monday of January after the election.

26 (2) A commissioner shall serve until a successor is elected and qualified.

27 (3) The secretary of state or other authorized official may not certify a candidate's nomination or election  
28 to the school infrastructure needs assessment commission or print or cause to be printed on any ballot the name  
29 of a candidate for the school infrastructure needs assessment commission if, at the end of the current term of that  
30 office, the candidate will have served in that office or, had the candidate not resigned or been recalled, would

1 have served in that office for 8 or more years in a 16-year period.

2

3 **NEW SECTION. Section 45. Vacancies.** (1) Any vacancy occurring in the commission must be filled  
4 by appointment by the governor as provided in this section. The appointee shall hold office until the next general  
5 election and until a successor is elected and qualified. At the biennial election following the occurrence of any  
6 vacancy in the commission, there must be elected one member to fill out the unexpired term for which the  
7 vacancy exists.

8 (2) (a) When a vacancy occurs, if the former incumbent represented a party eligible for primary election  
9 under 13-10-601, the person appointed by the governor must be a member of the same political party and must  
10 be selected by the governor as provided in subsections (3) and (4).

11 (b) If the former incumbent was an independent or was originally nominated from a party that does not  
12 meet the requirements of 13-10-601, the governor shall appoint an individual to the vacant position within 45 days  
13 of receiving notification from the secretary of state of the vacancy.

14 (3) Within 7 days of being notified of a vacancy as described in 2-16-501, the secretary of state shall  
15 notify the governor and, if the former incumbent represented a party eligible for primary election under 13-10-601,  
16 the state party that was represented by the former incumbent.

17 (4) (a) Upon receipt of a notification of a vacancy, the state party central committee notified pursuant to  
18 subsection (3) has 30 days to forward to the governor a list of three prospective appointees, each of whom must  
19 be a resident of the district represented by the former incumbent.

20 (b) If the governor does not select an appointee from the list forwarded pursuant to subsection (4)(a)  
21 within 15 days, the central committee shall, within 15 days, forward a second list of three prospective appointees,  
22 each of whom must be a resident of the district represented by the former incumbent. The second list may not  
23 contain a name submitted on the first list. Within 15 days of receipt of the second list, the governor shall select  
24 an appointee from either list.

25

26 **NEW SECTION. Section 46. Presiding officer of commission.** A presiding officer must be selected  
27 by the commission from its membership at the first meeting of each year after a general election.

28

29 **NEW SECTION. Section 47. Conduct of commission business.** (1) The commission shall hold  
30 sessions at times and places in this state as may be expedient. A majority of the commission constitutes a

1 quorum for the transaction of business.

2 (2) The members of the commission may administer oaths and affirmations.

3 (3) The commission may adopt rules to govern its proceedings and to regulate the mode and manner  
4 of all investigations and hearings concerning parties before it.

5

6 **NEW SECTION. Section 48. Priorities for school district projects -- procedure -- rulemaking.** (1)

7 The commission:

8 (a) shall assess the educational needs and costs related to the operation of public elementary and  
9 secondary schools for costs that were traditionally funded by property taxes before the passage of [this act];

10 (b) shall seek input from representatives from the board of public education, the office of public  
11 instruction, the governor's office, professional educators, school trustees, and members of the public;

12 (c) must receive proposals for school district projects from school districts;

13 (d) shall prepare and submit a list containing the recommended projects and the recommended form and  
14 amount of financial assistance for each project to the legislature, prioritized pursuant to subsection (3), after  
15 taking into consideration the amount of money projected to be available in the school infrastructure needs  
16 assessment account provided for in [section 53].

17 (2) Before making recommendations to the legislature, the commission may adjust the ranking of projects  
18 by giving priority to projects that solve urgent and serious public health or safety problems of a school district.

19 (3) In preparing recommendations under subsection (1), preference must be given to projects based on  
20 the following order of priority:

21 (a) projects that solve urgent and serious public health or safety problems or that enable school districts  
22 to meet state or federal health or safety standards;

23 (b) projects that reflect greater need for financial assistance than other projects;

24 (c) projects that incorporate appropriate, cost-effective technical design and that provide thorough,  
25 long-term solutions to school district needs;

26 (d) projects that enable school districts to obtain funds from sources other than the funds provided by  
27 the state; and

28 (e) projects that are high local priorities and have strong community support.

29 (4) The commission shall report to each regular session of the legislature on the status of all school  
30 district projects that have not been completed in order for the legislature to review each project's status and

1 determine whether the authorized grant should be withdrawn.

2

3 **NEW SECTION. Section 49. Reimbursement for expenses.** The commission and its staff are entitled  
4 to reimbursement for travel expenses, as provided for in 2-18-501 through 2-18-503. Expenditures must be sworn  
5 to by the person who incurred the expenses and be approved by the presiding officer of the commission or the  
6 presiding officer's designee.

7

8 **NEW SECTION. Section 50. Funding of commission.** All expenses of the commission must be paid  
9 out of the state general fund.

10

11 **NEW SECTION. Section 51. Removal or suspension of commissioner.** If a commissioner fails to  
12 perform the commissioner's duties as provided in [sections 41 through 54], the commissioner may be removed  
13 from office as provided by 45-7-401. Upon complaint made and good cause shown, the governor may suspend  
14 any commissioner, and if, in the governor's judgment the exigencies of the case require, the governor may  
15 appoint temporarily some competent person to perform the duties of the suspended commissioner during the  
16 period of the suspension.

17

18 **NEW SECTION. Section 52. Commission recordkeeping and employment of personnel.** (1) The  
19 commission shall keep a full and complete record of all its proceedings and preserve at the office of the  
20 commission all documents and papers entrusted to its care.

21 (2) The commission may appoint employees and consultants necessary to carry out the provisions of  
22 [sections 41 through 54].

23

24 **NEW SECTION. Section 53. School infrastructure needs assessment account.** (1) There is a school  
25 infrastructure needs assessment account in the state special revenue fund provided for in 17-2-102.

26 (2) All money allocated under 15-68-820(1)(c) must be deposited in the account.

27 (3) Money in the account may be appropriated by the legislature to provide state government funding  
28 for school district projects and social needs of a community that were previously funded by property taxes before  
29 the enactment of [this act].

30 (4) The school infrastructure needs assessment commission shall make recommendations to the



1 legislature regarding funding for new proposals as provided in [section 48].

2 (5) Subject to legislative appropriation, the superintendent of public instruction shall make distributions  
3 from this account to fund projects that were approved by the legislature.

4  
5 **NEW SECTION. Section 54. State assumption of all bonded indebtedness of school districts.** The  
6 state of Montana assumes all existing bonded indebtedness of school districts as of July 1, 2017. The state shall  
7 provide to any district with bonded indebtedness sufficient revenue to pay principal and interest due on existing  
8 bonds. A district receiving revenue under this section shall establish a debt service account.

9  
10 **Section 55.** Section 1-2-112, MCA, is amended to read:

11 **"1-2-112. Statutes imposing new local government duties.** (1) As provided in subsection (3), a law  
12 enacted by the legislature that requires a local government unit to perform an activity or provide a service or  
13 facility that requires the direct expenditure of additional funds and that is not expected of local governments in  
14 the scope of their usual operations must provide a specific means to finance the activity, service, or facility ~~other~~  
15 ~~than a mill levy~~. Any law that fails to provide a specific means to finance any activity, service, or facility is not  
16 effective until specific means of financing are provided by the legislature from state or federal funds.

17 (2) Subsequent legislation may not be considered to supersede or modify any provision of this section  
18 by implication. Subsequent legislation may supersede or modify the provisions of this section if the legislation  
19 does so expressly.

20 (3) The mandates that the legislature is required to fund under subsection (1) are legislatively imposed  
21 requirements that are not necessary for the operation of local governments but that provide a valuable service  
22 or benefit to Montana citizens, including but not limited to:

- 23 (a) entitlement mandates that provide that certain classes of citizens may receive specific benefits;  
24 (b) membership mandates that require local governments to join specific organizations, such as waste  
25 districts or a national organization of regulators; and  
26 (c) service level mandates requiring local governments to meet certain minimum standards.

27 (4) Subsection (1) does not apply to:

28 (a) mandates that are required of local governments as a matter of constitutional law or federal statute  
29 or that are considered necessary for the operation of local governments, including but not limited to:

30 (i) due process mandates;

- 1 (ii) equal treatment mandates;
- 2 (iii) local government ethics mandates;
- 3 (iv) personnel and employment mandates;
- 4 (v) recordkeeping requirements; or
- 5 (vi) mandates concerning the organizational structure of local governments;
- 6 (b) any law under which the required expenditure of additional local funds is an insubstantial amount that
- 7 can be readily absorbed into the budget of an existing program. A required expenditure of ~~the equivalent of~~
- 8 ~~approximately 1 mill levied on taxable property of the local government unit or \$10,000, whichever is less,~~ may
- 9 be considered an insubstantial amount.
- 10 (c) a law necessary to implement the National Voter Registration Act of 1993, Public Law 103-31."

- 11
- 12 **Section 56.** Section 1-2-113, MCA, is amended to read:
- 13 **"1-2-113. Statutes imposing new duties on a school district to provide means of financing.** (1) Any
- 14 law enacted by the legislature that requires a school district to perform an activity or provide a service or facility
- 15 and that will require the direct expenditure of additional funds must provide a specific means to finance the
- 16 activity, service, or facility ~~other than the existing property tax mill levy.~~ Any law that fails to provide a specific
- 17 means to finance the service or facility is not effective until a specific means of financing meeting the
- 18 requirements of subsection (2) is provided by the legislature.
- 19 (2) Financing must be by means of a remission of money by the state for the purpose of funding the
- 20 activity, service, or facility. Financing must bear a reasonable relationship to the actual cost of performing the
- 21 activity or providing the service or facility.
- 22 (3) Legislation passed and approved may not supersede or modify any provision of this section, except
- 23 to the extent that the legislation expressly does so.
- 24 (4) This section does not apply to any law under which the required expenditure of additional funds by
- 25 the board of trustees is an insubstantial amount that can be readily absorbed into the budget of an existing
- 26 program."

- 27
- 28 **Section 57.** Section 2-2-121, MCA, is amended to read:
- 29 **"2-2-121. Rules of conduct for public officers and public employees.** (1) Proof of commission of any
- 30 act enumerated in subsection (2) is proof that the actor has breached a public duty.

1 (2) A public officer or a public employee may not:

2 (a) subject to subsection (7), use public time, facilities, equipment, supplies, personnel, or funds for the  
3 officer's or employee's private business purposes;

4 (b) engage in a substantial financial transaction for the officer's or employee's private business purposes  
5 with a person whom the officer or employee inspects or supervises in the course of official duties;

6 (c) assist any person for a fee or other compensation in obtaining a contract, claim, license, or other  
7 economic benefit from the officer's or employee's agency;

8 (d) assist any person for a contingent fee in obtaining a contract, claim, license, or other economic  
9 benefit from any agency;

10 (e) perform an official act directly and substantially affecting to its economic benefit a business or other  
11 undertaking in which the officer or employee either has a substantial financial interest or is engaged as counsel,  
12 consultant, representative, or agent; or

13 (f) solicit or accept employment, or engage in negotiations or meetings to consider employment, with a  
14 person whom the officer or employee regulates in the course of official duties without first giving written  
15 notification to the officer's or employee's supervisor and department director.

16 (3) (a) Except as provided in subsection (3)(b), a public officer or public employee may not use public  
17 time, facilities, equipment, supplies, personnel, or funds to solicit support for or opposition to any political  
18 committee, the nomination or election of any person to public office, or the passage of a ballot issue unless the  
19 use is:

20 (i) authorized by law; or

21 (ii) properly incidental to another activity required or authorized by law, such as the function of an elected  
22 public officer, the officer's staff, or the legislative staff in the normal course of duties.

23 (b) As used in this subsection (3), "properly incidental to another activity required or authorized by law"  
24 does not include any activities related to solicitation of support for or opposition to the nomination or election of  
25 a person to public office or political committees organized to support or oppose a candidate or candidates for  
26 public office. With respect to ballot issues, properly incidental activities are restricted to:

27 (i) the activities of a public officer, the public officer's staff, or legislative staff related to determining the  
28 impact of passage or failure of a ballot issue on state or local government operations;

29 (ii) in the case of a school district, as defined in Title 20, chapter 6, compliance with the requirements of  
30 law governing public meetings of the local board of trustees, ~~including the resulting dissemination of information~~

1 ~~by a board of trustees or a school superintendent or a designated employee in a district with no superintendent~~  
2 ~~in support of or opposition to a bond issue or levy submitted to the electors. Public funds may not be expended~~  
3 ~~for any form of commercial advertising in support of or opposition to a bond issue or levy submitted to the~~  
4 ~~electors.~~

5 (c) This subsection (3) is not intended to restrict the right of a public officer or public employee to express  
6 personal political views.

7 (d) (i) If the public officer or public employee is a Montana highway patrol chief or highway patrol officer  
8 appointed under Title 44, chapter 1, the term "equipment" as used in this subsection (3) includes the chief's or  
9 officer's official highway patrol uniform.

10 (ii) A Montana highway patrol chief's or highway patrol officer's title may not be referred to in the  
11 solicitation of support for or opposition to any political committee, the nomination or election of any person to  
12 public office, or the passage of a ballot issue.

13 (4) (a) A candidate, as defined in 13-1-101(8)(a), may not use or permit the use of state funds for any  
14 advertisement or public service announcement in a newspaper, on radio, or on television that contains the  
15 candidate's name, picture, or voice except in the case of a state or national emergency and then only if the  
16 announcement is reasonably necessary to the candidate's official functions.

17 (b) A state officer may not use or permit the use of public time, facilities, equipment, supplies, personnel,  
18 or funds to produce, print, or broadcast any advertisement or public service announcement in a newspaper, on  
19 radio, or on television that contains the state officer's name, picture, or voice except in the case of a state or  
20 national emergency if the announcement is reasonably necessary to the state officer's official functions or in the  
21 case of an announcement directly related to a program or activity under the jurisdiction of the office or position  
22 to which the state officer was elected or appointed.

23 (5) A public officer or public employee may not participate in a proceeding when an organization, other  
24 than an organization or association of local government officials, of which the public officer or public employee  
25 is an officer or director is:

26 (a) involved in a proceeding before the employing agency that is within the scope of the public officer's  
27 or public employee's job duties; or

28 (b) attempting to influence a local, state, or federal proceeding in which the public officer or public  
29 employee represents the state or local government.

30 (6) A public officer or public employee may not engage in any activity, including lobbying, as defined in

1 5-7-102, on behalf of an organization, other than an organization or association of local government officials, of  
 2 which the public officer or public employee is a member while performing the public officer's or public employee's  
 3 job duties. The provisions of this subsection do not prohibit a public officer or public employee from performing  
 4 charitable fundraising activities if approved by the public officer's or public employee's supervisor or authorized  
 5 by law.

6 (7) A listing by a public officer or a public employee in the electronic directory provided for in 30-17-101  
 7 of any product created outside of work in a public agency is not in violation of subsection (2)(a) of this section.  
 8 The public officer or public employee may not make arrangements for the listing in the electronic directory during  
 9 work hours.

10 (8) A department head or a member of a quasi-judicial or rulemaking board may perform an official act  
 11 notwithstanding the provisions of subsection (2)(e) if participation is necessary to the administration of a statute  
 12 and if the person complies with the disclosure procedures under 2-2-131.

13 (9) Subsection (2)(d) does not apply to a member of a board, commission, council, or committee unless  
 14 the member is also a full-time public employee.

15 (10) Subsections (2)(b) and (2)(e) do not prevent a member of the governing body of a local government  
 16 from performing an official act when the member's participation is necessary to obtain a quorum or to otherwise  
 17 enable the body to act. The member shall disclose the interest creating the appearance of impropriety prior to  
 18 performing the official act."

19

20 **Section 58.** Section 2-7-514, MCA, is amended to read:

21 **"2-7-514. Filing of audit report and financial report.** (1) Completed audit reports must be filed with  
 22 the department. Completed financial reports must be filed with the department as provided in 2-7-503(1). The  
 23 state superintendent of public instruction shall file with the department a list of school districts subject to audit  
 24 under 2-7-503(3). The list must be filed with the department within 6 months after the close of the fiscal year.

25 (2) At the time that the financial report is filed or, in the case of a school district, when the audit report  
 26 is filed with the department, the local government entity shall pay to the department a filing fee. The department  
 27 shall charge a filing fee to any local government entity required to have an audit under 2-7-503, which fee must  
 28 be based upon the costs incurred by the department in the administration of this part. ~~Notwithstanding the~~  
 29 ~~provisions of 20-9-343, the~~ The filing fees for school districts required by this section must be paid by the office  
 30 of public instruction. The department shall adopt the fee schedule by rule based upon the local government

1 entities' revenue amounts.

2 (3) Copies of the completed audit and financial reports must be made available by the department and  
3 the local government entity for public inspection during regular office hours."

4

5 **Section 59.** Section 2-9-212, MCA, is amended to read:

6 **"2-9-212. Political subdivision tax-levy supplemental funding to pay contributions.** ~~(1) Subject to~~  
7 ~~15-10-420 and subsection (2) of this section, a political subdivision, except for a school district, may levy an~~  
8 ~~annual property tax in the amount necessary to fund the contribution for insurance, deductible reserve fund, and~~  
9 ~~self-insurance reserve fund as authorized in this section and to pay the principal and interest on bonds or notes~~  
10 ~~issued pursuant to 2-9-211(5).~~

11 ~~(2)(1)~~ (a) If a political subdivision makes contributions for group benefits under 2-18-703, the amount  
12 in excess of the base contribution as determined under 2-18-703(4)(c) for group benefits under 2-18-703 is ~~not~~  
13 ~~subject to the mill levy calculation limitation provided for in 15-10-420~~ must be requested from the critical needs  
14 assessment commission as provided in [section 11]. Levies implemented under this section must be calculated  
15 separately from the mill levies calculated under 15-10-420 and are not subject to the inflation factor described  
16 in 15-10-420(1)(a).

17 ~~—— (i) Contributions for group benefits paid wholly or in part from user charges generated by proprietary~~  
18 ~~funds, as defined by generally accepted accounting principles, are not included in the amount exempted from the~~  
19 ~~mill levy calculation limitation provided for in 15-10-420.~~

20 ~~—— (ii) If tax-billing software is capable, the county treasurer shall list separately the cumulative mill levy or~~  
21 ~~dollar amount on the tax notice sent to each taxpayer under 15-16-101(2). The amount must also be reported~~  
22 ~~to the department of administration pursuant to 7-6-4003. The mill levy must be described as the permissive~~  
23 ~~medical levy.~~

24 (b) Each year prior to ~~implementing a levy~~ requesting funding under subsection ~~(2)(a)~~ (1)(a), after notice  
25 of the hearing given under 7-1-2121 or 7-1-4127, a public hearing must be held regarding ~~any proposed increases~~  
26 the request.

27 ~~—— (c) A levy under this section in the previous year may not be included in the amount of property taxes~~  
28 ~~that a governmental entity is authorized to levy for the purposes of determining the amount that the governmental~~  
29 ~~entity may assess under the provisions of 15-10-420(1)(a). When a levy under this section decreases or is no~~  
30 ~~longer levied, the revenue may not be combined with the revenue determined in 15-10-420(1)(a).~~

1           ~~(3)~~(2) (a) For the purposes of this section, "group benefits" means group hospitalization, health, medical,  
2 surgical, life, and other similar and related group benefits provided to officers and employees of political  
3 subdivisions, including flexible spending account benefits and payments in lieu of group benefits.

4           (b) The term does not include casualty insurance as defined in 33-1-206, marine insurance as authorized  
5 in 33-1-209 and 33-1-221 through 33-1-229, property insurance as defined in 33-1-210, surety insurance as  
6 defined in 33-1-211, and title insurance as defined in 33-1-212."

7

8           **Section 60.** Section 2-9-316, MCA, is amended to read:

9           **"2-9-316. Judgments against governmental entities.** A political subdivision of the state shall satisfy  
10 a final judgment or settlement out of funds that may be available from the following sources:

11           (1) insurance;

12           (2) the general fund or any other funds legally available to the governing body;

13           ~~(3) a property tax, otherwise properly authorized by law, collected by a special levy authorized by law,~~  
14 ~~in an amount necessary to pay any unpaid portion of the judgment or settlement;~~

15           ~~(4)~~(3) proceeds from the sale of bonds issued by a county, city, or school district for the purpose of  
16 deriving revenue for the payment of the judgment or settlement liability. The governing body of a county, city, or  
17 school district may issue bonds pursuant to procedures established by law. ~~Property taxes may be levied to~~  
18 ~~amortize the bonds."~~

19

20           **Section 61.** Section 2-16-117, MCA, is amended to read:

21           **"2-16-117. Office hours.** (1) Unless otherwise provided by law, state executive branch offices must be  
22 open for the transaction of business continuously from 8 a.m. until 5 p.m. each day except on Saturdays,  
23 Sundays, and holidays. Each office must also be open at other times as the accommodation of the public or the  
24 proper transaction of business requires.

25           (2) The state treasurer may, in the interest of safekeeping funds, securities, and records, close the state  
26 treasurer's office from noon to 1 p.m. each day.

27           (3) The Montana historical society, established in 22-3-101, may be open for public visitation at hours  
28 other than those prescribed in this section, including hours during evenings and weekends.

29           ~~(4) The department of revenue may establish alternative office hours for its offices located in the various~~  
30 ~~counties if:~~

- 1 ~~—— (a) the office is staffed by four or fewer full-time employees;~~  
 2 ~~—— (b) the department holds a public hearing on the alternative office hours in the county seat after providing~~  
 3 ~~public notice in a newspaper of general circulation published in the county at least 2 weeks prior to the hearing;~~  
 4 ~~—— (c) the county commissioners of a county in which the department employees are located in a county~~  
 5 ~~building approve the proposed alternative office hours if the alternative hours are outside of the county's normal~~  
 6 ~~business hours;~~  
 7 ~~—— (d) the alternative office hours are adopted by administrative rule; and~~  
 8 ~~—— (e) the office hours adopted pursuant to subsection (4)(d) are published at least two times a year in a~~  
 9 ~~newspaper of general circulation published in the county where the office is located."~~

10  
 11 **Section 62.** Section 2-18-703, MCA, is amended to read:

12 **"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, and the state compensation  
 13 insurance fund shall contribute the amount specified in this section toward the group benefits cost.

14 (2) (a) For employees defined in 2-18-701 and for members of the legislature, the employer contribution  
 15 for group benefits is \$887 a month from January 2015 through December 2015, \$976 a month from January 2016  
 16 through December 2016, and \$1,054 a month from January 2017 through December 2017.

17 (b) For employees defined in 2-18-701 and for members of the legislature, beginning January 2018 and  
 18 for each succeeding month, the cost of group benefits, including both the employer and employee contributions  
 19 for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only  
 20 coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any  
 21 cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the  
 22 extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

23 (c) For employees of the Montana university system, the employer contribution for group benefits is \$887  
 24 a month from July 2014 through June 2016 and \$1,054 a month from July 2016 through the earlier of:

- 25 (i) June 2018; or  
 26 (ii) the month before the first month in which the excise tax under 26 U.S.C. 4980I applies.

27 (d) For employees of the Montana university system, beginning the earlier of July 2018 or the first month  
 28 in 2018 in which the excise tax under 26 U.S.C. 4980I applies, and for each succeeding month, the cost of group  
 29 benefits, including both the employer and employee contributions for group benefits and health flexible spending  
 30 accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will



1 trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This  
2 section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under  
3 26 U.S.C. 4980I.

4 (e) If a state employee is terminated to achieve a reduction in force, the continuation of contributions for  
5 group benefits beyond the termination date is subject to negotiation under 39-31-305 and to the protections of  
6 2-18-1205. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly  
7 scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who  
8 elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion  
9 of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B  
10 of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the  
11 secondary payer and medicare the primary payer.

12 (3) For employees of elementary and high school districts, the employer's contributions may exceed but  
13 may not be less than \$10 a month.

14 (4) (a) For employees of political subdivisions, as defined in 2-9-101, except school districts, the  
15 employer's contributions may exceed but may not be less than \$10 a month.

16 (b) ~~Subject to the public hearing requirement provided in 2-9-212(2)(b), the~~ The amount in excess of the  
17 base contribution of a local government's property tax levy for contributions for group benefits as determined in  
18 subsection (4)(c) is not subject to the mill levy calculation limitation provided for in 15-10-420 sales and use tax  
19 revenue received under [section 1] must be requested from the critical needs assessment commission as  
20 provided in [section 11].

21 (c) (i) Subject to subsections (4)(c)(ii) and (4)(c)(iii), the base contribution is determined by multiplying  
22 the average annual contribution for each employee on July 1, 1999, times the number of employees for whom  
23 the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal year.

24 (ii) If a political subdivision did not make contributions for group benefits on or before July 1, 1999, and  
25 subsequently does so, the base contribution is determined by multiplying the average annual contribution for each  
26 employee in the first year the political subdivision provides contributions for group benefits times the number of  
27 employees for whom the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal  
28 year.

29 (iii) If a political subdivision has made contributions for group benefits but has not previously levied for  
30 contributions in excess of the base contribution, the political subdivision's base is determined by multiplying the

1 average annual contribution for each employee at the beginning of the fiscal year immediately preceding the year  
 2 in which the levy will first be levied times the number of employees for whom the employer made contributions  
 3 for group benefits under 2-9-212 in that fiscal year.

4 (5) Unused employer contributions for any state employee must be transferred to an account established  
 5 for this purpose by the department of administration and upon transfer may be used to offset losses occurring  
 6 to the group of which the employee is eligible to be a member.

7 (6) Unused employer contributions for any government employee may be transferred to an account  
 8 established for this purpose by a self-insured government and upon transfer may be used to offset losses  
 9 occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

10 (7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide  
 11 group insurance plans from providing greater or additional contributions for insurance benefits to employees with  
 12 dependents than to employees without dependents or with fewer dependents."

13

14 **Section 63.** Section 7-1-112, MCA, is amended to read:

15 **"7-1-112. Powers requiring delegation.** A (1) Subject to subsection (2), a local government with  
 16 self-government powers is prohibited the exercise of the following powers unless the power is specifically  
 17 delegated by law:

18 ~~(1)(a)~~ (a) the power to authorize a tax on income, property, or the sale of goods or services, except that,  
 19 ~~subject to 15-10-420,~~ this section may not be construed to limit the authority of a local government to levy any  
 20 other tax or establish the rate of any other tax;

21 ~~(2)(b)~~ (b) the power to regulate private activity beyond its geographic limits;

22 ~~(3)(c)~~ (c) the power to impose a duty on another unit of local government, except that nothing in this  
 23 limitation affects the right of a self-government unit to enter into and enforce an agreement on interlocal  
 24 cooperation;

25 ~~(4)(d)~~ (d) the power to exercise any judicial function, except as an incident to the exercise of an independent  
 26 self-government administrative power;

27 ~~(5)(e)~~ (e) the power to regulate any form of gambling, lotteries, or gift enterprises.

28 (2) Notwithstanding any other provision of law, a local government with self-government powers is  
 29 prohibited from imposing any tax or assessment on property after [the effective date of this act] except for  
 30 statewide levies on taxable property under Title 15, chapter 10, part 1."

1

2           **Section 64.** Section 7-1-114, MCA, is amended to read:

3           **"7-1-114. Mandatory provisions.** (1) A local government with self-government powers is subject to the  
4 following provisions:

5           (a) all state laws providing for the incorporation or disincorporation of cities and towns, for the  
6 annexation, disannexation, or exclusion of territory from a city or town, for the creation, abandonment, or  
7 boundary alteration of counties, and for city-county consolidation;

8           (b) Title 7, chapter 3, part 1;

9           (c) all laws establishing legislative procedures or requirements for units of local government;

10          (d) all laws regulating the election of local officials;

11          (e) all laws that require or regulate planning or zoning;

12          (f) any law directing or requiring a local government or any officer or employee of a local government  
13 to carry out any function or provide any service;

14          (g) except as provided in subsection (3), any law regulating the budget, finance, or borrowing procedures  
15 and powers of local governments;

16          (h) Title 70, chapters 30 and 31.

17          (2) These provisions are a prohibition on the self-government unit acting other than as provided.

18          ~~(3) (a) Notwithstanding the provisions of subsection (1)(g) and except as provided in subsection (3)(b),~~  
19 ~~self-governing local government units are not subject to the mill levy limits established by state law.~~

20 ~~—— (b) The provisions of 15-10-420 apply to self-governing local government units."~~

21

22           **Section 65.** Section 7-1-2103, MCA, is amended to read:

23           **"7-1-2103. County powers.** (1) A county has power to:

24           ~~(1)~~(a) sue and be sued;

25           ~~(2)~~(b) purchase and hold lands within its limits;

26           ~~(3)~~(c) make contracts and purchase and hold personal property that may be necessary to the exercise  
27 of its powers;

28           ~~(4)~~(d) make orders for the disposition or use of its property that the interests of its inhabitants require;

29           ~~(5)~~(e) ~~subject to 15-10-420~~, levy and collect taxes authorized by state law for public or governmental  
30 purposes, ~~as described in 7-6-2527~~, under its exclusive jurisdiction unless prohibited by law.

1           (2) Notwithstanding any other provision of law, a county is prohibited from imposing any tax or  
 2 assessment on property after [the effective date of this act] except for statewide levies on taxable property under  
 3 Title 15, chapter 10, part 1."

4  
 5           **Section 66.** Section 7-1-4123, MCA, is amended to read:

6           **"7-1-4123. Legislative powers.** (1) A municipality with general powers has the legislative power, subject  
 7 to the provisions of state law, to adopt, amend, and repeal ordinances and resolutions required to:

8           (1)(a) preserve peace and order and secure freedom from dangerous or noxious activities;

9           (2)(b) secure and promote the general public health and welfare;

10           (3)(c) provide any service or perform any function authorized or required by state law;

11           (4)(d) exercise any power granted by state law;

12           (5)(e) ~~subject to 15-10-420~~; levy any tax authorized by state law for public or governmental purposes  
 13 ~~as described in 7-6-2527~~;

14           (6)(f) appropriate public funds;

15           (7)(g) impose a special assessment reasonably related to the cost of any special service or special  
 16 benefit provided by the municipality or impose a fee for the provision of a service;

17           (8)(h) grant franchises; and

18           (9)(i) provide for its own organization and the management of its affairs.

19           (2) Notwithstanding any other provision of law, a local government with self-government powers is  
 20 prohibited from imposing any tax or assessment on property after [the effective date of this act]."

21  
 22           **Section 67.** Section 7-2-2730, MCA, is amended to read:

23           **"7-2-2730. Establishment of special warrant district or special funding bond district in continuing**  
 24 **county.** (1) After all warrants have been drawn and issued against the funds of the adjoining county, referred to  
 25 in 7-2-2729, to pay the claims and demands existing against the adjoining county on the date when the territory  
 26 of the abandoned and abolished county was attached to the adjoining county, all money in the funds of the  
 27 adjoining county must be used and applied in payment of the warrants drawn against its respective funds. If that  
 28 money is not sufficient to pay all of the warrants, with the interest on the warrants, then the board of county  
 29 commissioners shall make an order creating a special warrant district and shall include within the district all of  
 30 the territory of the adjoining county but may not include in the district any of the territory of the abandoned and

1 abolished county. The board of county commissioners shall, ~~subject to 15-10-420, at the time of making levies~~  
 2 ~~for county purposes, levy a special tax against all taxable property in the district~~ request funding from the critical  
 3 needs assessment commission as provided in [section 11] to pay the warrants, with interest on the warrants,  
 4 outstanding against the funds of the adjoining county. ~~The board may extend the tax levy over a period of not~~  
 5 ~~more than 3 years.~~

6 ~~————(2) (a) If it appears to the board that it will require too large a tax levy to pay the warrant indebtedness,~~  
 7 ~~with interest, within 3 years, the board, instead of creating a special warrant district, shall create and establish~~  
 8 ~~a special funding bond district and shall include within the boundaries of the district all of the territory within the~~  
 9 ~~adjoining county but may not include in the district any of the territory of the abandoned and abolished county~~  
 10 ~~attached to the adjoining county. After all money in the several funds of the adjoining county applicable to~~  
 11 ~~payment of the warrants has been applied in payment of the outstanding warrants and interest on the warrants,~~  
 12 ~~the board may issue bonds in an amount sufficient to pay and redeem all warrants remaining outstanding, with~~  
 13 ~~interest on the warrants. An election is not required to issue the bonds.~~

14 ~~————(b) The bonds must be issued in the name of the adjoining county and must contain recitals to the effect~~  
 15 ~~that the principal and interest of the bonds will be paid by tax levies against the property situated within the~~  
 16 ~~boundaries of the adjoining county as the boundaries existed before the territory of the abandoned and abolished~~  
 17 ~~county was attached to the adjoining county and that none of the property within the territory of the abandoned~~  
 18 ~~and abolished county will be subjected to the levies. Except as otherwise provided in this section, the bonds must~~  
 19 ~~be issued and sold and tax levies must be fixed and made to pay the principal and interest on the bonds in the~~  
 20 ~~manner provided by 7-7-107, 7-7-108, 7-7-123, 7-7-124, 7-7-2104, 7-7-2106, and parts 22 and 23 of chapter 7,~~  
 21 ~~as far as applicable, apply to the bonds.~~

22 ~~————(3) For the purposes of 15-10-420, the adjoining county and the abandoned and abolished county are~~  
 23 ~~considered separate taxing jurisdictions with relation to the warrants or bonds described in this section."~~

24

25 **Section 68.** Section 7-2-2745, MCA, is amended to read:

26 **"7-2-2745. Procedure if insufficient funds -- special warrant district or special funding bond**  
 27 **district.** (1) After all warrants have been drawn and issued against the funds of an abandoned and abolished  
 28 county under the provisions of 7-2-2724 and 7-2-2741, if it shall appear to the satisfaction of the board of county  
 29 commissioners of the county designated in the petition for abandonment as the county to which the territory of  
 30 the abandoned and abolished county is to be attached and made a part that the money in the several funds of

1 such abandoned and abolished county, together with all money which may be received for such funds from the  
 2 payment and collection of delinquent taxes, unpaid licenses, and other sources owing to such abandoned and  
 3 abolished county, will be insufficient to pay all outstanding and unpaid warrants issued and drawn against such  
 4 funds, then the board of such county shall ~~make an order creating a special warrant district and shall include~~  
 5 ~~within such district all of the territory embraced within the boundaries of the abandoned and abolished county at~~  
 6 ~~the time it ceased to exist.~~

7 ~~———— (2) If it shall appear to the satisfaction of the board that a tax levy sufficient to pay such warrants and~~  
 8 ~~interest, when spread over a term of 3 years, will be too great a hardship on and too burdensome to the taxpayers~~  
 9 ~~owning property within the boundaries of such abandoned and abolished county, said board, instead of creating~~  
 10 ~~such special warrant district, shall create and establish a special funding bond district and shall include within the~~  
 11 ~~boundaries thereof all of the territory embraced within the boundaries of such abandoned and abolished district~~  
 12 ~~at the time it ceased to exist~~ request funding from the critical needs assessment commission as provided in  
 13 [section 11]."

14

15 **Section 69.** Section 7-2-2746, MCA, is amended to read:

16 **"7-2-2746. Details relating to special warrant district.** ~~(4)~~ The board of county commissioners creating  
 17 a special warrant district ~~shall, at the time of making and fixing tax levies for county purposes, subject to~~  
 18 ~~15-10-420, make and fix a levy against all taxable property within the special warrant district for the payment of~~  
 19 ~~the warrants and the interest on the warrants~~ may request funding from the critical needs assessment  
 20 commission as provided in [section 11]. The proceeds of the levy from the state, when collected, must be  
 21 deposited by the county treasurer in a separate fund that must be used for the payment of the warrants and  
 22 interest on the warrants.

23 ~~———— (2) The tax levy is not required to be made at a rate that will pay all of the warrants, with interest, in 1~~  
 24 ~~year, but if the board considers it in the best interests of the taxpayers owning property within the special warrant~~  
 25 ~~district, the levy may be spread over a term of not more than 3 years."~~

26

27 **Section 70.** Section 7-2-2747, MCA, is amended to read:

28 **"7-2-2747. Details relating to special funding bond district.** (1) The board of county commissioners  
 29 and the county clerk of the county to which the territory of such abandoned and abolished county has been  
 30 attached and made a part shall be, respectively, the board of trustees and the clerk of a special funding bond

1 district created pursuant to ~~7-2-2745(2)~~, and the county treasurer shall act as the treasurer thereof. The board  
2 of trustees shall adopt an appropriate seal for such district.

3 (2) (a) After such district has been created and established, the board of trustees shall direct the county  
4 treasurer to use and apply all money in the several funds of the abandoned and abolished county, except money  
5 in any bond sinking and interest funds, to the payment of warrants issued and outstanding against such funds,  
6 with the interest thereon. Said board of trustees shall thereupon issue and sell bonds of such special funding  
7 bond district in an amount sufficient to pay all warrants against such funds remaining outstanding and unpaid,  
8 with the interest thereon. The proceeds derived from the sale of such bonds shall be used for such purpose and  
9 no other.

10 (b) All sales and use tax revenue received and taxes levied for the payment of the principal and interest  
11 of such bonds, all taxes levied by the abandoned and abolished county for all of its funds (except bond sinking  
12 and interest funds) delinquent at the time such county ceased to exist, and all money owing to such abandoned  
13 and abolished county from all other sources shall be, when collected, paid into a special sinking and interest fund  
14 and used for the purpose of paying the principal and interest of such bonds and for no other purpose."  
15

16 **Section 71.** Section 7-2-2749, MCA, is amended to read:

17 **"7-2-2749. Payment of outstanding bonds of abandoned county.** (1) If any abandoned and abolished  
18 county shall have any bonds outstanding and unpaid at the time it ceases to exist, the territory within the  
19 boundaries of such county as they existed when such county so ceased to exist shall constitute a special district  
20 for the payment thereof. The board of county commissioners of the county designated in the petition for  
21 abandonment as the county to which the territory of such county is to be attached and made a part shall ~~annually~~  
22 levy a tax against all taxable property in such taxing district request funding from the critical needs assessment  
23 commission as provided in [section 11] sufficient to pay the interest and principal of such bonds as the same  
24 become due, ~~and all of the provisions of 7-7-107, 7-7-108, 7-7-123, 7-7-124, 7-7-2104, 7-7-2106, and parts 22~~  
25 ~~and 23 of chapter 7 shall apply to, govern, and control the levying and collection of such taxes and the payment~~  
26 ~~of interest and principal thereof by the boards and officers of the county within which such district is situated.~~

27 (2) Any and all money in any bond sinking and interest funds of such abandoned and abolished county,  
28 when transmitted and paid over to the treasurer of the county to which the territory of such abandoned and  
29 abolished county has been attached, shall be credited to and deposited in a sinking and interest fund. All sales  
30 and use tax revenue received and all taxes levied for the payment of such bonds and interest and delinquent at

1 the time such county ceased to exist, all taxes levied for such sinking and interest fund in accordance with the  
 2 provisions of ~~7-2-2742 through 7-2-2750~~; and all other money coming to the hands of such county treasurer for  
 3 the use or benefit of such abandoned county, when not required for any other purposes under the provisions of  
 4 this part, shall be deposited to the credit of such sinking and interest fund and used for the payment of the  
 5 principal and interest of such bonds and for no other purpose."

6

7 **Section 72.** Section 7-2-2751, MCA, is amended to read:

8 **"7-2-2751. Disposition of money of abandoned district.** If, after all warrants issued and drawn by an  
 9 abandoned and abolished district during its existence against its several funds and all warrants drawn and issued  
 10 against said funds under the provisions of 7-2-2724 and 7-2-2741 have been fully paid, with the interest thereon:

11 (1) any balance remains in such funds, such balance, with any and all money thereafter accruing to any  
 12 of such funds from the collection of delinquent taxes, unpaid licenses, and from other sources shall be deposited:

13 (a) to the credit of any special sinking and interest fund for the payment of district funding bonds issued  
 14 under the provisions of ~~7-2-2745(2)~~, 7-2-2747; and 7-2-2748; and

15 (b) if there be no such fund, then to the credit of any bond sinking and interest fund under 7-2-2749 ~~and~~  
 16 ~~7-2-2750~~; and

17 (2) after all warrants issued and drawn against any of such funds with the interest thereon, and all district  
 18 funding bonds issued under the provisions of ~~7-2-2745(2)~~, 7-2-2747; and 7-2-2748 and all bonds referred to in  
 19 7-2-2749 have been fully paid, then any balance remaining in any of such funds and all money accruing to any  
 20 or all of such funds thereafter from any and all sources shall be deposited to the credit of such funds of the county  
 21 designated in the petition for abandonment as the county to which the territory of the abandoned and abolished  
 22 county has been attached and made a part, as its board of county commissioners may direct."

23

24 **Section 73.** Section 7-2-2759, MCA, is amended to read:

25 **"7-2-2759. Distribution of money derived from acquired property.** (1) Money received from leases  
 26 or sales of real or personal property by any county other than the county designated in the petition for  
 27 abandonment as the county to which the territory of the abandoned county is to be allocated shall be transmitted  
 28 by the officers of such county to the treasurer of the county designated in such petition for abandonment.

29 (2) All money received from the sale of personal property and from the leasing or sale of real estate, after  
 30 deducting therefrom the amounts paid appraisers and for publishing notices of sale, shall be used and applied



1 as follows:

2 (a) if there are any warrants issued and outstanding against any of the funds of the abandoned and  
3 abolished county, such money shall be applied in payment of such warrants and interest;

4 (b) if there are no warrants outstanding but district bonds have been issued under the provisions of  
5 ~~7-2-2745(2)~~, 7-2-2747; and 7-2-2748, then the money shall be deposited in the sinking and interest fund for  
6 district bonds;

7 (c) if there are no district bonds outstanding, then the money shall be deposited to the credit of the  
8 sinking and interest funds for bonds issued and outstanding when the abandoned and abolished county ceased  
9 to exist; and

10 (d) if there are no bonds outstanding, then the money shall be apportioned to all of the counties to which  
11 parts of the abandoned county were attached in the proportion which the taxable value of the property in each  
12 part on January 1 immediately preceding the abandonment bears to the taxable value of all the property in the  
13 abandoned county, and the apportioned money shall be deposited in the funds of each county as the boards of  
14 county commissioners of the counties may direct."  
15

16 **Section 74.** Section 7-2-2807, MCA, is amended to read:

17 **"7-2-2807. Transfer of certified copies -- costs to be reimbursed -- tax levy authorized.** (1) Upon  
18 a resolution adopted as provided in 7-2-2806, the county clerk in the county from which property will be  
19 transferred shall prepare certified copies of the indexes to recorded documents maintained by the county clerk  
20 pursuant to 7-4-2619.

21 (2) (a) The clerk shall contract with a land title company that maintains a geographical tract index of the  
22 recorded documents in the county to prepare an abstract of the property to be transferred. The abstract must  
23 include deeds, mortgages, assignments of mortgages, leases, mining claims, and any other documents recorded  
24 from the date that the county was created to the date of the boundary change implementation as provided in  
25 7-2-2806.

26 (b) The land title company with which the clerk contracts must be a member in good standing of the  
27 Montana land title association.

28 (3) The clerk shall certify each copy of the recorded documents included in the abstract and shall transfer  
29 all copies of indexes and recorded documents certified pursuant to this section to the county clerk of the county  
30 to which the property will be transferred. The clerk of the county to which the property will be transferred shall

1 record the documents pursuant to 7-4-2617 and shall maintain an index of the documents pursuant to 7-4-2619.

2 (4) Actual or customary costs incurred by a county in complying with subsections (1) through (3) must  
 3 be reimbursed to the county from which certified copies are transferred. ~~Subject to 15-10-420, the~~ The county  
 4 to which records are transferred may ~~levy a property tax against the property that has been transferred in the~~  
 5 ~~amount necessary to reimburse the county that incurred the costs. The property tax levied as provided in this~~  
 6 ~~subsection may be collected over a period of up to 5 years~~ request funding from the critical needs assessment  
 7 commission as provided in [section 11]."

8

9 **Section 75.** Section 7-2-4625, MCA, is amended to read:

10 **"7-2-4625. Annexation district.** An incorporated city or town may create an annexation district outside  
 11 of the city or town. Territory may be included in an annexation district only upon an agreement between the city  
 12 or town and the owner of the property included in a district. The agreement may specify the duration of the district,  
 13 which may not exceed 10 years. A city or town may provide the services specified in the agreement between the  
 14 city or town and the property owner to the property in the district. The city or town may impose a ~~tax levy or a fee~~  
 15 on the owner of the property within the annexation district based upon the difference between the municipal ~~levy~~  
 16 ~~or fee~~ and the nonmunicipal ~~levy or fee~~. By the end of the period specified in the agreement, the ~~levy or fee~~ must  
 17 be the full amount that a resident of the city or town would pay in the year that the property is annexed. Unless  
 18 the agreement provides otherwise, the property in the district is annexed after the period specified in the  
 19 agreement, and the district is dissolved. A delinquency in a payment by the owner of property in the annexation  
 20 district is collectible in the same manner that other delinquent ~~taxes or fees~~ are collectible."

21

22 **Section 76.** Section 7-2-4918, MCA, is amended to read:

23 **"7-2-4918. ~~Tax levy~~ Supplemental funding in event of insolvency.** (1) If, at any time after the  
 24 disincorporation of a city or town, there is insufficient money in the treasury to the credit of the special fund  
 25 provided for in 7-2-4912 with which to pay any indebtedness of the corporation, the board of county  
 26 commissioners shall, ~~subject to 15-10-420, levy and collect from the territory formerly included within the city or~~  
 27 ~~town a tax or taxes sufficient in amount to pay the indebtedness of the corporation as the indebtedness becomes~~  
 28 ~~due~~ request funding from the critical needs assessment commission as provided in [section 11].

29 (2) ~~The tax or taxes, assessments, and collections must be made in the same manner and at the same~~  
 30 ~~time that other taxes of the county are levied and collected and are an additional tax upon the property included~~

1 ~~within the territory or portions of territory of the disincorporated city or town for the payment of the debts. For the~~  
 2 ~~purposes of 15-10-420, the levy is considered a levy on the property in the city or town until the debt is paid.~~

3 ~~(3)(2)~~ All money paid into the county treasury received from the state under the provisions of this part  
 4 must be credited to the special fund."

5

6 **Section 77.** Section 7-3-175, MCA, is amended to read:

7 **"7-3-175. Ballot form and question.** The question of conducting a local government review and  
 8 establishing a study commission must be submitted to the electors in substantially the following form:

9 Vote for one:

10  FOR the review of the government of (insert name of local government) and the establishment and  
 11 funding request from the critical needs assessment commission as provided in [section 11], not to exceed (insert  
 12 dollar ~~or mill~~ amount), of a local government study commission consisting of (insert number of members)  
 13 members to examine the government of (insert name of local government) and submit recommendations on the  
 14 government.

15  AGAINST the review of the government of (insert name of local government) and the establishment  
 16 and funding request from the critical needs assessment commission as provided in [section 11], not to exceed  
 17 (insert dollar ~~or mill~~ amount), of a local government study commission consisting of (insert number of members)  
 18 members to examine the government of (insert name of local government) and submit recommendations on the  
 19 government."

20

21 **Section 78.** Section 7-3-184, MCA, is amended to read:

22 **"7-3-184. Financial administration.** (1) A study commission shall prepare a budget for each fiscal year  
 23 that it is in existence and shall submit it to the local governing body for approval.

24 (2) (a) For the support of the study commission, for each fiscal year that the study commission is in  
 25 existence, each local government under study shall appropriate an amount necessary to fund the study, and the  
 26 local government may ~~levy mills in excess of all other mill levies authorized by law to fund the appropriation~~  
 27 submit a request for funding to the critical needs assessment commission as provided in [section 11] for the  
 28 support of the study commission.

29 (b) The local government shall provide office and meeting space and clerical assistance to the study  
 30 commission. The cost of clerical assistance and other in-kind services provided by the local government may be

1 used to partially fulfill the appropriation provision of subsection (2)(a).

2 (c) The local government may provide additional funds and other assistance.

3 (3) The study commission may apply for and accept available private, state, and federal money and may  
4 accept donations from any source.

5 (4) All money received by the study commission must be deposited with the local government finance  
6 administrator. The finance administrator is authorized to disburse appropriated money of the study commission  
7 on the study commission's order after approval of the budget by the governing body. Unexpended money of the  
8 study commission does not revert to the general fund of the local government at the end of the fiscal year but  
9 carries over to the study commission's appropriation for the following fiscal year. Upon termination of the study  
10 commission, unexpended money reverts to the general fund of the local government."  
11

11

12 **Section 79.** Section 7-3-1104, MCA, is amended to read:

13 **"7-3-1104. General powers of consolidated local governments.** A consolidated local government has  
14 and may exercise all powers that are conferred on counties, cities, or towns by the constitution and laws of the  
15 state. ~~Subject to 15-10-420, the consolidated local government may levy all taxes that counties, cities, and towns~~  
16 ~~are authorized to levy."~~

17

18 **Section 80.** Section 7-3-1223, MCA, is amended to read:

19 **"7-3-1223. Effective date of ordinances.** (1) ~~Ordinances making the annual tax levy, ordinances and~~  
20 ~~resolutions providing for local improvements and assessments, and emergency Emergency measures shall take~~  
21 effect at the time indicated therein. All other ordinances and resolutions enacted by the commission shall be in  
22 effect from and after 30 days from the date of their passage.

23 (2) When an ordinance proposed by initiative petition is passed by the commission in a changed or  
24 amended form and the committee of the petitioners requires that such proposed ordinance be submitted to a vote  
25 of the electors, as provided in 7-3-1229, the ordinance as passed by the commission shall not take effect until  
26 after such vote, and if the proposed ordinance so submitted be approved by a majority of the electors voting  
27 thereon, the ordinance as passed by the commission shall be deemed repealed.

28 (3) Ordinances adopted by the electors shall take effect at the time fixed therein or, if no time is specified,  
29 30 days after the adoption thereof."  
30

30

1           **Section 81.** Section 7-3-1230, MCA, is amended to read:

2           **"7-3-1230. Petition for referendum.** (1) The electors shall have power to approve or reject at the polls  
3 any ordinance passed by the commission except an ordinance making ~~a tax levy~~ or an emergency measure, such  
4 power being known as the referendum. Ordinances submitted to the commission and passed by the commission  
5 without change or passed in an amended form and not required by the committee of the petitioners to be  
6 submitted to a vote of the electors shall be subject to the referendum in the same manner as other ordinances.

7           (2) If, within 30 days after the final passage of an ordinance, a petition signed by 10% of the qualified  
8 electors whose names appear on the register of voters on the date when such petition is filed shall be filed with  
9 the clerk requesting that the ordinance or any specified part thereof be either repealed or submitted to a vote of  
10 the electors, it shall not become operative until the steps indicated herein have been taken. Referendum petitions  
11 shall contain the text of the ordinance or part thereof, the repeal of which is sought."  
12

13           **Section 82.** Section 7-3-1313, MCA, is amended to read:

14           **"7-3-1313. Special taxing districts for indebtedness existing prior to consolidation.** ~~(1)~~ A district  
15 comprised within the boundaries of any city, town, or district existing within the county at the time of the adoption  
16 of part 12 and this part by the electors of the consolidated government is, for the purpose of paying the interest  
17 and principal of any debt incurred by the city, town, or district prior to the adoption of the consolidated  
18 government, continued as a special district until the debt has been paid. ~~Subject to 15-10-420, the~~ The  
19 commission shall, ~~in the annual tax levy ordinance, levy upon the property within each district a tax, in addition~~  
20 ~~to all other taxes; request funding from the critical needs assessment commission as provided in [section 11]~~ that  
21 the director of finance reports to be necessary to provide for paying the interest on each debt as it falls due and  
22 the principal of the debt as it matures, ~~and no other property within the municipality is taxable or liable for the~~  
23 ~~payment of any district debt.~~

24           ~~(2) Subject to 15-10-420, the commission shall provide in the annual tax levy ordinance adopted for the~~  
25 ~~levy of a tax upon all property within the municipality that the director of finance reports to be necessary to provide~~  
26 ~~for paying the interest as it falls due and the principal as it matures of any debt of the municipality as a whole.~~

27           ~~(3) The tax levy for the debt of the municipality as a whole and the tax levy for the debt of each district~~  
28 ~~must be a separate levy and must be distinct from and in addition to all other tax levies. The proceeds of each~~  
29 ~~tax levy must be placed in a separate fund for the payment of the interest and principal of the debt for which the~~  
30 ~~tax was levied, and the fund may not be used for any other purpose."~~

1

2           **Section 83.** Section 7-3-4312, MCA, is amended to read:

3           **"7-3-4312. Effect of organization of communities into single municipal district.** (1) Whenever any  
4 group of communities becomes a single municipal district under the provisions of this part, the commissioners  
5 elected at the first election have the same functions and authority and municipal procedure must be the same  
6 as is provided in this part when single communities, cities, or towns adopt the commission-manager form of  
7 government. The terms of all municipal officers in any prior city or town that is included in the new municipal  
8 district cease and terminate as soon as the commissioners adopt a resolution terminating the terms, and the  
9 corporate functions and existence of any prior municipal corporation may be terminated by the commissioners  
10 when the need for the further existence of the prior corporation has ended.

11           (2) Whenever any group of communities, including one or more incorporated cities or towns, becomes  
12 a single municipal district under this part, the municipal district has the same name as the principal incorporated  
13 city or town in the district.

14           (3) Whenever any group of communities, including one or more incorporated cities or towns, becomes  
15 a single municipal district under this part, the corporate property of each city or town becomes the property of the  
16 new municipality, ~~but improvements paid for in whole or in part by special assessments upon abutting property~~  
17 ~~within special improvement districts may not be considered municipal property within the meaning of this part to~~  
18 ~~the extent of the special assessment payments. If a prior city or town has an unpaid indebtedness, the~~  
19 ~~commissioners of the new municipality elected at the first municipal election shall inventory and appraise or cause~~  
20 ~~to be inventoried and appraised all of the property, and if the amount of the indebtedness of the prior city or town~~  
21 ~~exceeds the inventory value of the property surrendered to the new municipality by the prior city or town, then~~  
22 ~~the excess of the indebtedness over the inventory value of the property is a charge only against the taxable~~  
23 ~~property within the limits of the prior city or town and, subject to 15-10-420, must be paid by levy upon the~~  
24 ~~property located within the prior city or town."~~

25

26           **Section 84.** Section 7-3-4313, MCA, is amended to read:

27           **"7-3-4313. Powers of municipalities under commission-manager plan.** (1) The inhabitants of any  
28 municipality coming under the provisions of this part and part 44, as its limits now are or may hereafter be, shall  
29 be a body politic and corporate and have a corporate name and as such shall have perpetual succession and  
30 may use a corporate seal. Through its duly elected officers, it may sue and be sued; may acquire property in fee

1 simple or lesser interest or estate by purchase, gift, devise, appropriation, lease, or lease with the privilege to  
 2 purchase for any municipal purpose; may sell, lease, hold, manage, and control such property and make any and  
 3 all rules, by ordinance or resolution, which may be required to carry out fully all provisions of any conveyance,  
 4 deed, or will, in relation to any gift or bequest, or the provisions of any lease by which it may acquire property;  
 5 may acquire, construct, own, lease, and operate and regulate public utilities; may assess, levy, and collect taxes  
 6 for general and special purposes on all the subjects or objects which the municipality may lawfully tax; may  
 7 borrow money on the faith and credit of the municipality by the issue or sale of bonds or notes of the municipality;  
 8 may appropriate money of the municipality for all lawful purposes; may create, provide for, construct, regulate  
 9 and maintain all things of nature of public works and improvements; ~~may levy and collect assessments for~~  
 10 ~~improvement districts and other local improvements~~; may license and regulate persons, corporations, and  
 11 associations engaged in any business, occupation, profession, or trade; may define, prohibit, abate, suppress,  
 12 and prevent all things detrimental to the health, morals, comfort, safety, convenience, and welfare of the  
 13 inhabitants of the municipality and all nuisances and the causes thereof; may regulate the construction, height,  
 14 and the material used in all buildings and the maintenance and occupancy thereof; may regulate and control the  
 15 use, for whatever purpose, of the streets and other public places; may create, establish, abolish, and organize  
 16 offices and fix the salaries and compensation of all officers and employees; may make and enforce local sanitary  
 17 and police and other regulations; and may pass such ordinances as may be expedient for maintaining and  
 18 promoting peace, good government, and welfare of the municipality and for the performance of the functions  
 19 thereof.

20 (2) The municipality shall have all powers that now are or hereafter may be granted to municipalities by  
 21 the constitution or laws of Montana. All such powers, whether expressed or implied, shall be exercised and  
 22 enforced in the manner prescribed by this part and part 44 or, when not prescribed therein, in such manner as  
 23 shall be prescribed by the ordinances or resolutions of the commission."  
 24

25 **Section 85.** Section 7-4-2504, MCA, is amended to read:

26 **"7-4-2504. Salaries to be fixed by resolution -- cost-of-living increments.** The county governing body  
 27 shall annually adopt a resolution by ~~the date established in 7-6-4036~~ the later of the first Thursday after the first  
 28 Tuesday in September to adjust and uniformly fix the salaries of the county treasurer, county clerk, county  
 29 assessor, county school superintendent, county sheriff, clerk of district court, county auditor (if there is one),  
 30 justice of the peace, county coroner, and county surveyor (if the surveyor receives a salary) by adding to the

1 annual salary provided for in 7-4-2503(1) a cost-of-living increment based upon the schedule developed and  
 2 approved by the county compensation board provided for in 7-4-2503(4)."

3

4 **Section 86.** Section 7-5-131, MCA, is amended to read:

5 **"7-5-131. Right of initiative and referendum.** (1) The powers of initiative and referendum are reserved  
 6 to the electors of each local government. Resolutions and ordinances within the legislative jurisdiction and power  
 7 of the governing body of the local government, except those set out in subsection (2), may be proposed or  
 8 amended and prior resolutions and ordinances may be repealed in the manner provided in 7-5-132 through  
 9 7-5-135 and 7-5-137.

10 (2) The powers of initiative do not extend to the following:

11 (a) the annual budget;

12 (b) bond proceedings, except for ordinances authorizing bonds;

13 (c) the establishment and collection of charges pledged for the payment of principal and interest on  
 14 bonds;

15 ~~(d) the levy of special assessments pledged for the payment of principal and interest on bonds; or~~

16 ~~(e)~~(d) the prioritization of the enforcement of any state law by a unit of local government."

17

18 **Section 87.** Section 7-6-502, MCA, is amended to read:

19 **"7-6-502. Levy for juvenile Juvenile detention programs.** (1) ~~Subject to 15-10-420, a~~ A local  
 20 government may impose a levy on the taxable value of all property within its jurisdiction in an amount determined  
 21 by the governing body submit a request for funding to the critical needs assessment commission as provided in  
 22 [section 11] for the purpose of financing the establishment and operation of juvenile detention programs.

23 (2) Local governments may use the funds ~~derived from a levy authorized in~~ requested pursuant to  
 24 subsection (1) to contract with other units of local government to purchase services from available juvenile  
 25 detention programs consistent with the purposes of ~~the levy as stated in~~ subsection (1)."

26

27 **Section 88.** Section 7-6-621, MCA, is amended to read:

28 **"7-6-621. Volunteer firefighters' disability income insurance authorized ~~--voted levy--~~ fund.** (1)  
 29 Disability income insurance, as defined in 33-1-235, may be purchased for volunteer firefighters. Disability income  
 30 insurance purchased under this section is not the same as workers' compensation coverage provided for under



1 7-33-4510.

2 (2) If ~~the voters have approved a levy~~ funding has been received from the critical needs assessment  
3 commission as provided in [section 11] for the purchase of volunteer firefighters' disability income insurance or  
4 workers' compensation coverage, the governing body of a local government entity may establish a volunteer  
5 firefighters' disability income insurance account. The governing body may hold money in the account for any time  
6 period considered appropriate by the governing body. ~~Money held in the account may not be considered as cash~~  
7 ~~balance for the purpose of reducing mill levies.~~

8 (3) Money may be expended from the account to purchase disability income insurance coverage or for  
9 workers' compensation coverage for volunteer firefighters organized or deployed pursuant to any of the provisions  
10 of Title 7, chapter 33, parts 21 through 24 or 41.

11 (4) Money in the account must be invested as provided by law. Interest and income from the investment  
12 of money in the account must be credited to the account."

13

14 **Section 89.** Section 7-6-1502, MCA, is amended to read:

15 **"7-6-1502. Resort community taxing authority -- specific delegation.** As required by 7-1-112,  
16 7-6-1501 through ~~7-6-1507~~ 7-6-1506 specifically delegate to the qualified electors of each respective resort  
17 community the power to authorize their municipality to impose a resort tax within the corporate boundary of the  
18 municipality as provided in 7-6-1501 through ~~7-6-1507~~ 7-6-1506."

19

20 **Section 90.** Section 7-6-1506, MCA, is amended to read:

21 **"7-6-1506. Use of resort community tax revenue -- bond issue -- pledge.** (1) Unless otherwise  
22 restricted by the voter-approved tax authorization provided for in 7-6-1504, a resort community or a resort area  
23 district may appropriate and expend revenue derived from a resort tax for any activity, undertaking, or  
24 administrative service that the municipality or resort area district is authorized by law to perform, including costs  
25 resulting from the imposition of the tax.

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

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

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

9 (5) Bonds may not be issued pledging proceeds of the resort tax for repayment unless the municipality  
 10 in the resolution authorizing issuance of the bonds determines that in any fiscal year the annual revenue expected  
 11 to be derived from the resort tax, ~~less the amount required to reduce property taxes pursuant to 7-6-1507,~~ equals  
 12 at least 125% of the average amount of the principal and interest payable from the resort tax revenue on the  
 13 bonds and any other outstanding bonds payable from the resort tax except any bonds to be refunded upon the  
 14 issuance of the proposed bonds."

15  
 16 **Section 91.** Section 7-6-2501, MCA, is amended to read:  
 17 **"7-6-2501. Authorization for county mill levy funding.** ~~Subject to 15-10-420, the~~ The board of county  
 18 commissioners may levy a tax annually on the taxable property of the county request funding from the critical  
 19 needs assessment commission as provided in [section 11] for county public or governmental purposes that is  
 20 necessary to defray current expenses and may levy taxes that are required to be levied by special or local  
 21 statutes."

22  
 23 **Section 92.** Section 7-6-2511, MCA, is amended to read:  
 24 **"7-6-2511. County levy request for funding for certain court expenses.** (1) ~~Subject to 15-10-420,~~  
 25 the The governing body of each county may each year levy and collect a tax on the taxable property of the county  
 26 request funding from the critical needs assessment commission as provided in [section 11] for certain county  
 27 district court costs, as provided in subsection (2).

28 (2) District court costs for which ~~a tax may be levied~~ funding may be requested under subsection (1) are  
 29 the:

30 (a) costs of the office of the clerk of district court;

1 (b) costs of providing office, courtroom, and other space for district court operations under 3-1-125; and  
 2 (c) contracted costs of supplementing a district court budget, as provided in 3-1-126, if incurred in the  
 3 discretion of the county commissioners.

4 (3) Costs of the office of the clerk of district court include but are not limited to salary and benefits for  
 5 clerks of district court, deputy clerks of district court, and other employees of the office of the clerk of district court  
 6 and expenses of the office.

7 (4) If remaining funds are available after paying the costs provided for in subsection (2), the county  
 8 commissioners, in their discretion, may use the remaining funds to pay the expenses of the office of county  
 9 attorney.

10 (5) This section may not be construed as a limitation on the authority or ability of a county or district court  
 11 to apply for, receive, or administer grants from state, federal, or private funds."  
 12

13 **Section 93.** Section 7-6-2512, MCA, is amended to read:

14 **"7-6-2512. County tax levy funding for health care facilities.** (1) ~~Subject to 15-10-420, the~~ The board  
 15 of county commissioners may, annually at the time of levying county taxes, fix and levy a tax upon all property  
 16 within the county request funding from the critical needs assessment commission as provided in [section 11] to  
 17 erect, furnish, equip, expand, improve, maintain, and operate county-owned or county-operated health care  
 18 facilities created under 7-8-2102, 7-34-2201, and 7-34-2502. "Health care facilities" as used in this section has  
 19 the meaning as defined in 7-34-2201. If a hospital district is created under Title 7, chapter 34, part 21, the mill levy  
 20 authorized by this section may not be imposed on property within that hospital district.

21 (2) If a county issues bonds under 7-34-2411 to finance or refinance the costs of a health care facility,  
 22 the board of county commissioners may ~~covenant to levy the tax authorized by this section~~ request funding from  
 23 the critical needs assessment commission as provided in [section 11] during the term of the bonds, to the extent  
 24 necessary, and to apply the collections of the tax funding to the costs of erecting, furnishing, equipping,  
 25 expanding, improving, maintaining, and operating the health care facility or facilities of the county or the payment  
 26 of principal of or interest on the bonds. The pledge of the taxes to the payment of funding for the bonds may not  
 27 cause the bonds to be considered indebtedness of the county for the purpose of any statutory limitation or  
 28 restriction. The pledge may be made by the board only upon authorization of a majority of the electors of the  
 29 county voting on the pledge at a general or special election as provided in 7-34-2414."

30

1           **Section 94.** Section 7-6-2513, MCA, is amended to read:

2           "**7-6-2513. County public safety levy funding -- purpose.** ~~Subject to 15-10-420, the~~ The board of  
3 county commissioners may, ~~annually at the time of levying county taxes, fix and levy a tax on all property within~~  
4 ~~the county~~ request funding from the critical needs assessment commission as provided in [section 11] for the  
5 purpose of providing for the public safety of citizens. The tax funds must be used to support county law  
6 enforcement services and to maintain county detention centers. Money received ~~from the tax~~ must be placed in  
7 a special account to be used for the purposes of this section."

8

9           **Section 95.** Section 7-6-2527, MCA, is amended to read:

10           "**7-6-2527. Taxation Funding -- public and governmental purposes.** A county may ~~impose a property~~  
11 ~~tax levy~~ request funding from the critical needs assessment commission as provided in [section 11] for any public  
12 or governmental purpose not specifically prohibited by law. Public and governmental purposes include but are  
13 not limited to:

- 14           (1) district court purposes as provided in 7-6-2511;
- 15           (2) county-owned or county-operated health care facility purposes as provided in 7-6-2512;
- 16           (3) county law enforcement services and maintenance of county detention center purposes as provided  
17 in 7-6-2513 and search and rescue units as provided in 7-32-235;
- 18           (4) multijurisdictional service purposes as provided in 7-11-1022;
- 19           (5) transportation services for senior citizens and persons with disabilities as provided in 7-14-111;
- 20           (6) support for a port authority ~~as provided in 7-14-1132;~~
- 21           (7) county road, bridge, and ferry purposes as provided in 7-14-2101, ~~7-14-2501, 7-14-2502, 7-14-2503,~~  
22 and 7-14-2801, and 7-14-2807;
- 23           (8) recreational, educational, and other activities of the elderly as provided in 7-16-101;
- 24           (9) purposes of county fair activities, parks, cultural facilities, and any county-owned civic center, youth  
25 center, recreation center, or recreational complex as provided in 7-16-2102 and 7-16-2109;
- 26           (10) programs for the operation of licensed day-care centers and homes as provided in 7-16-2108 and  
27 7-16-4114;
- 28           (11) support for a museum, facility for the arts and the humanities, collection of exhibits, or a museum  
29 district created under provisions of Title 7, chapter 11, part 10, or former Title 7, chapter 16, part 22;
- 30           (12) extension work in agriculture and home economics as provided in 7-21-3203;

- 1 (13) weed control and management purposes as provided in 7-22-2142;
- 2 (14) insect control programs as provided in 7-22-2306;
- 3 (15) fire control as provided in 7-33-2209;
- 4 (16) ambulance service as provided in 7-34-102;
- 5 (17) public health purposes as provided in 50-2-111 and 50-2-114;
- 6 (18) public assistance purposes as provided in 53-3-115;
- 7 (19) indigent assistance purposes as provided in 53-3-116;
- 8 (20) developmental disabilities facilities as provided in 53-20-208;
- 9 (21) mental health services as provided in 53-21-1010;
- 10 (22) airport purposes as provided in 67-10-402 and 67-11-302;
- 11 (23) purebred livestock shows and sales as provided in 81-8-504;
- 12 (24) economic development purposes as provided in 90-5-112;
- 13 (25) prevention programs, including programs that reduce substance abuse; and
- 14 (26) forest or grassland hazardous fuels reduction projects in areas near homes and communities where
- 15 wildland fire is a threat."

16

17 **Section 96.** Section 7-6-4020, MCA, is amended to read:

18 **"7-6-4020. Preliminary annual operating budget.** (1) A preliminary annual operating budget must be  
19 prepared for the local government.

20 (2) This part does not provide for the consolidation or reassignment, but does not prohibit delegation by  
21 mutual agreement, of any duties of elected county officials.

22 (3) (a) Before June 1 of each year, the county clerk and recorder shall notify the county commission and  
23 each board, office, regional resource authority, or official that they are required to file preliminary budget  
24 proposals for their component of the total county budget.

25 (b) Component budgets must be submitted to the clerk and recorder before June 10th or on a date  
26 designated by the county commission and must be submitted on forms provided by the county clerk and recorder.

27 (c) The county clerk and recorder shall prepare and submit the county's preliminary annual operating  
28 budget.

29 (d) Component budget responsibilities as provided in this subsection (3) include but are not limited to  
30 the following:

- 1 (i) The county surveyor or any special engineer shall compute road and bridge component budgets and  
2 submit them to the county commission.
- 3 (ii) The county commission shall submit road and bridge component budgets.
- 4 (iii) The county treasurer shall submit debt service component budgets.
- 5 (iv) The county commission shall submit component budgets for construction or improvements to be  
6 made from new general obligation debt.
- 7 (4) The preliminary annual operating budget for each fund must include, at a minimum:
- 8 (a) a listing of all revenue and other resources for the prior budget year, current budget year, and  
9 proposed budget year;
- 10 (b) a listing of all expenditures for the prior budget year, the current budget year, and the proposed  
11 budget year. All expenditures must be classified under one of the following categories:
- 12 (i) salaries and wages;
- 13 (ii) operations and maintenance;
- 14 (iii) capital outlay;
- 15 (iv) debt service; or
- 16 (v) transfers out.
- 17 (c) a projection of changes in fund balances or cash balances available for governmental fund types and  
18 a projection of changes in cash balances and working capital for proprietary fund types. This projection must be  
19 supported by a summary for each fund or group of funds listing the estimated beginning balance plus estimated  
20 revenue, less proposed expenditures, cash reserves, and estimated ending balances.
- 21 (d) a detailed list of proposed capital expenditures and a list of proposed major capital projects for the  
22 budget year;
- 23 (e) financial data on current and future debt obligations;
- 24 (f) schedules or summary tables of personnel or position counts for the prior budget year, current budget  
25 year, and proposed budget year. The budgeted amounts for personnel services must be supported by a listing  
26 of positions, salaries, and benefits for all positions of the local government. The listing of positions, salaries, and  
27 benefits is not required to be part of the budget document.
- 28 (g) all other estimates that fall under the purview of the budget.
- 29 (5) The preliminary annual operating budget for each fund for which the local government will ~~levy an~~  
30 ~~ad valorem property tax~~ request funding from the critical needs assessment commission as provided in [section

1 11] must include the ~~estimated amount to be raised by the tax requested.~~"

2

3 **Section 97.** Section 7-6-4034, MCA, is amended to read:

4 **"7-6-4034. Determination of fund requirements -- ~~property tax levy.~~** (1) ~~After determining the final~~  
5 ~~budget, the governing body shall determine the property tax levy needed for each fund by:~~

6 ~~—— (a) adding the total amount of the appropriations and authorized expenditures for the budget year;~~

7 ~~—— (b) adding an additional amount, subject to the provisions of subsection (2), as a reserve to meet~~  
8 ~~expenditures made from the fund during the months of July to November of the next fiscal year;~~

9 ~~—— (c) subtracting the working capital; and~~

10 ~~—— (d) subtracting the total estimated revenue, other than the property tax levy, for the budget year.~~

11 ~~—— (2) After deducting from the amount of the appropriations and authorized expenditures the total amount~~  
12 ~~appropriated and authorized to be spent for election expenses and payment of emergency warrants, the amount~~  
13 ~~that may be added as a reserve, as provided in subsection (1)(b), to:~~

14 ~~(a)(1) a county's fund may not exceed one-third of the total amount appropriated and authorized to be~~  
15 ~~spent from the fund during the current fiscal year; and~~

16 ~~(b)(2) a city's or town's fund may not exceed one-half of the total amount appropriated and authorized~~  
17 ~~to be spent from the fund during the current fiscal year."~~

18

19 **Section 98.** Section 7-6-4431, MCA, is amended to read:

20 **"7-6-4431. Authorization to exceed or impose less than maximum mill levy -- election required**  
21 **to exceed Supplemental funding.** The governing body of a municipality may raise money ~~by taxation~~ for the  
22 support of municipal government services, facilities, or other capital projects ~~in excess of the levy allowed by~~  
23 ~~15-10-420 under the following conditions:~~

24 ~~—— (1) The governing body shall pass a resolution indicating its intent to exceed the current statutory mill~~  
25 ~~levy limit on the approval of a majority of the qualified electors voting in an election under subsection (2). The~~  
26 ~~resolution must include:~~

27 ~~—— (a) the specific purpose for which the additional money will be used;~~

28 ~~—— (b) the specific dollar amount to be raised; and~~

29 ~~—— (c) the approximate number of mills required.~~

30 ~~—— (2) The governing body shall submit the question of the additional mill levy to the qualified electors of~~

1 the municipality at an election as provided in 15-10-425. The question may not be submitted more than once in  
 2 any calendar year. If the majority of voters voting on the question is in favor of the additional levy or levies, the  
 3 governing body is authorized to impose the mill levy in the amount specified in the resolution:

4 ~~\_\_\_\_\_ (3) An election is not required for a governing body to impose less than the maximum number of mills~~  
 5 ~~or to carry forward authorization to impose the maximum number of mills in a subsequent tax year as provided~~  
 6 ~~in 15-10-420(1)(b) by submitting a request for funding to the critical needs assessment commission as provided~~  
 7 ~~in [section 11]."~~

8

9 **Section 99.** Section 7-6-4438, MCA, is amended to read:

10 **"7-6-4438. Tax levy and expenditures Expenditures for municipal and administrative purposes**  
 11 **when limits on municipal indebtedness exceeded.** (1) ~~Subject to 15-10-420, taxes levied and collected~~  
 12 ~~Funding received from the critical needs assessment commission as provided in [section 11]~~ for municipal and  
 13 administrative purposes by any city or town in which the indebtedness equals or exceeds the limit allowed by  
 14 statute may be used in payment of current expenses during the fiscal year for which the ~~taxes were levied as if~~  
 15 ~~a special levy had been made for each of the purposes~~ funding was requested. The council of the city or town  
 16 may designate the amount of the ~~general levy~~ funding applicable to each of the purposes. The amount designated  
 17 constitutes a special fund for the special purpose of paying the expenses incurred for the purpose. The expenses  
 18 are payable only out of the fund.

19 (2) ~~Subject to 15-10-420, a~~ A city, the indebtedness of which equals or exceeds the limit allowed by  
 20 statute, may ~~levy and collect special taxes~~ request funding from the critical needs assessment commission as  
 21 provided in [section 11] for municipal and administrative purposes, and the city council in ~~making special levies~~  
 22 requesting funding shall designate the amount for each of the purposes. ~~Each tax~~ The funding, when collected,  
 23 constitutes a fund out of which the expenses incurred for the purpose for which the ~~tax was levied~~ funding was  
 24 requested must be paid. The expenses incurred for any particular purpose may be paid only out of the specified  
 25 fund."

26

27 **Section 100.** Section 7-7-105, MCA, is amended to read:

28 **"7-7-105. Challenges to local government bond elections.** (1) No action may be brought for the  
 29 purpose of restraining the issuance and sale of bonds or other obligations by any county, city, town, or political  
 30 subdivision of the state ~~or for the purpose of restraining the levy and collection of taxes for the payment of such~~



1 ~~bonds or other obligations~~ after the expiration of 60 days from the date of the election on such bonds or  
 2 obligations or, if no election was held thereon, after the expiration of 60 days from the date of the order,  
 3 resolution, or ordinance authorizing the issuance thereof, on account of any defect, irregularity, or informality in  
 4 giving notice of or in holding the election. No defense based upon any such defect, irregularity, or informality may  
 5 be interposed in any action unless brought within this period. This subsection applies but is not limited to any  
 6 action and defense in which the issue is raised whether a voted debt or liability has carried by the required  
 7 majority vote of the electors qualified and offering to vote thereon.

8 (2) (a) Any elector qualified to vote in a bond election of a county, a city, or any political subdivision of  
 9 either may contest a bond election for any of the following causes:

10 (i) that the precinct board, in conducting the election or in canvassing the returns, made errors sufficient  
 11 to change the result of the election;

12 (ii) that any official charged with a duty under the election laws failed to perform that duty;

13 (iii) that in conducting the election, any official charged with a duty under the election laws violated any  
 14 of the provisions of Title 13 relating to bond elections;

15 (iv) that electors qualified to vote in the election under the provisions of the constitutions of Montana and  
 16 the United States were not given opportunity to vote in the election;

17 (v) that electors not qualified to vote in the election under the provisions of the constitutions of Montana  
 18 and the United States were permitted to vote in the election.

19 (b) Within 60 days after the election, the contestant shall file a verified petition with the clerk of the court  
 20 in the judicial district where the election was held.

21 (3) The word "action", as used in this section, is to be construed, whenever it is necessary to do so, as  
 22 including a special proceeding of a civil nature."

23

24 **Section 101.** Section 7-7-121, MCA, is amended to read:

25 **"7-7-121. Misconduct in relation to bond funds.** (1) (a) Except as provided in subsection (1)(b), when  
 26 any officer or officers or board or body of officers of any county, city, or other municipal or public corporation of  
 27 the state are or shall be required by law to provide ~~by a levy of taxes or~~ by certifying the amount of money  
 28 required or otherwise a sinking fund or fund required to pay at maturity any bonds hereafter issued or created,  
 29 such officer or officers and the members of such board or body of officers shall be jointly and severally liable to  
 30 the county, city, or other municipal or public corporation which they represent if they shall fail to perform any such

1 duties required by law, as specified in this section, in an amount equal to the sum which would have been added  
2 to such fund had they performed such duty.

3 (b) When any such board shall fail or neglect to perform any such duty, no minority member of said board  
4 who shall have moved said board or voted in favor of a performance of such duty shall be held liable.

5 (2) Any person or persons who shall take, use, or appropriate or permit to be taken, used, or  
6 appropriated any portion of any such fund as herein specified for any purpose other than that permitted by law  
7 shall be jointly and severally liable to the county, city, or other municipal or public corporation to which said fund  
8 shall belong for the portion of such fund so unlawfully taken, used, or appropriated."

9

10 **Section 102.** Section 7-7-2206, MCA, is amended to read:

11 **"7-7-2206. Term of general obligation bonds.** (1) Bonds issued for any of the purposes designated  
12 in 7-7-2201(1) through (4) may not be for a longer term than 20 years.

13 (2) Bonds issued for any of the purposes designated in 7-7-2201(5) and (6) may not be for a longer term  
14 than 10 years.

15 (3) Bonds issued for any of the purposes designated in 7-7-2202 may not be for a longer term than 20  
16 years.

17 (4) The length of the term required must be estimated and calculated by the board of county  
18 commissioners, ~~based upon the percentage of valuation of the property upon which taxes are levied and paid~~  
19 ~~within the county as ascertained from the last completed assessment for state and county taxes, taking into~~  
20 ~~account probable changes in the taxable valuation and losses in tax collections. Irrespective of any miscalculation~~  
21 ~~by the county commissioners in fixing the term of the bonds, the county shall from year to year make a sufficient~~  
22 ~~tax levy to pay the interest and installments on principal on the bonds as the payments are due.~~

23 (5) For purposes of 7-7-2207 and this section, the term of a bond issue commences on July 1 of the  
24 fiscal year in which the county first ~~levies taxes to pay~~ pays principal and interest on the bonds."

25

26 **Section 103.** Section 7-7-2264, MCA, is amended to read:

27 **"7-7-2264. Statement as to amount of principal and interest due and payable on bonds.** (1)  
28 Whenever any county has any issue or series of bonds outstanding and there are not sufficient funds on hand  
29 available for the payment of the full amount of the interest and principal thereof, the county treasurer of such  
30 county shall, between the first and fifth days of August in each year while such bonds or any thereof remain

1 outstanding and unpaid, make out and deliver to the board of county commissioners of such county a statement.

2 (2) The statement required by subsection (1) shall show the amount required to be raised ~~by tax levy~~  
 3 during the then-current fiscal year for payment of interest and principal becoming due and payable during such  
 4 fiscal year or within 90 days thereafter on each issue or series of bonds outstanding. If no part of the principal  
 5 of any such issue or series of bonds will become due and payable within such time, then such statement shall  
 6 show the amount required to be raised ~~by tax levy~~ during such year for payment of interest becoming due during  
 7 such time and to place the proper amount in the sinking fund for the payment of the principal of such bonds when  
 8 they become due, as provided in 7-7-2265."

9

10 **Section 104.** Section 7-7-2302, MCA, is amended to read:

11 **"7-7-2302. Applicability of certain other bond provisions.** (1) The provisions of 7-7-2203 through  
 12 7-7-2207, 7-7-2209 through 7-7-2211, 7-7-2222, 7-7-2255 through 7-7-2263, 7-7-2265, ~~7-7-2266~~, 7-7-2268  
 13 through 7-7-2270, and 7-7-2272 through 7-7-2274 apply to refunding bonds issued under this part; however, the  
 14 board of county commissioners may at its option sell bonds issued under this part at a private negotiated sale  
 15 or at a public sale conducted pursuant to the provisions of 7-7-2251, 7-7-2252, and 7-7-2254.

16 (2) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded portion  
 17 of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue for the  
 18 purposes of 7-7-2211."

19

20 **Section 105.** Section 7-7-4264, MCA, is amended to read:

21 **"7-7-4264. Statement as to amount of principal and interest due and payable on bonds.** (1)  
 22 Whenever any city or town has any issue or series of bonds outstanding and there are not sufficient funds on  
 23 hand available for the payment of the full amount of the interest and principal thereof, the city treasurer or town  
 24 clerk shall, between July 1 and July 15 in each year while such bonds or any of them remain outstanding and  
 25 unpaid, make out and deliver to the city or town clerk a statement.

26 (2) The statement required by subsection (1) shall show the amount required to be ~~raised by tax levy~~  
 27 requested from the critical needs assessment commission as provided in [section 11] during the then-current  
 28 fiscal year for payment of interest and principal becoming due and payable during such fiscal year or within 90  
 29 days thereafter on each issue or series of bonds outstanding. If no part of the principal of any such issue or series  
 30 of bonds outstanding or if no part of the principal of any such issue or series of bonds will become due and

1 payable within such time, then such statement shall show the amount required to be ~~raised by tax levy~~ requested  
 2 from the critical needs assessment commission as provided in [section 11] during such year for payment of  
 3 interest becoming due during such time and to place the proper amount in the sinking fund for the payment of  
 4 the principal of such bonds when they become due, as provided in 7-7-4204.

5 (3) The statement prepared by the city treasurer or town clerk shall be presented by the city or town clerk  
 6 to the city or town council at its next meeting."  
 7

8 **Section 106.** Section 7-7-4302, MCA, is amended to read:

9 **"7-7-4302. Applicability of certain other bond provisions.** (1) The provisions of 7-7-4201 through  
 10 7-7-4206, 7-7-4208 through 7-7-4210, 7-7-4255 through ~~7-7-4266~~ 7-7-4264, 7-7-4268 through 7-7-4270, and  
 11 7-7-4272 through 7-7-4274 apply to refunding bonds issued under this part; however, the city or town council may  
 12 at its option sell bonds issued under this part at a private negotiated sale or at a public sale conducted pursuant  
 13 to the provisions of 7-7-4251, 7-7-4252, and 7-7-4254.

14 (2) If a refunding bond issue refunds only a portion of an outstanding bond issue, the unrefunded portion  
 15 of the outstanding bond issue and the refunding bond issue must be treated as a single bond issue for the  
 16 purposes of 7-7-4210."  
 17

18 **Section 107.** Section 7-7-4424, MCA, is amended to read:

19 **"7-7-4424. Undertakings to be self-supporting.** (1) (a) Except as provided in subsections (1)(b) and  
 20 (1)(c), the governing body of a municipality issuing bonds pursuant to this part shall prescribe and collect  
 21 reasonable rates, fees, or charges for the services, facilities, and commodities of the undertaking and shall revise  
 22 the rates, fees, or charges from time to time whenever necessary so that the undertaking is and remains  
 23 self-supporting.

24 (b) The property taxes specifically authorized to be levied for the general purpose served by an  
 25 undertaking or resort taxes approved, levied, and appropriated to an undertaking in compliance with 7-6-1501  
 26 through 7-6-1506, 7-6-1508, and 7-6-1509 constitute revenue of the undertaking and may not result in an  
 27 undertaking being considered not self-supporting.

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

30 (2) The rates, fees, or charges prescribed, along with any appropriated property or resort tax collections,

1 must produce revenue at least sufficient to:

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

4 (b) provide for all expenses of operation and maintenance of the undertaking, including reserves."  
5

6 **Section 108.** Section 7-8-2306, MCA, is amended to read:

7 **"7-8-2306. Distribution of sale and lease proceeds.** The proceeds of each sale or lease under this  
8 part or part 25 must be paid over to the county treasurer, who shall apportion and distribute the proceeds in the  
9 following manner:

10 (1) (a) Upon a sale of the property, the proceeds of each sale must be credited to the county general  
11 fund for reimbursement of expenditures made from it in connection with the procurement of the tax deed and  
12 holding of the sale.

13 (b) Upon a sale of the property, if there is any money remaining after the payment of the amount  
14 specified in subsection (1)(a) and the remainder is:

15 (i) in excess of the aggregate amount of all taxes and assessments accrued against the property for all  
16 funds and purposes, without penalty and interest, then as much of the remaining proceeds must be credited to  
17 each fund or purpose as each fund or purpose would have received had the taxes been paid before becoming  
18 delinquent, and all excess must be credited to the general fund of the county; or

19 (ii) less in amount than the aggregate amount of all taxes and assessments accrued against the property  
20 for all funds and purposes, without penalty or interest, the proceeds must be prorated between the funds and  
21 purposes in the proportion that the amount of taxes and assessments accrued against the property for each fund  
22 or purpose bears to the aggregate amount of taxes and assessments accrued against the property for all funds  
23 and purposes.

24 (2) If tax-deed lands have been sold and the county has reserved a royalty interest, any sums of money  
25 received from the royalty interest must be credited to the general fund of the county, except that the board of  
26 county commissioners may allocate to the county road fund not more than 50% of the money received from  
27 reserved royalty interests.

28 ~~(3) Upon a lease of the property, except as otherwise provided, the amount received as rent, royalty, or~~  
29 ~~otherwise, including interest received on the payments under either a sale or lease, must be apportioned on the~~  
30 ~~current year's levy and must be credited as earnings of tax-deed property and not considered as a credit to~~

1 ~~tax-deed accrued accounts as in the case of the principal received from sales of tax-deed lands."~~

2

3 **Section 109.** Section 7-10-115, MCA, is amended to read:

4 **"7-10-115. Regional resource authority -- powers -- limits.** (1) A regional resource authority has  
5 power to:

6 (a) sue and be sued;

7 (b) purchase and hold lands within its limits;

8 (c) make contracts and purchase and hold personal property that may be necessary to the exercise of  
9 its powers;

10 (d) make orders for the disposition or use of its property that the interests of its inhabitants require; and

11 (e) ~~subject to 15-10-420, levy and collect taxes~~ request funding from the critical needs assessment  
12 commission for public or governmental purposes, as described in ~~7-6-2527~~ [section 11], under its exclusive  
13 jurisdiction ~~unless prohibited by law~~;

14 (f) impose fees or assessments for services provided;

15 (g) pay debts and expenses;

16 (h) solicit and accept bequests, donations, or grants of money, property, services, or other advantages  
17 and comply with any condition that is not contrary to the public interest;

18 (i) execute documents necessary to receive money, property, services, or other advantages from the  
19 state government, the federal government, or any other source;

20 (j) make grants and loans of money, property, and services for public purposes;

21 (k) require the attendance of witnesses and production of documents relevant to matters being  
22 considered by the governing body;

23 (l) hire, direct, and discharge employees and appoint and remove members of boards;

24 (m) ratify any action of the regional resource authority or its officers or employees that could have been  
25 approved in advance;

26 (n) acquire by eminent domain, as provided in Title 70, chapter 30, any interest in property for a public  
27 use authorized by law;

28 (o) initiate a civil action to restrain or enjoin an action adverse to the regional resource authority;

29 (p) enter private property, obtaining warrants when necessary, for the purpose of enforcing its authority  
30 that affects the general welfare and public safety;

- 1 (q) conduct preparatory studies;
- 2 (r) purchase insurance and establish self-insurance plans;
- 3 (s) exercise powers not inconsistent with law necessary for effective administration of authorized
- 4 services and functions;
- 5 (t) enter into interlocal agreements or other agreements with the federal government or its agencies; and
- 6 (u) issue bonds and notes for the purpose of funding projects as provided in part 2 of this chapter.
- 7 (2) A regional resource authority may not:
- 8 (a) authorize a tax on income or the sale of goods or services;
- 9 (b) regulate private activity beyond its geographic limits;
- 10 (c) impose a duty on another unit of local government, except that nothing in this limitation affects the
- 11 right of a regional resource authority to enter into and enforce an agreement on interlocal cooperation;
- 12 (d) exercise any judicial function, except as an incident to the exercise of an administrative power; or
- 13 (e) exercise any power enumerated in 7-1-111."
- 14

15 **Section 110.** Section 7-11-104, MCA, is amended to read:

16 **"7-11-104. Authorization to create interlocal agreements -- issuance of bonds for joint**

17 **construction -- hiring of teacher, specialist, or superintendent.** One or more public agencies may contract

18 with any one or more other public agencies to perform any administrative service, activity, or undertaking or to

19 participate in the provision or maintenance of any public infrastructure facility, project, or service, including the

20 issuance of bonds for the joint construction of a facility under ~~20-9-404~~, the hiring of a teacher or specialist under

21 20-4-201 or a superintendent under 20-4-401, or the hiring of or contracting with any other professional person

22 licensed under Title 37, that any of the public agencies entering into the contract is authorized by law to perform.

23 The contract must be authorized and approved by the governing body of each party to the contract. The contract

24 must outline fully the purposes, powers, rights, obligations, and responsibilities of the contracting parties."

25

26 **Section 111.** Section 7-11-1003, MCA, is amended to read:

27 **"7-11-1003. Authorization to create special districts.** (1) Whenever the public convenience and

28 necessity may require:

29 (a) the governing body may:

30 (i) create a special district by resolution; or

1 (ii) order a referendum on the creation of a special district to serve the inhabitants of the special district  
2 as provided in 7-11-1011; or

3 (b) petitioners may initiate the creation of a special district to serve inhabitants of the special district as  
4 provided in subsection (2).

5 (2) (a) (i) Upon receipt of a petition to institute the creation of a special district that is signed by at least  
6 25% of the registered voters or by the owners of at least 25% of the real property within the boundary of the  
7 proposed special district and that is submitted to the clerk of the governing body, the governing body shall order  
8 a referendum on the creation of the special district pursuant to 7-11-1011.

9 (ii) Upon receipt of a petition to institute the creation of a special district that is signed by more than 50%  
10 of the registered voters or by the owners of more than 50% of the real property within the boundary of the  
11 proposed special district, the governing body shall conduct a public hearing pursuant to 7-11-1007. Following the  
12 hearing and if insufficient protests are made as provided in 7-11-1008, the governing body shall order the creation  
13 of the special district in accordance with 7-11-1013.

14 ~~(b) If a proposed special district would be financed by a mill levy, a petition to institute the creation of the~~  
15 ~~special district must be signed by at least 40% of the registered voters or at least 40% of the property taxpayers~~  
16 ~~within the boundary of the proposed district.~~

17 ~~(e)(b)~~ The form of the petition may be prescribed by the governing body, and the clerk of the governing  
18 body shall verify the signatures on the petition.

19 ~~(d)(c)~~ Subject to subsection ~~(2)(c)~~ (2)(b), the petition must:

20 (i) require the printed name of each signatory;

21 (ii) specify whether the signatory is a property taxpayer or owner of real property within the proposed  
22 special district and either the street address or the legal description, whichever the signatory prefers, of that  
23 property;

24 (iii) describe the type of special district being proposed and the general character of any proposed  
25 improvements and program to be administered within the special district;

26 (iv) designate the method of financing any proposed improvements or maintenance program within the  
27 special district;

28 (v) include a description of the areas to be included in the proposed special district; and

29 (vi) specify whether the proposed special district would be administered by the local governing body or  
30 an appointed or elected board.



- 1 (3) Within 60 days of receipt of a petition to create a special district, the clerk of the governing body shall:
- 2 (a) certify that the petition is sufficient under the provisions of subsection (2) and present it to the
- 3 governing body at its next meeting; or
- 4 (b) reject the petition if it is insufficient under the provisions of subsection (2).
- 5 (4) A defect in the contents of the petition or in its title, form of notice, or signatures may not invalidate
- 6 the petition and subsequent proceedings as long as the petition has a sufficient number of qualified signatures
- 7 attached."

8

9 **Section 112.** Section 7-11-1029, MCA, is amended to read:

10 **"7-11-1029. Dissolution of special district.** (1) A special district may be dissolved if it is considered

11 to be in the best interest of a local government or the inhabitants of the local government or if the purpose for

12 creating the special district has been fulfilled and the special district is not needed in perpetuity.

13 (2) The governing body may pass a resolution of intention to dissolve a special district upon its own

14 request or upon request of the separate board administering the special district.

15 (3) After the passage of the resolution provided for in subsection (2), the clerk of the local government

16 that established the special district shall publish a notice, as provided in 7-1-2121 or 7-1-4127, of the intention

17 to dissolve the district.

18 (4) The notice must specify the boundaries of the special district to be dissolved, the date of the passage

19 of the resolution of intention to dissolve, the date set for the passage of the resolution of dissolution, and that the

20 resolution will be passed unless the clerk of the local government receives written protest in advance from:

- 21 ~~——(a) 40% of registered voters or 40% of the owners of real property in the district; or~~
- 22 ~~——(b) 40% of registered voters or 40% of the property taxpayers in the district if the district program or~~
- 23 ~~improvements have been financed through a mill levy.~~

24 (5) If the special district is dissolved, the clerk of the local government shall immediately send written

25 notice to:

- 26 (a) the secretary of state; and
- 27 (b) the department of revenue, providing the same information required in 7-11-1014 when a district is
- 28 created. The department of revenue and the state library shall respond to the dissolution in the same manner as
- 29 they respond to the creation of a district, as described in 7-11-1014.

30 (6) The dissolution of a special district may not relieve the property owners from the assessment and

1 payment of a sufficient amount to liquidate all charges existing against the special district prior to the date of  
2 dissolution.

3 (7) Any assets remaining after all debts and obligations of the special district have been paid, discharged,  
4 or irrevocably settled must be:

5 (a) deposited in the general fund of the local government;

6 (b) in the case of multiple local governments, divided in accordance with their interlocal agreement and  
7 deposited in the general fund of each local government; or

8 (c) transferred to a new special district that has been created to provide substantially the same service  
9 as provided by the dissolved special district.

10 (8) If the remaining assets are derived from private grants or gifts that restrict the use of those funds, the  
11 funds must be returned to the grantor or donor."

12

13 **Section 113.** Section 7-12-1132, MCA, is amended to read:

14 **"7-12-1132. Annual budget and work plan -- approval -- procedure -- tax.** (1) At a time determined  
15 by the governing body, the board shall submit to the governing body for approval a work plan and budget for the  
16 ensuing fiscal year.

17 (2) A board created for the purpose of 7-12-1102(4) in a municipality or county where a nonprofit  
18 convention and visitors bureau, as defined in 15-65-101, is operating shall consult with the nonprofit convention  
19 and visitors bureau in developing a work plan and budget for the ensuing fiscal year.

20 (3) Following public notice that a work plan and budget have been submitted ~~and that the governing body~~  
21 ~~will levy an assessment to defray the cost of the work plan and budget~~, the governing body shall hold a public  
22 hearing on objections to the work plan and budget. After the hearing, the governing body may modify the work  
23 plan and budget as it considers necessary and appropriate.

24 ~~(4) After approval of the work plan and budget and to defray the cost of the work plan and budget for the~~  
25 ~~next fiscal year, the governing body shall by resolution levy an assessment upon all of the property in the district~~  
26 ~~using as a basis one of the methods prescribed in 7-12-1133.~~

27 ~~(5)(4)~~ A copy of the resolution must be delivered to the treasurer of the local government ~~to be placed~~  
28 ~~on the tax roll and collected in the same manner as other taxes."~~

29

30 **Section 114.** Section 7-12-2105, MCA, is amended to read:

1           **"7-12-2105. Notice of resolution of intention to create district -- hearing -- exception.** (1) Upon  
 2 passage of a resolution of intention pursuant to 7-12-2103, the board of county commissioners shall publish  
 3 notice of the passage as provided in 7-1-2121.

4           (2) A copy of the notice must be mailed, as provided in 7-1-2122, to each person, firm, or corporation  
 5 or the agent of the person, firm, or corporation owning real property within the proposed district listed in the  
 6 owner's name upon the last-completed assessment roll for state, county, and school district taxes.

7           (3) (a) The notice must describe the general character of the improvements proposed to be made or  
 8 acquired by purchase, state the estimated cost of the improvements, describe generally the method or methods  
 9 by which the costs of the improvements will be assessed, and designate the time when and the place where the  
 10 board will hear and pass upon all protests that may be made against the making or maintenance of the  
 11 improvements or the creation of the district. If the method of assessment described in 7-12-2151(1)(d) is used,  
 12 the notice must state that if an increase occurs in the number of benefited lots, tracts, or parcels within the  
 13 boundaries of the district during the term of the bonded indebtedness, the assessment per lot, tract, or parcel then  
 14 in the district will be recalculated as provided in 7-12-2151(4).

15           (b) If the revolving fund is to be pledged to secure the payment of bonds and warrants, the notice must  
 16 include a statement that, subject to the limitations in 7-12-2182~~;~~<sub>1</sub>  
 17 ~~——(i) the county general fund may be used to provide loans to the revolving fund; or~~  
 18 ~~——(ii) a general tax levy may be imposed on all taxable property in the county to meet the financial~~  
 19 ~~requirements of the revolving fund.~~

20           (c) The notice must refer to the resolution on file in the office of the county clerk for the description of the  
 21 boundaries. If the proposal is for the purchase of an existing improvement, the notice must state the exact  
 22 purchase price of the existing improvement.

23           (4) The provisions of this section do not apply to a resolution of intention to create a district that is passed  
 24 upon receipt of a petition as provided in 7-12-2102(2)."  
 25

26           **Section 115.** Section 7-12-2151, MCA, is amended to read:

27           **"7-12-2151. Assessment of costs.** (1) To defray the cost of making or acquiring any of the  
 28 improvements provided for in this part, including incidental expenses, the board of county commissioners shall  
 29 assess the entire cost of the improvements against benefited lots, tracts, or parcels of land in the district, based  
 30 upon the benefits received, and shall adopt one or any combination of the following methods of assessment for

1 each improvement made or acquired for the benefit of the district:

2 (a) Each lot, tract, or parcel of land assessed in the district may be assessed with that part of the whole  
3 cost which its assessable area bears to the assessable area of all the benefited lots, tracts, or parcels in the  
4 district, exclusive of streets, avenues, alleys, and public places. For the purposes of this subsection (1)(a),  
5 "assessable area" means an area of a lot, tract, or parcel of land representing the benefit conferred upon the lot,  
6 tract, or parcel by the improvement. Assessable area may be less than but may not exceed the actual area of the  
7 lot, tract, or parcel.

8 (b) Each lot, tract, or parcel of land assessed in the district may be assessed with that part of the whole  
9 cost of the improvement based upon the assessed value of the benefited lots or pieces of land within the district,  
10 if the board determines the assessment to be equitable in proportion to and not exceeding the benefits received  
11 from the improvement by the lot, tract, or parcel.

12 (c) Each lot, tract, or parcel of land in the district abutting upon the street where the improvement has  
13 been made may be assessed in proportion to its lineal feet abutting the street.

14 (d) Each lot, tract, or parcel of land in the district may be assessed an equal amount based upon the total  
15 cost of the improvement.

16 (e) Each lot, tract, or parcel of land in the district served by a utility connection may be assessed an  
17 equitable lump sum for the connection based on the bid price in the applicable contract.

18 (2) The board may use one or any combination of methods of assessment in a single special  
19 improvement district and, if more than one improvement is undertaken, need not assess each lot, tract, or parcel  
20 in the district for the cost of all the improvements. If the method of assessment described in subsection (1)(d) is  
21 used, the resolution of intention under 7-12-2103 and notice under 7-12-2105 must provide that if an increase  
22 occurs in the number of benefited lots, tracts, or parcels within the boundaries of the district during the term of  
23 the bonded indebtedness, the assessment per lot, tract, or parcel then in the district will be recalculated as  
24 provided in subsection (4).

25 (3) The board in its discretion may pay the whole or any part of the cost of any street, avenue, or alley  
26 intersection out of any funds that are available to it for that purpose or to include the whole or any part of the costs  
27 within the amount of the assessment to be paid by the benefited property in the district.

28 (4) (a) If the method specified for assessment is that provided in subsection (1)(d) and an increase  
29 occurs in the number of benefited lots, tracts, or parcels within the boundaries of a district created as provided  
30 in this part during the term of bonded indebtedness that is payable from the assessments, the board shall

1 recalculate the amount assessable to each lot, tract, or parcel. The board shall comply with the provisions of  
 2 ~~7-12-2158 through~~ 7-12-2160 in adopting the recalculated amount.

3 (b) The board shall base the recalculation on the amount of the district's outstanding bonded  
 4 indebtedness for the current fiscal year and shall spread the assessments across the district based on the  
 5 number of benefited lots, tracts, or parcels within the boundaries of the district as of July 1 following the action  
 6 that resulted in the increase in the number of benefited lots, tracts, or parcels."

7

8 **Section 116.** Section 7-12-2182, MCA, is amended to read:

9 **"7-12-2182. Sources of money for revolving fund.** (1) For the purpose of providing funds for the  
 10 revolving fund, the board of county commissioners:

11 (a) shall, if the bonds or warrants are secured by the revolving fund pursuant to 7-12-2185, include in  
 12 the cost of the improvements to be paid from the proceeds of the bonds or warrants an amount of at least 5% and  
 13 not more than 10% of the principal amount of the bonds or warrants to be issued as provided in 7-12-2153(2);

14 (b) may, from time to time, transfer to the revolving fund from the general fund of the county an amount  
 15 as may be necessary. The amount transferred is a loan from the general fund to the revolving fund.

16 ~~(c) shall, in addition to a transfer or transfers from the general fund or in lieu of a transfer, levy for the~~  
 17 ~~revolving fund a tax, declared to be for a public purpose, on all taxable property in the county as is necessary to~~  
 18 ~~meet the financial requirements of the revolving fund. A tax may not be levied if the balance in the revolving fund~~  
 19 ~~will exceed 10% or, with the amount levied by the tax, will exceed 10% of the principal amount of the~~  
 20 ~~then-outstanding rural improvement district bonds and warrants secured by the revolving fund after all required~~  
 21 ~~transfers have been made to the district funds through fiscal yearend.~~

22 (2) Whenever there is money in the district fund that is not required for payment of any bond or warrant  
 23 of the district secured by the revolving fund or of interest on the bond or warrant, as much of the money as may  
 24 be necessary to pay the loan provided for in 7-12-2183 must, by order of the board, be transferred to the revolving  
 25 fund and the balance of the money or, if there is no outstanding loan, as much of the money as the board  
 26 considers necessary may be transferred to the improvement district's maintenance fund. After all the bonds and  
 27 warrants secured by the revolving fund issued on any rural improvement district have been fully paid, all money  
 28 remaining in the district fund must, by order of the board, be transferred to and become part of the revolving fund  
 29 or the improvement district's maintenance fund."

30

1           **Section 117.** Section 7-12-2185, MCA, is amended to read:

2           **"7-12-2185. Covenants to use revolving fund -- duration of revolving fund obligation -- factors to**  
3 **be considered.** (1) In connection with the issuance of rural improvement district bonds or warrants, the board  
4 of county commissioners may undertake and agree:

5           (a) to make loans or advances from the revolving fund to the district fund involved in amounts sufficient  
6 to make good any deficiency in the bond and interest accounts, to the extent that funds are available;

7           (b) to provide funds for the revolving fund pursuant to the provisions of 7-12-2182 by annually making  
8 ~~a tax levy or, in lieu of the tax levy,~~ a loan from the general fund, subject to the maximum limitations imposed by  
9 7-12-2182; and

10           (c) to retain in the revolving fund a balance up to 10% of the then-outstanding rural improvement district  
11 bonds and warrants secured by the revolving fund.

12           (2) (a) The undertakings and agreements are binding upon the county with respect to the rural  
13 improvement district bonds or warrants until the earlier of:

14           (i) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have been  
15 fully paid or discharged in a bankruptcy case in which the rural improvement district is the debtor; or

16           (ii) the date that is the later of:

17           (A) the final stated maturity date of the bonds or warrants; or

18           (B) the date on which all special assessments levied in the district have been either paid or discharged.

19           (b) The discharge of delinquent special assessments levied with respect to a particular lot or parcel is  
20 considered to occur upon:

21           (i) the issuance of a tax deed, as provided in 15-18-214, or, if the county is the recipient of the tax deed,  
22 upon the sale, lease, or other disposition of the property by the county as provided in Title 7, chapter 8, part 22,  
23 23, 24, or 25, or other applicable law; or

24           (ii) payment in full of the allowed secured claim for the special assessments in a bankruptcy case in which  
25 the owner of the lot or parcel is the debtor.

26           (3) Prior to entering into the undertakings and agreements set forth in subsection (1), the board of county  
27 commissioners shall take into consideration the following factors, including other circumstances that the board  
28 may determine to be material to the public interest of securing the bonds or warrants by the revolving fund:

29           (a) the estimated market value of the lots, parcels, or tracts included in the district at the time that the  
30 district is created in comparison to the estimated market value of the lots, parcels, or tracts after the

- 1 improvements are made;
- 2 (b) the diversity of ownership of property in the district;
- 3 (c) the amount of the special assessments proposed to be levied against each lot, parcel, or tract in the
- 4 district in comparison to the estimated market value of the lot, parcel, or tract after the improvements are made;
- 5 (d) the amount of any outstanding special assessments against the property in the district;
- 6 (e) the amount of delinquencies in the payment of outstanding special assessments or property taxes
- 7 levied against property in the district;
- 8 (f) the public benefit of the improvements proposed to be financed; and
- 9 (g) in the case of a district created to make improvements in a newly platted subdivision:
- 10 (i) the prior subdivision development experience and credit rating or credit history of the person
- 11 developing the land; and
- 12 (ii) any contribution by property owners to the costs of the improvements or any security given by property
- 13 owners to secure payment of special assessments levied in the district.
- 14 (4) Any findings or determinations with respect to the factors contained in subsection (3) made by the
- 15 board of county commissioners in a resolution authorizing the undertakings and agreements or the issuance of
- 16 bonds or warrants are conclusive evidence that the board has taken into consideration the factors required by
- 17 subsection (3).
- 18 (5) In lieu of the undertakings and agreements set forth in subsection (1), the board of county
- 19 commissioners may determine in the resolution authorizing the issuance of the bonds or warrants that the
- 20 revolving fund does not secure the bonds or warrants and that the bonds or warrants are payable solely from the
- 21 district fund created for the bonds or warrants and do not have a claim against the revolving fund."

22

23 **Section 118.** Section 7-12-2203, MCA, is amended to read:

24 **"7-12-2203. Rural improvement district maintenance fund.** (1) The money collected pursuant to

25 ~~7-12-2202~~, from funding that is received from the critical needs assessment commission under [section 11] shall

26 be paid into a fund known as the special improvement district No. .... maintenance fund, the number of which shall

27 correspond with the number of the special improvement district in which the improvements so maintained are

28 situated.

29 (2) Such funds shall be used to defray the expense of maintenance of said system and for no other

30 purpose."

1

2           **Section 119.** Section 7-12-4104, MCA, is amended to read:

3           **"7-12-4104. Resolution of intention to create special improvement district.** (1) Before creating any  
4 special improvement district for the purpose of making any of the improvements or acquiring any private property  
5 for any purpose authorized by this part, the city council shall pass a resolution of intention to do so.

6           (2) The resolution shall:

7           (a) designate the number of such district;

8           (b) describe the boundaries thereof;

9           (c) state therein the general character of the improvement or improvements which are to be made and  
10 an approximate estimate of the cost thereof; and

11           (d) specify the method or methods by which the costs of the improvements will be assessed against  
12 property in the district; ~~and~~

13 ~~—— (e) if the method of assessment is that described in 7-12-4162(3)(a), specify that if an increase occurs~~  
14 ~~in the number of benefited lots, tracts, or parcels within the boundaries of the district during the term of the~~  
15 ~~bonded indebtedness, the assessment per lot, tract, or parcel then in the district will be recalculated as provided~~  
16 ~~in 7-12-4162(3)(b).~~

17           (3) When any improvement is to be made in paving, the city or town council may, in describing the  
18 general character of it in the resolution, describe several kinds of paving."

19

20           **Section 120.** Section 7-12-4106, MCA, is amended to read:

21           **"7-12-4106. Notice of passage of resolution of intention -- exception.** (1) Except as provided in  
22 subsection (4), upon having passed the resolution of intention pursuant to 7-12-4104, the council shall give notice  
23 of the passage of the resolution of intention.

24           (2) The notice must be published as provided in 7-1-2121. A copy of the notice must be mailed to each  
25 person, firm, or corporation or the agent of the person, firm, or corporation having real property within the  
26 proposed district listed in the owner's name upon the last-completed assessment roll for state, county, and school  
27 district taxes, at the owner's last-known address, upon the same day that the notice is first published or posted.

28           (3) (a) The notice must describe the general character of the proposed improvements, state the  
29 estimated cost of the improvements, describe generally the method by which the costs of the improvements will  
30 be assessed, and designate the time when and the place where the council will hear and pass upon all written



1 protests that may be made against the making or acquisition of the improvements or the creation of the district.  
 2 ~~If the method of assessment described in 7-12-4162(3)(a) is used, the notice must state that if an increase occurs~~  
 3 ~~in the number of benefited lots, tracts, or parcels within the boundaries of the district during the term of the~~  
 4 ~~bonded indebtedness, the assessment per lot, tract, or parcel then in the district will be recalculated as provided~~  
 5 ~~in 7-12-4162(3)(b).~~

6 (b) If the revolving fund is to be pledged to secure the payment of bonds and warrants, the notice must  
 7 include a statement that, subject to the limitations in 7-12-4222:

8 ~~——(i) the general fund of the city or town may be used to provide loans to the revolving fund; or~~

9 ~~——(ii) a general tax levy may be imposed on all taxable property in the city or town to meet the financial~~  
 10 ~~requirements of the revolving fund.~~

11 (c) The notice must refer to the resolution on file in the office of the city clerk for the description of the  
 12 boundaries. If the proposal is for the purchase of an existing improvement, the notice must state the exact  
 13 purchase price of the existing improvement.

14 (4) The provisions of this section do not apply to a district that is created under 7-12-4114 following  
 15 receipt of a petition as provided in 7-12-4102(3)."

16

17 **Section 121.** Section 7-12-4161, MCA, is amended to read:

18 **"7-12-4161. Choice in manner of assessing costs.** (1) Except as provided in subsection (2), to defray  
 19 the cost of making or acquiring any of the improvements provided for in this part, including incidental expenses,  
 20 the city council or commission shall adopt one of the methods of assessment, where applicable, provided in  
 21 7-12-4162 through 7-12-4165 for each improvement to be made or acquired for the benefit of the district.

22 (2) The city council may use one or any combination of methods of assessment in a single special  
 23 improvement district, and if more than one improvement is undertaken, each lot or parcel of land in the district  
 24 need not be assessed for the cost of all the improvements. ~~If the method of assessment described in~~  
 25 ~~7-12-4162(3)(a) is used, the resolution of intention under 7-12-4104 and notice under 7-12-4106 must provide~~  
 26 ~~that if an increase occurs in the number of benefited lots, tracts, or parcels within the boundaries of the district~~  
 27 ~~during the term of the bonded indebtedness, the assessment per lot, tract, or parcel then in the district will be~~  
 28 ~~recalculated as provided in 7-12-4162(3)(b)."~~

29

30 **Section 122.** Section 7-12-4162, MCA, is amended to read:

1           **"7-12-4162. Assessment of costs -- area option -- assessed valuation option -- equal amount**  
2 **option Supplemental funding.** ~~(1)~~ (a) The city council or commission shall assess the entire cost of an  
3 improvement against benefited property in the district, each lot or parcel of land assessed within such district to  
4 be assessed for that part of the whole cost which its assessable area bears to the assessable area of all benefited  
5 lots or parcels in the district, exclusive of streets, avenues, alleys, and public places. For the purposes of this  
6 subsection, "assessable area" means an area of a lot or parcel of land representing the benefit conferred on the  
7 lot or parcel by the improvement. Assessable area may be less than but may not exceed the actual area of the  
8 lot or parcel.

9           ~~\_\_\_\_\_~~ (b) The council or commission, in its discretion, shall have has the power to pay the whole or any part  
10 of the cost of any street, avenue, or alley intersection out of any funds in its hands available for that purpose or  
11 to include the whole or any part of such costs within the amount of the assessment to be paid by the benefited  
12 property in the district.

13           ~~\_\_\_\_\_~~ (c) In order to equitably apportion the cost of any of the improvements herein provided for between that  
14 land within the district which lies within 25 feet of the line of the street on which the improvement is to be made  
15 and all other benefited land within the district, the council or commission may, in the resolution creating any  
16 improvement district, provide that the amount of the assessment against the property in such district to defray  
17 the cost of such improvements shall be so assessed that each square foot of land within the district lying within  
18 25 feet of the line of the street on which the improvements therein provided for are made shall bear double the  
19 amount of cost of such improvements per square foot of such land that each square foot of any other benefited  
20 land within the district shall bear.

21           ~~\_\_\_\_\_~~ (2) The city council or city commission may assess the cost of an improvement against each lot or parcel  
22 of land in the district based on the assessed value of the benefited lots or parcels of land within the district if the  
23 council or commission determines such assessment to be equitable and in proportion to and not exceeding the  
24 benefits derived from the improvement by the lot or parcel.

25           ~~\_\_\_\_\_~~ (3) (a) The city council or city commission may assess each lot or parcel of land in the district an equal  
26 amount based upon the total cost of the improvement.

27           ~~\_\_\_\_\_~~ (b) If the method specified for assessment is that described in subsection (3)(a) and an increase occurs  
28 in the number of benefited lots, tracts, or parcels within the boundaries of a district created as provided in this part  
29 during the term of bonded indebtedness that is payable from the assessments, the city council or city commission  
30 shall recalculate the amount assessable to each lot, tract, or parcel. The city council or city commission shall

1 comply with the provisions of 7-12-4176 through 7-12-4178 in adopting the recalculated amount. The city council  
 2 or city commission shall base the recalculation on the amount of the district's outstanding bonded indebtedness  
 3 for the current fiscal year and shall spread the assessments across the district based on the number of benefited  
 4 lots, tracts, or parcels within the boundaries of the district as of July 1 following the action that resulted in the  
 5 increase in the number of benefited lots, tracts, or parcels may request funding from the critical needs  
 6 assessment commission as provided in [section 11]."

7

8 **Section 123.** Section 7-12-4222, MCA, is amended to read:

9 **"7-12-4222. Sources of money for revolving fund.** (1) For the purpose of providing funds for the  
 10 revolving fund, the city or town council:

11 (a) may, from time to time, transfer to the revolving fund from the general fund of the city or town an  
 12 amount as may be necessary. The amount transferred is a loan from the general fund to the revolving fund.

13 (b) shall, if the bonds or warrants are secured by the revolving fund pursuant to 7-12-4225, include in  
 14 the cost of the improvement to be paid from the proceeds of the bonds or warrants an amount of at least 5% and  
 15 not more than 10% of the principal amount of the bonds or warrants as provided in 7-12-4169; and

16 ~~(c) shall, in addition to a transfer or transfers from the general fund or in lieu of a transfer, levy for the~~  
 17 ~~revolving fund a tax, declared to be for a public purpose, on all taxable property in the city or town as is necessary~~  
 18 ~~to meet the financial requirements of the revolving fund. A tax may not be levied if the balance in the revolving~~  
 19 ~~fund will exceed 10% or, with the amount levied by the tax, will exceed 10% of the principal amount of the~~  
 20 ~~then-outstanding special improvement district bonds and warrants secured by the revolving fund after all required~~  
 21 ~~transfers have been made to the district funds through fiscal yearend.~~

22 (2) Whenever there is money in the district fund that is not required for payment of any bond or warrant  
 23 of the district secured by the revolving fund or of interest on the bond or warrant, as much of the money as may  
 24 be necessary to pay the loan provided for in 7-12-4223 must, by order of the council, be transferred to the  
 25 revolving fund. After all the bonds and warrants issued on any special improvement district or sidewalk, curb, and  
 26 alley approach warrants secured by the revolving fund have been fully paid, all money remaining in the district  
 27 fund must, by order of the council, be transferred to and become part of the revolving fund."

28

29 **Section 124.** Section 7-12-4225, MCA, is amended to read:

30 **"7-12-4225. Covenants to use revolving fund -- duration of revolving fund obligation -- factors to**

1 **be considered.** (1) In connection with the issuance of special improvement district bonds or sidewalk, curb, and  
2 alley approach warrants, the city or town council may undertake and agree:

3 (a) to make loans or advances from the revolving fund to the district fund involved in amounts sufficient  
4 to make good any deficiency in the bond and interest accounts, to the extent that funds are available;

5 (b) to provide funds for the revolving fund pursuant to the provisions of 7-12-4222(1) by annually making  
6 ~~a tax levy or, in lieu of the tax levy,~~ a loan from the general fund, subject to the maximum limitations imposed by  
7 7-12-4222(1); and

8 (c) to retain in the revolving fund a balance of up to 10% of the then-outstanding special improvement  
9 district bonds and warrants secured by the revolving fund.

10 (2) The undertakings and agreements referred to in subsection (1) are binding upon the city or town with  
11 respect to the special improvement district bonds or sidewalk, curb, and alley approach warrants until the earlier  
12 of:

13 (a) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have been  
14 fully paid or discharged in a bankruptcy case in which the special improvement district is the debtor; or

15 (b) the date that is the later of:

16 (i) the final stated maturity date of the bonds or warrants; or

17 (ii) the date on which all special assessments levied in the district have been either paid or discharged.

18 (3) The discharge of delinquent special assessments levied with respect to a particular lot or parcel is  
19 considered to have occurred upon:

20 (a) the issuance of a tax deed, as provided in 15-18-214, or, if the county is the recipient of the tax deed,  
21 upon the sale, lease, or other disposition of the property by the county as provided in Title 7, chapter 8, part 22,  
22 23, 24, or 25, or other applicable law;

23 (b) the discharge of the trust pursuant to 15-17-318 or upon the sale or lease of the property under  
24 15-17-319 if the property in the district has been assigned to the city or town under Title 15, chapter 17, part 3;  
25 or

26 (c) payment in full of the allowed secured claim for the special assessments in a bankruptcy case in  
27 which the owner of the lot or parcel is the debtor.

28 (4) Prior to entering into the undertakings and agreements set forth in subsection (1), the city or town  
29 council shall take into consideration the following factors, including other circumstances that the city or town  
30 council may determine to be material to the public interest of securing the bonds or warrants by the revolving

1 fund:

2 (a) the estimated market value of the lots, parcels, or tracts included in the district at the time that the  
3 district is created in comparison to the estimated market value of the lots, parcels, or tracts after the  
4 improvements are made;

5 (b) the diversity of ownership of property in the district;

6 (c) the amount of the special assessments proposed to be levied against each lot, parcel, or tract in the  
7 district in comparison to the estimated market value of the lot, parcel, or tract after the improvements are made;

8 (d) the amount of any outstanding special assessments against the property in the district;

9 (e) the amount of delinquencies in the payment of outstanding special assessments or property taxes  
10 levied against property in the district;

11 (f) the public benefit of the improvements proposed to be financed; and

12 (g) in the case of a district created to make improvements in a newly platted subdivision:

13 (i) the prior subdivision development experience and credit rating or credit history of the person  
14 developing the land; and

15 (ii) any contribution by property owners to the costs of the improvements or any security given by property  
16 owners to secure payment of special assessments levied in the district.

17 (5) Any findings or determinations with respect to the factors contained in subsection (4) made by the  
18 city or town council in a resolution authorizing the undertakings and agreements or the issuance of bonds or  
19 warrants are conclusive evidence that the city or town council has taken into consideration the factors required  
20 by subsection (4).

21 (6) In lieu of the undertakings and agreements set forth in subsection (1), the city or town council may  
22 determine in the resolution authorizing the issuance of the bonds or warrants that the revolving fund does not  
23 secure the bonds or warrants and that the bonds or warrants are payable solely from the district fund created for  
24 the bonds or warrants and do not have a claim against the revolving fund."

25

26 **Section 125.** Section 7-12-4252, MCA, is amended to read:

27 **"7-12-4252. Judicial determination of validity of proceedings -- petition.** (1) Within 10 days after the  
28 adoption of the resolution providing for the issuance of bonds under 7-12-4241 through 7-12-4258, the council  
29 may file a petition in the district court of the judicial district wherein said city or town is located to determine the  
30 validity of the proceedings theretofore had relative to the issuance of said bonds; and the creation of the

1 supplemental revolving fund, ~~and the levy of a special assessment.~~

2 (2) The petition shall set forth generally the facts in reference to the improvement, the creation of the  
3 supplemental revolving fund, and the issuance of bonds and shall have as exhibits thereto certified copies of the  
4 ordinances and resolutions and shall pray for confirmation of the proceedings and of the bond issue ~~and the~~  
5 ~~special assessments, if theretofore levied."~~

6

7 **Section 126.** Section 7-12-4255, MCA, is amended to read:

8 **"7-12-4255. Contents of notice of hearing -- protest.** (1) The notice must state the substance of the  
9 petition and the time and place for hearing and that any interested person or any person whose rights may be  
10 affected by the issuance or sale of the bonds ~~or the levy of the special assessment,~~ may, on or before the day  
11 fixed for the hearing on the petition, answer the petition and may appear at the hearing and contest the granting  
12 of the request of the petition and the entry of any order of confirmation pursuant to the petition.

13 (2) A person eligible to appear may enter an appearance in the proceedings and answer the petition and  
14 contest the granting of the request of the petition, and all provisions of the code of civil procedure are applicable  
15 to the proceedings."

16

17 **Section 127.** Section 7-12-4256, MCA, is amended to read:

18 **"7-12-4256. Decision of district court.** (1) If upon the hearing the court shall find and determine that  
19 the requirements of 7-12-4241 through 7-12-4258 have been complied with and notice of the hearing duly given  
20 as required by law, it shall have power to examine and determine the regularity, legality, and validity of the  
21 proceedings relative to the issuance of the bonds ~~and the levy of special assessments~~ and the legality and validity  
22 of the bonds ~~and the special assessment~~ and may ratify, approve, and confirm the proceedings in whole or in part  
23 and enter its judgment or decree accordingly.

24 (2) If no appeal pursuant to 7-12-4257 is taken within the time provided for in 7-12-4257 or if the  
25 judgment or decree of the district court be affirmed upon such appeal, such judgment or decree shall be forever  
26 conclusive upon all the world as to the validity of the bonds ~~and the special assessment,~~ and the same shall never  
27 be called into question in any court of the state."

28

29 **Section 128.** Section 7-12-4337, MCA, is amended to read:

30 **"7-12-4337. Incorporation of procedures to correct errors and omissions.** All remedies, provisions,

1 and means provided by existing laws or by the ordinances of any city availing itself of the provisions of this part  
 2 which are for the correction of errors or omissions in the adoption of any resolution or proceeding ~~or in the levy~~  
 3 ~~of any assessment or for the collection thereof, for the enforcement of any such levy by the sale of the property~~  
 4 ~~against which the assessment is made, or for the redemption of the property from such sale or which are~~  
 5 ~~otherwise applicable to the administration of this part~~ are available in the administration of this part as if such  
 6 remedies, provisions, and means were contained in this part."

7

8 **Section 129.** Section 7-13-114, MCA, is amended to read:

9 **"7-13-114. Applicable provisions of laws relating to rural improvement districts.** The provisions  
 10 of 7-12-2101, 7-12-2107, 7-12-2115 through 7-12-2120, 7-12-2131 through 7-12-2140, 7-12-2153, 7-12-2154,  
 11 7-12-2161 through ~~7-12-2165~~ 7-12-2164, 7-12-2166(2), 7-12-2168(2), and 7-12-2169 and 7-12-2171 through  
 12 7-12-2174 pertaining to rural improvement districts apply under the provisions of this part unless in conflict with  
 13 the provisions of this part."

14

15 **Section 130.** Section 7-13-142, MCA, is amended to read:

16 **"7-13-142. Authorization to utilize federal funds.** The board of county commissioners is hereby  
 17 authorized to apply for and receive from the federal government, on behalf of said metropolitan sanitary and/or  
 18 storm sewer district, any money that may be appropriated by the congress for aiding in local public works  
 19 projects. Likewise, the board may borrow from the federal government any funds available for assisting in the  
 20 planning or financing of local public works projects ~~and repay the same out of the money received from the tax~~  
 21 ~~levy provided for in this part."~~

22

23 **Section 131.** Section 7-13-144, MCA, is amended to read:

24 **"7-13-144. Resolution to establish service charges -- hearing -- limitations and tax levy.** The board  
 25 of county commissioners may, subject to the provisions of Title 69, chapter 7, by resolution and after public  
 26 hearing:

27 (1) fix and establish the sewer rates, charges, and rentals at amounts sufficient in each year to provide  
 28 income and revenue adequate for the payment of the reasonable expense of operation and maintenance of the  
 29 system;

30 (2) fix and establish an additional charge for the operation and maintenance of a sanitary and storm

1 sewer system and of a sewage treatment plant; and  
 2 (3) ~~subject to 15-10-420, levy and assess a tax upon the taxable valuation of each and every lot or parcel~~  
 3 ~~of land and improvements on the parcel or lot in the district~~ request funding from the critical needs assessment  
 4 commission as provided in [section 11] in order to provide sufficient ~~revenue~~ funding for the reserve fund in an  
 5 amount necessary to meet the financial requirements of the fund as described in 7-13-151 through 7-13-156."  
 6

7 **Section 132.** Section 7-13-2221, MCA, is amended to read:

8 **"7-13-2221. Powers related to district finances -- audits.** (1) Any district incorporated as provided in  
 9 this part may:

10 (a) accept funds and property or other assistance, financial or otherwise, from federal, state, and other  
 11 public or private sources for the purposes of aiding the construction or maintenance of water or sewer  
 12 development projects;

13 (b) cooperate and contract with the state or federal government or any department or agency of the state  
 14 or federal government in furnishing assurances for and meeting local cooperation requirements of any project  
 15 involving control, conservation, and use of water;

16 (c) borrow money and incur indebtedness and issue bonds or other evidence of indebtedness and refund  
 17 or retire any indebtedness or lien that may exist against the district or property of the district;

18 (d) cause taxes to be levied in the manner provided for in part 23 and this part for the purpose of paying  
 19 any obligation of the district and to accomplish the purposes of part 23 and this part in the manner provided in  
 20 part 23 and this part;

21 (e) ~~levy special assessments against property located in the district and benefited by any of its~~  
 22 ~~improvements, as provided in 7-13-2280 through 7-13-2289;~~ request funding from the critical needs assessment  
 23 commission as provided in [section 11] and pledge the collections of the special assessments in whole or in part,  
 24 with any other revenue of the district, to the payment of bonds issued pursuant to part 23; and

25 (f) enter into covenants and agreements as to the establishment and maintenance of reasonable rates  
 26 and charges for the use of its systems or improvements or any part of the systems or improvements as required,  
 27 in the judgment of the board of directors, for the favorable sale of bonds issued pursuant to part 23, including,  
 28 without limitation, a covenant to establish and maintain rates and charges sufficient, ~~with the collection of any~~  
 29 ~~special assessments;~~ to pay debt service and operating, maintenance, and replacement costs of the system or  
 30 improvement and fund necessary reserves or a covenant to establish and maintain rates and charges sufficient;



1 ~~with the collection of any special assessments~~, to pay operating and maintenance costs of the system or  
 2 improvement, fund necessary reserves for the system or improvement, and pay debt service on bonds and to  
 3 provide additional funds necessary for the purposes of the system or improvement or to provide assurance to the  
 4 holders of bonds as to the sufficiency of the revenue.

5 (2) The board of directors shall cause an audit of the financial records of the district to be made in  
 6 compliance with the requirements of Title 2, chapter 7, part 5, at the expense of the district."

7

8 **Section 133.** Section 7-13-2301, MCA, is amended to read:

9 **"7-13-2301. Establishment of charges for services -- payment of charges funding.** (1) The board  
 10 of directors shall ~~fix all water and sewer rates and shall, through the general manager, collect~~ sales and use tax  
 11 account revenue as provided in [section 1] to support the ~~the sewer charges and the charges for the sale and~~  
 12 distribution of water to all users.

13 (2) (a) The board, in furnishing water, sewer service, other services, and facilities, shall review, at least  
 14 once every year, and set, as required, the ~~rate, fee, toll, rent, tax, or other charge for the services, facilities, and~~  
 15 ~~benefits directly afforded by the facilities, taking into account services provided and direct benefits received.~~  
 16 ~~Taking into account the collections of any special assessments levied pursuant to 7-13-2280 through 7-13-2290~~  
 17 ~~and any property taxes that will be levied to pay debt service on general obligation bonds authorized pursuant~~  
 18 ~~to 7-13-2331, the amount to be collected and appropriated, which must be sufficient in each year to provide~~  
 19 income and revenue adequate for the:

20 (i) payment of the reasonable expense of operation and maintenance of the facilities;

21 (ii) administration of the district;

22 (iii) payment of principal and interest on any bonded or other indebtedness of the district;

23 (iv) establishment or maintenance of any required reserves, including reserves needed for expenditures  
 24 for depreciation and replacement of facilities, as may be determined necessary from time to time by the board  
 25 or as covenanted in the ordinance or resolution authorizing the outstanding bonds of the district; and

26 (v) payment of rates, fees, and charges levied by a regional authority established pursuant to Title 75,  
 27 chapter 6, part 3.

28 (b) A portion of the ~~rate, fee, toll, rent, tax, or other charge~~ revenue provided for in subsection (2)(a) may  
 29 be ~~charged to the owner of an undeveloped lot, tract, or parcel~~ used to pay a share of the principal of and interest  
 30 on bonded indebtedness issued to finance the capital cost of improvements to an existing water or sewer system,

1 so long as the board makes findings in a resolution or ordinance of the district that demonstrate that the  
2 improvements to the existing system to be financed by the bonded indebtedness confer a direct benefit on the  
3 lot, tract, or parcel.

4 ~~(3) A person or entity may not use any facility without paying the rate established for the facility. In the~~  
5 ~~event of nonpayment, the board may order the discontinuance of water or sewer service, or both, to the property~~  
6 ~~and may require that all delinquent charges, interest, penalties, and deposits be paid before restoration of the~~  
7 ~~service.~~

8 ~~\_\_\_\_\_ (4) (a) If the board has ordered discontinuance of service as provided in subsection (3) and the person~~  
9 ~~or entity who received the service has not made full payment of all delinquent charges, interest, penalties, and~~  
10 ~~deposits, then a district may elect to have its delinquent charges for water or sewer services collected as a tax~~  
11 ~~against the property by following the procedures of this subsection (4). If a charge for services is due and payable~~  
12 ~~in a fiscal year and is not paid by the end of the fiscal year, the general manager shall, by July 15 of the~~  
13 ~~succeeding fiscal year, give notice to the owners of the property to which the service was provided. The notice~~  
14 ~~must be in writing and:~~

15 ~~\_\_\_\_\_ (i) must specify the charges owed, including any interest and penalty;~~

16 ~~\_\_\_\_\_ (ii) must specify that the amount due must be paid by August 15 or it will be levied as a tax against the~~  
17 ~~property;~~

18 ~~\_\_\_\_\_ (iii) must state that the district may institute suit in any court of competent jurisdiction to recover the~~  
19 ~~amount due; and~~

20 ~~\_\_\_\_\_ (iv) may be served on the owner personally or by letter addressed to the post-office address of the owner~~  
21 ~~as recorded in the county assessor's office.~~

22 ~~\_\_\_\_\_ (b) On September 1 of each year, the general manager shall certify and file with the county assessor~~  
23 ~~a list of all property, including legal descriptions, on which arrearages remain unpaid. The list must include the~~  
24 ~~amount of each arrearage, including interest and penalty. The county assessor shall assess the amount owed~~  
25 ~~as a tax against each lot or parcel with an arrearage. If the property on which arrearages remain unpaid contains~~  
26 ~~a mobile home, the amount owed must be assessed as a tax against the owner of the mobile home. If the mobile~~  
27 ~~home for which arrearages remain unpaid is no longer on the property, the amount owed must be assessed as~~  
28 ~~a tax against the property.~~

29 ~~\_\_\_\_\_ (5) In addition to collecting delinquent charges in the same manner as a tax, a district may bring suit in~~  
30 ~~any court of competent jurisdiction to collect amounts due as a debt owed to the district.~~

1 ~~———(6) Notwithstanding any other section of part 22 or this part or any limitation imposed in part 22 or this~~  
 2 ~~part, when the board has applied for and received from the federal government any money for the construction,~~  
 3 ~~operation, and maintenance of facilities, the board may adopt a system of charges and rates to require that each~~  
 4 ~~recipient of facility services pays its proportionate share of the costs of operation, maintenance, and replacement~~  
 5 ~~and may require industrial users of facilities to pay the portion of the cost of construction of the facilities that is~~  
 6 ~~allocable to the treatment of that industrial user's wastes."~~

7

8 **Section 134.** Section 7-13-2302, MCA, is amended to read:

9 **"7-13-2302. ~~Levy of taxes~~ Supplemental funding to meet bond obligations and other expenses.**

10 (1) If for any reason the revenue of the district is inadequate to pay the interest or principal of any bonded debt  
 11 as it becomes due, ~~exclusive of revenue or special assessment bonded indebtedness incurred pursuant to~~  
 12 ~~7-13-2333 or bonded indebtedness incurred to refund the revenue or special assessment bonded indebtedness~~  
 13 ~~without authorization at an election,~~ or any other expenses or claims against the district, then the board of  
 14 directors shall, ~~at least 15 days before the first day of the month in which the board of county commissioners of~~  
 15 ~~the county, city and county, or counties in which the district is located are required by law to levy the amount of~~  
 16 ~~taxes required for county or city and county purposes,~~ furnish to the board or boards of county commissioners  
 17 and to the auditor or auditors, respectively, an estimate in writing:

18 (a) of the amount of money required by the district for the payment of the principal of or interest on any  
 19 bonded debt as it becomes due;

20 (b) of the amount of money required to establish reasonable reserve funds for either purpose, together  
 21 with a description of the lands benefited by the bonds, as stated by the board of directors in the resolution  
 22 declaring the necessity to incur bonded indebtedness; and

23 (c) of the amount of money required by the district for any other purpose set forth in this section.

24 (2) The board of county commissioners of the county or city and county, ~~annually, at the time and in the~~  
 25 ~~manner of levying other county or city and county taxes,~~ shall:

26 ~~———(a) until any bonded debt is fully paid, levy upon the benefited lands and collect the proportionate share~~  
 27 ~~to be borne by the land located in their county of a tax sufficient for the payment of the bonded debt, to be known~~  
 28 ~~as the ..... district bond tax; and~~

29 ~~———(b) until all other expenses or claims are fully paid, levy upon all of the lands of the district and collect~~  
 30 ~~the proportionate share to be borne by the land located in their county of a tax sufficient for the payment of the~~

1 ~~other expenses or claims, to be known as the ..... district water and/or sewer tax~~ annually request funding from  
 2 the critical needs assessment commission as provided in [section 11].

3 ~~(3) Taxes for the payment of any bonded debt must be levied on the property benefited, as stated by the~~  
 4 ~~board of directors in the resolution declaring the necessity for the bonds, and all taxes for other purposes must~~  
 5 ~~be levied on all property in the territory comprising the district."~~

6

7 **Section 135.** Section 7-13-2321, MCA, is amended to read:

8 **"7-13-2321. Procedure to incur bonded indebtedness.** (1) Whenever the board of directors considers  
 9 it necessary for the district to incur a bonded indebtedness, other than for indebtedness to refund bonded  
 10 indebtedness as provided for in 7-13-2332 ~~or revenue or special indebtedness incurred pursuant to 7-13-2333,~~  
 11 it shall by resolution state the purpose for the proposed debt, the land within the district to be benefited, the  
 12 amount of debt to be incurred, the maximum term for the proposed bonds before maturity, and the proposition  
 13 to be submitted to the qualified electors.

14 (2) If no qualified electors reside in the district at the time of adoption of the resolution or if the proposition  
 15 is approved by all of the real property owners in the district to be benefited in a certificate of approval to be  
 16 presented to the board of directors, the board of directors may incur the bonded indebtedness without an election.  
 17 The board of directors may by resolution, at times that it considers proper, provide for the form and execution of  
 18 the bonds and for their issuance."

19

20 **Section 136.** Section 7-13-2349, MCA, is amended to read:

21 **"7-13-2349. Establishment of subdistricts.** (1) The board of directors may establish one or more  
 22 subdistricts within a district to provide for and finance the cost of water or sewer projects, improvements, or  
 23 extensions that would benefit land in the subdistrict but not other land in the district. Before establishing a  
 24 subdistrict, the board shall conduct a public hearing on the establishment of the proposed subdistrict after 10  
 25 days' notice published in a newspaper of general circulation in the district. The notice of public hearing must  
 26 contain a description of the subdistrict and the proposed water or sewer project and its estimated cost. After the  
 27 public hearing, the board of directors may, by resolution, establish the subdistrict if it finds that it is in the best  
 28 interests of the owners of the land in the subdistrict and the district wishing to establish the subdistrict, that the  
 29 subdistrict constitutes all land in the district benefited by the proposed water or sewer project, and that the  
 30 establishment of the subdistrict and the financing of water or sewer projects for the benefit of the subdistrict will

1 not violate any covenants of the district made with owners of outstanding bonds of the district.

2 (2) The board shall describe in the resolution establishing the subdistrict the land to be included in the  
3 subdistrict. The land does not need to be contiguous but must be located within the district and must constitute  
4 all of the land in the district benefited by the proposed water or sewer project.

5 (3) Following the establishment of a subdistrict, the board of directors may undertake and finance water  
6 or sewer projects, improvements, or extensions that benefit land in the subdistrict but not other land in the district,  
7 as provided in Title 7, chapter 13, parts 22 and 23, including but not limited to the incurrence of bonded  
8 indebtedness to finance costs ~~and the levy of special assessments~~ or the imposition of rates and charges, all  
9 subject to any covenants made with owners of outstanding bonds of the district. If general obligation bonds are  
10 to be issued to finance the costs of the projects, the subdistrict must be treated as the district for the purposes  
11 of 7-13-2331.

12 (4) The powers granted in this section are supplementary to the powers otherwise granted to county  
13 water and sewer districts."  
14

15 **Section 137.** Section 7-13-3027, MCA, is amended to read:

16 **"7-13-3027. Resolution to establish service charges -- hearing -- limitations ~~and tax levy.~~** The  
17 governing body may, subject to the provisions of Title 69, chapter 7, by resolution and after public hearing:

18 (1) establish the rates, charges, and rentals in amounts sufficient in each year to provide income and  
19 revenue adequate for the payment of the reasonable expense of operation and maintenance of the system; and

20 (2) establish an additional charge for the operation and maintenance of a system and a plant; ~~and~~

21 ~~—— (3) subject to 15-10-420, levy and assess a tax upon the taxable valuation of each and every lot or parcel~~  
22 ~~of land and improvements in the district to provide sufficient revenue for the reserve fund in an amount necessary~~  
23 ~~to meet the financial requirements of the fund as described in 7-13-3034 through 7-13-3039."~~  
24

25 **Section 138.** Section 7-13-3029, MCA, is amended to read:

26 **"7-13-3029. Preparation and filing of district budget.** (1) Not less than 30 days prior to the date of the  
27 public hearing on the resolution, the governing body shall prepare and file in the office of the clerk of the local  
28 government in which the district is located and in the office of the governing body a complete, detailed budget  
29 for operation and maintenance of the system, showing all income and expenditures for the year prior to the  
30 hearing and all estimated income and expenditures for the next ensuing year ~~in which the levy is assessed.~~

1 (2) The provisions of law relating to local government budgets and expenditures must be complied with  
2 by the district."

3

4 **Section 139.** Section 7-13-3031, MCA, is amended to read:

5 **"7-13-3031. Authorization to use federal funds.** The governing body may apply for and receive from  
6 the federal government, on behalf of the district, any money that may be appropriated by congress for aiding in  
7 local public works projects. The governing body may borrow from the federal government any funds available for  
8 assisting in the planning or financing of local public works projects ~~and repay the loan out of the money received~~  
9 ~~from the tax levy provided for in this part."~~

10

11 **Section 140.** Section 7-13-3043, MCA, is amended to read:

12 **"7-13-3043. Applicable provisions of laws relating to rural improvement districts.** The provisions  
13 of 7-12-2101, 7-12-2107, 7-12-2115 through 7-12-2120, 7-12-2131 through 7-12-2140, 7-12-2153, 7-12-2154,  
14 7-12-2161 through ~~7-12-2165~~ 7-12-2164, 7-12-2166(2), 7-12-2168(2), 7-12-2169, and 7-12-2171 through  
15 7-12-2174 pertaining to rural improvement districts apply to this part unless in conflict with the provisions of this  
16 part."

17

18 **Section 141.** Section 7-13-4406, MCA, is amended to read:

19 **"7-13-4406. Control over territory occupied by water supply system -- taxation and condemnation**  
20 **powers.** (1) Cities and towns have jurisdiction and control:

21 (a) over the territory occupied by their public works;

22 (b) over and along the line of reservoirs, streams, trenches, pipes, drains, and other appurtenances used  
23 in the construction and operation of the public works; and

24 (c) over the source of streams from which water is taken for the enforcement of its sanitary ordinances,  
25 the abatement of nuisances, and the general preservation of the purity of its water supply.

26 (2) Cities and towns may enact all ordinances and regulations necessary to implement subsection (1).  
27 For this purpose, the city or town may condemn private property in the manner provided in Title 70, chapter 30;  
28 ~~and may levy a tax on all consumers of water for the purpose of defraying the expenses of procurement."~~

29

30 **Section 142.** Section 7-13-4502, MCA, is amended to read:

1           **"7-13-4502. Definitions.** As used in this part, unless the context indicates otherwise, the following  
2 definitions apply:

3           (1) "Board of directors" means the board of directors provided for in 7-13-4516 or a joint board of  
4 directors provided for in 7-13-4527.

5           (2) "Board of environmental review" means the board of environmental review as provided in 2-15-3502.

6           (3) "Commissioners" means the board of county commissioners or the governing body of a city-county  
7 consolidated government.

8           (4) "Family residential unit" means a single-family dwelling.

9           (5) "Fee-assessed units" means all real property with improvements, including taxable and tax-exempt  
10 property as shown on the property assessment records maintained by the county, and mobile homes and  
11 manufactured homes ~~as defined in 15-24-201.~~

12           (6) "Housetrailer" means a form of housing designed to be moved from one place to another by an  
13 independent power connected to the housetrailer, which is either 8 feet wide or less or 45 feet long or less.

14           ~~(6)(7)~~ "Local water quality district" means an area established with definite boundaries for the purpose  
15 of protecting, preserving, and improving the quality of surface water and ground water in the district as authorized  
16 by this part.

17           (8) "Manufactured home" means a residential dwelling built in a factory in accordance with the United  
18 States department of housing and urban development code and the federal Manufactured Home Construction  
19 and Safety Standards. A manufactured home does not include a mobile home or a housetrailer.

20           (9) "Mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches"  
21 exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent  
22 power connected to the mobile home or any trailer, housetrailer, or trailer coach up to 8 feet in width or 45 feet  
23 in length used as a principal residence."

24

25           **Section 143.** Section 7-14-111, MCA, is amended to read:

26           **"7-14-111. Transportation for senior citizens and persons with disabilities.** (1) ~~Subject to 15-10-420,~~  
27 ~~a~~ A county, urban transportation district, or municipality may ~~levy property taxes to fund special transportation~~  
28 ~~services~~ request funding from the critical needs assessment commission as provided in [section 11] for senior  
29 citizens and persons with disabilities.

30           (2) ~~The proceeds of the levy~~ funding may be used to:

1 (a) contract with public or private transportation providers for services to senior citizens and individuals  
2 with disabilities; or

3 (b) augment or subsidize provisions for the transportation of senior citizens and individuals with  
4 disabilities provided by public transportation providers.

5 (3) If the ~~taxing jurisdiction~~ county, urban transportation district, or municipality determines that it is not  
6 in the best interest of senior citizens and individuals with disabilities to use the ~~tax-levy funding~~ as provided for  
7 in subsection (2), the ~~taxing jurisdiction~~ county, urban transportation district, or municipality may use the ~~proceeds~~  
8 ~~of the levy funding~~ to establish and operate an independent transportation system for senior citizens and  
9 individuals with disabilities.

10 (4) Counties, urban transportation districts, and municipalities are encouraged to enter into interlocal  
11 agreements to provide regional transportation services to senior citizens and persons with disabilities and may  
12 create regional advisory committees to coordinate regional transportation services."  
13

14 **Section 144.** Section 7-14-1111, MCA, is amended to read:

15 **"7-14-1111. General powers of authority.** An authority has all the powers necessary or convenient to  
16 carry out the purposes of this part, including but not limited to the power to:

17 (1) ~~subject to 15-10-420, request annually the amount of tax to be levied by the governing body funding~~  
18 ~~from the critical needs assessment commission as provided in [section 11] for port purposes, which request the~~  
19 ~~governing body may in its discretion approve for port purposes;~~

20 (2) sue and be sued, have a seal, and have perpetual succession;

21 (3) execute contracts and other instruments and take other action that may be necessary or convenient  
22 to carry out the purposes of this part;

23 (4) plan, establish, acquire, develop, construct, purchase, enlarge, improve, maintain, equip, operate,  
24 regulate, and protect transportation, storage, or other facilities. For these purposes an authority may, by  
25 purchase, gift, devise, lease, or otherwise, acquire real or personal property or any interest in property, including  
26 easements.

27 (5) establish comprehensive port zoning regulations in accordance with the laws of this state;

28 (6) acquire, by purchase, gift, devise, lease, or otherwise, existing transportation, storage, or other  
29 facilities that may be necessary or convenient to carry out the purposes of this part. However, an authority may  
30 not acquire or take over any transportation, storage, or other facility owned or controlled by another authority,



1 county, municipality, or public agency without the consent of the authority, county, municipality, or public agency.

2 (7) provide financial and other support to organizations in its jurisdiction, including corporations organized  
 3 under the provisions of the development corporation act in Title 32, chapter 4, whose purpose is to promote,  
 4 stimulate, develop, and advance the general welfare, economic development, and prosperity of its jurisdiction  
 5 and of the state and its citizens by stimulating, assisting in, and supporting the growth of all kinds of economic  
 6 activity, including the creation, expansion, modernization, retention, and relocation of new and existing  
 7 businesses and industry in the state, all of which will tend to promote business development, maintain the  
 8 economic stability and prosperity of the state, and thus provide maximum opportunities for employment and  
 9 improvement in the standards of living of citizens of the state."

10

11 **Section 145.** Section 7-14-1131, MCA, is amended to read:

12 **"7-14-1131. Municipal tax levy supplemental funding.** Subject to ~~15-10-420, the~~ The port authority  
 13 may request funding annually ~~from the governing bodies the amount of tax to be levied by each municipality~~  
 14 ~~participating in the creation of the port authority, and the municipality may levy the amount requested, pursuant~~  
 15 ~~to provisions of law authorizing cities and other political subdivisions of this state to levy taxes. The municipality~~  
 16 ~~shall collect the taxes requested by a port authority that it has authorized in the same manner as other taxes are~~  
 17 ~~levied and collected and make payment to the port authority~~ by submitting a request for funding to the critical  
 18 needs assessment commission as provided in [section 11]. The proceeds ~~of the taxes when and as paid to the~~  
 19 ~~port authority~~ received from the state must be deposited in a special account or accounts in which other revenue  
 20 of the authority is deposited and may be expended by the authority as provided for in this part. Prior to the  
 21 issuance of bonds under 7-14-1133 and 7-14-1134, the port authority or the municipality may by resolution  
 22 covenant and agree that the total amount of ~~taxes~~ revenue received then authorized by law; or the portion of the  
 23 ~~taxes~~ revenue received ~~that may be specified by the resolution;~~ will be requested, ~~levied;~~ and deposited annually  
 24 as provided in this section until the bonds and interest are fully paid."

25

26 **Section 146.** Section 7-14-1133, MCA, is amended to read:

27 **"7-14-1133. Bonds and obligations.** (1) Except for providing financial support to a private development  
 28 organization, including a corporation organized under Title 32, chapter 4, whose purpose is to advance the  
 29 economic development of its jurisdiction and of the state and its citizens, an authority may borrow money for any  
 30 of its corporate purposes and issue bonds, including refunding bonds, for any of its corporate purposes. The

1 bonds may be in the form and upon terms as it determines, payable out of any revenue of the authority, including  
2 revenue derived from:

- 3 (a) any port or transportation and storage facility;  
4 (b) ~~taxes levied~~ funding received pursuant to 7-14-1131 or 67-10-402;  
5 (c) grants or contributions from the federal government; or  
6 (d) other sources.

7 (2) The bonds may be issued by resolution of the authority, without an election and without any limitation  
8 of amount, except that bonds may not be issued at any time if the total amount of principal and interest to become  
9 due in any year on the bonds and on any then outstanding bonds for which revenue from the same source is  
10 pledged exceeds the amount of revenue to be received in that year, as estimated in the resolution authorizing  
11 the issuance of the bonds. The authority shall take all action necessary and possible to impose, maintain, and  
12 collect rates, charges, and rentals and to request taxes, if any are pledged, sufficient to make the revenue from  
13 the pledged source in such year at least equal to the amount of principal and interest due in that year.

14 (3) The bonds may be sold at public or private sale and may bear interest as provided in 17-5-102.  
15 Except as otherwise provided in this part, any bonds issued pursuant to this part by an authority may be payable  
16 as to principal and interest solely from revenue of the authority or from particular port, transportation, storage,  
17 or other facilities of the authority. The bonds must state on their face the applicable limitations or restrictions  
18 regarding the source from which principal and interest are payable.

19 (4) Bonds issued by an authority, county, or municipality pursuant to the provisions of this part are  
20 declared to be issued for an essential public and governmental purpose by a political subdivision within the  
21 meaning of 15-30-2110(2)(a).

22 (5) (a) For the security of bonds, the authority, county, or municipality may by resolution make and enter  
23 into any covenant, agreement, or indenture and may exercise any additional powers authorized to be exercised  
24 by a municipality under Title 7, chapter 7, parts 44 and 45. The sums required from time to time to pay principal  
25 and interest and to create and maintain a reserve for the bonds may be paid from any revenue referred to in this  
26 part, prior to the payment of current costs of operation and maintenance of the facilities.

27 (b) As further security for the bonds, the authority, with the approval of the governing body of the county  
28 or municipality that created the authority, may pledge, lease, sell, mortgage, or grant a security interest in all or  
29 any portion of its port, transportation, storage, or other facilities, whether or not the facilities are financed by the  
30 bonds. The instrument effecting the pledge, lease, sale, mortgage, or security interest may contain any

1 agreements and provisions customarily contained in instruments securing bonds, as the commissioners of the  
 2 authority consider advisable. The provisions must be consistent with this part and are subject to and must be in  
 3 accordance with the laws of this state governing mortgages, trust indentures, security agreements, or  
 4 instruments. The instrument may provide that in the event of a default in the payment of principal or interest on  
 5 the bonds or in the performance of any agreement contained in the proceedings authorizing the bonds or  
 6 instrument, the payment or performance may be enforced by mandamus or by the appointment of a receiver in  
 7 equity. The receiver may collect charges, rental, or fees and may apply the revenue from the mortgaged property  
 8 or collateral in accordance with the proceedings or the provisions of the instrument.

9 (6) Nothing in this section or 7-14-1134 may be construed to limit the use of port authority revenue,  
 10 including federal and state money as described in 7-14-1136, to make grants and loans or to otherwise provide  
 11 financial and other support to private development organizations, including corporations organized under the  
 12 provisions of the development corporation act in Title 32, chapter 4. The credit of the state, county, or municipal  
 13 governments or their agencies or authorities may not be pledged to provide financial support to the development  
 14 organizations."

15

16 **Section 147.** Section 7-14-1134, MCA, is amended to read:

17 **"7-14-1134. Method of funding deficiency -- election required.** (1) Subject to the conditions stated  
 18 in this section, the governing body of a county or of a municipality having a population in excess of 10,000 may  
 19 by resolution covenant that if at any time all revenue, including ~~taxes, sales and use tax account revenue provided~~  
 20 in [section 1], appropriated and collected for bonds issued pursuant to this part is insufficient to pay principal or  
 21 interest then due, it ~~will levy a general tax on all of the taxable property in the county or municipality~~ shall submit  
 22 a request for funding to the critical needs assessment commission as provided in [section 11] for the payment  
 23 of the deficiency. The governing body may further covenant that at any time a deficiency is likely to occur within  
 24 1 year for the payment of principal and interest due on the bonds, it ~~will levy a general tax on all the taxable~~  
 25 ~~property in the county or municipality~~ shall submit a request for funding to the critical needs assessment  
 26 commission as provided in [section 11] for the payment of the deficiency. The ~~taxes are not subject to any~~  
 27 ~~limitation of rate or amount applicable to other county or municipal taxes but are~~ request is limited to a rate an  
 28 amount estimated to be sufficient to produce the amount of the deficiency. If more than one local government is  
 29 included in an authority issuing bonds pursuant to this part, the local governments may apportion the obligation  
 30 to ~~levy taxes~~ provide funding for the payment of, or in anticipation of, a deficiency in the revenue appropriated

1 for the bonds in a manner that the local governments may determine.

2 (2) The resolution must state the principal amount and purpose of the bonds and the substance of the  
3 covenant respecting deficiencies.

4 (3) ~~A resolution is not effective until the question of its approval has been submitted to the qualified  
5 electors of the local government at an election called for that purpose by the governing body of the local  
6 government and held as provided in 15-10-425 and the question is approved by a majority of the electors voting.~~

7 ~~———— (4) If a majority of the electors voting on the issue vote against approval of the resolution, the local  
8 government may not make the covenant or levy a tax for the payment of deficiencies pursuant to this section. The  
9 local government or authority may issue bonds under this part payable solely from the sources referred to in  
10 7-14-1133(1)."~~

11

12 **Section 148.** Section 7-14-1632, MCA, is amended to read:

13 **"7-14-1632. Mill-levy Funding authorized.** The authority may certify annually to the board of county  
14 commissioners the amount of money necessary for the operation of the authority. ~~Upon approval by the  
15 electorate, the board shall annually, at the time of levying county taxes, fix and levy a tax in mills upon all property  
16 within the boundaries of the authority clearly sufficient to raise the amount certified by the authority. The authority  
17 may utilize sales and use tax revenue allocated under [section 1] and revenue received based on a supplemental  
18 funding request to the critical needs assessment commission as provided in [section 11]."~~

19

20 **Section 149.** Section 7-14-2101, MCA, is amended to read:

21 **"7-14-2101. General powers of county relating to roads and bridges -- definitions.** (1) The board  
22 of county commissioners, under the limitations and restrictions that are prescribed by law, may:

23 (a) (i) lay out, maintain, control, and manage county roads and bridges within the county;

24 (ii) ~~subject to 15-10-420, levy taxes~~ request funding from the critical needs assessment commission as  
25 provided in [section 11] for the laying out, maintenance, control, and management of the county roads and  
26 bridges within the county as provided by law;

27 (b) (i) in the exercise of sound discretion, jointly with other counties, lay out, maintain, control, manage,  
28 and improve county roads and bridges in adjacent counties, wholly or in part as agreed upon between the boards  
29 of the counties concerned;

30 (ii) ~~subject to 15-10-420, levy taxes~~ request funding from the critical needs assessment commission as

1 provided in [section 11] for the laying out, maintenance, control, management, and improvement of county roads  
 2 and bridges in adjacent counties or shared jointly with other counties, as agreed upon between the boards of the  
 3 counties concerned and as provided by law;

4 (c) (i) enter into agreements for adjusted annual contributions over not more than 6 years toward the cost  
 5 of joint highway or bridge construction projects entered into in cooperation with other counties, the state, or the  
 6 United States;

7 (ii) ~~subject to 15-10-420~~, place a joint project in the budget and ~~levy taxes~~ request funding from the critical  
 8 needs assessment commission as provided in [section 11] for a joint project as provided by law.

9 (2) (a) Following a public hearing, a board of county commissioners may accept by resolution a road that  
 10 has not previously been considered a county road but that has been laid out, constructed, and maintained with  
 11 state department of transportation or county funds.

12 (b) A survey is not required of an existing county road that is accepted by resolution by a board of county  
 13 commissioners.

14 (c) A road that is abandoned by the state may be designated as a county road upon the acceptance and  
 15 approval by resolution of a board of county commissioners.

16 (3) The board of county commissioners may adopt regulations for unincorporated areas within a county  
 17 governing:

18 (a) the assignment of numerical physical addresses except for roads under the jurisdiction of a federal,  
 19 state, or tribal entity if that entity objects to the assignment; and

20 (b) the naming of roads except roads under the jurisdiction of a federal, state, or tribal entity unless that  
 21 entity consents to the naming.

22 (4) Unless the context requires otherwise, for the purposes of this chapter, the following definitions apply:

23 (a) "Bridge" includes rights-of-way or other interest in land, abutments, superstructures, piers, and  
 24 approaches except dirt fills.

25 (b) "County road" means:

26 (i) a road that is petitioned by freeholders, approved by resolution, and opened by a board of county  
 27 commissioners in accordance with this title;

28 (ii) a road that is dedicated for public use in the county and approved by resolution by a board of county  
 29 commissioners;

30 (iii) a road that has been acquired by eminent domain pursuant to Title 70, chapter 30, and accepted by

1 resolution as a county road by a board of county commissioners;  
 2 (iv) a road that has been gained by the county in an exchange with the state as provided in 60-4-201; or  
 3 (v) a road that has been the subject of a request under 7-14-2622 and for which a legal route has been  
 4 recognized by a district court as provided in 7-14-2622."

5  
 6 **Section 150.** Section 7-14-2502, MCA, is amended to read:

7 **"7-14-2502. Special bridge tax authorized -- combined ferry and bridge fund.** (1) ~~Subject to~~  
 8 ~~15-10-420, a~~ board may ~~levy a special tax on all taxable property in the county~~ request funding from the critical  
 9 needs assessment commission as provided in [section 11] for the purpose of constructing, maintaining, and  
 10 repairing free public bridges, which includes those bridges within the municipalities.

11 (2) For the purposes of this section, a free public bridge is defined as any drainage structure located on,  
 12 over, or through any road or highway.

13 ~~(3) These taxes must be levied and collected in the same manner as other taxes. Except that when~~  
 14 When the county has a combined ferry and bridge fund, the ~~money~~ funding must be kept as a special bridge fund,  
 15 subject to the order of the board for use as provided in this section and may not be transferable to any other fund.

16 (4) If a county owns or operates a public ferry, the board may combine into a single fund the ~~revenue~~  
 17 ~~from funding received pursuant to [section 11]~~ for the county public ferry ~~tax levy authorized in 7-14-2807, the~~  
 18 ~~revenue from the special funding received pursuant to [section 11] for municipal bridge levy authorized in~~  
 19 ~~7-14-2503, and the revenue from the levy bridges, and funding received pursuant to [section 11] and~~ authorized  
 20 by this section. The fund may be used for any lawful purpose authorized for bridges in this part or in Title 7,  
 21 chapter 14, part 22, or for public ferries in Title 7, chapter 14, part 28."

22  
 23 **Section 151.** Section 7-14-2801, MCA, is amended to read:

24 **"7-14-2801. General powers of county relating to ferries.** The board of county commissioners, under  
 25 limitations and restrictions as are prescribed by law, may:

26 (1) lay out, maintain, control, and manage county ferries within the county and, ~~subject to 15-10-420, levy~~  
 27 ~~taxes~~ request funding from the critical needs assessment commission as provided in [section 11] for county  
 28 ferries as provided by law;

29 (2) in the exercise of sound discretion, jointly with other counties, lay out, maintain, control, manage, and  
 30 improve county ferries in adjacent counties, wholly or in part as may be agreed upon between the boards of the

1 counties concerned, and ~~subject to 15-10-420, levy taxes as provided by law~~ request funding from the critical  
 2 needs assessment commission as provided in [section 11]."

3

4 **Section 152.** Section 7-14-4109, MCA, is amended to read:

5 **"7-14-4109. Power to order certain improvements without creation of special improvement**

6 **district.** (1) Without the formation of a special improvement district, the city council may order sidewalks, curbs,  
 7 or gutters constructed in front of any lot or parcel of land and may order alley approaches constructed or replaced  
 8 adjacent to any lot or parcel of land.

9 (2) Whenever the council orders a sidewalk, curb, or gutter constructed or an alley approach constructed  
 10 or replaced, the order must be entered upon the minutes of the council and must name the street along which  
 11 the sidewalk, curb, or gutter is to be constructed or along which the alley approach is to be constructed or  
 12 replaced.

13 (3) After issuing an order, the council shall provide a written notice to the owner or agent of the owner  
 14 and to any purchaser under contract for deed of the property or the owners or agents of all adjacent owners  
 15 having access to their properties by the alley approach, as appropriate.

16 (4) If the owner or agent of the owner of a lot or parcel of land or if the owners or agents of all adjacent  
 17 owners having access to their property by the alley approach fail or neglect for a period of 30 days after the date  
 18 of service of the notice to cause the sidewalk, curb, or gutter to be constructed or to cause the alley approaches  
 19 to be constructed or replaced, the city may construct or cause the sidewalk, curb, or gutter to be constructed or  
 20 may construct or cause the alley approach to be constructed and shall assess the cost of those improvements,  
 21 including engineering costs and the costs enumerated in 7-12-4121 and 7-12-4169, against the property in front  
 22 of which those improvements are constructed or against the lots or parcels of land having access via the  
 23 constructed alley approaches. ~~The collection of the assessed costs is provided in 7-12-4181 through 7-12-4191.~~

24 (5) (a) When any sidewalk, curb, or gutter or alley approach is constructed by or under direction of the  
 25 city council, payment for the construction must be made by special warrants or bonds in a form that is prescribed  
 26 by ordinance or resolution and drawn against a fund to be known as the special sidewalk, curb, and gutter fund  
 27 or the special alley approach fund. The council may provide for the payment of interest annually or semiannually.  
 28 Except as otherwise expressly provided in 7-14-4110 and this section, the warrants or bonds that the city council  
 29 authorizes may be issued subject to the terms and security provisions provided in Title 7, chapter 12, parts 41  
 30 and 42.

1 (b) The warrants drawn on the special alley approach fund shall bear interest at a rate pursuant to  
2 17-5-102."

3

4 **Section 153.** Section 7-14-4404, MCA, is amended to read:

5 **"7-14-4404. Tax levy Funding for contracts to operate bus service.** For the purpose of raising the  
6 necessary money to defray the cost of the transportation service authorized by 7-14-4401(2) pursuant to a  
7 contract, lease, or lease and operating agreement with an independent carrier or carriers, the city or town council  
8 may ~~annually levy a tax on the taxable value of all taxable property within the limits of the city or town. Whenever~~  
9 ~~the council of the city or town considers it necessary to raise money by taxation for transportation services in~~  
10 ~~excess of the levy allowed by 15-10-420, the council of the city or town shall in the manner prescribed by law~~  
11 ~~submit the question of the additional levy to the qualified electors of the city or town at an election held pursuant~~  
12 ~~to 15-10-425 utilize sales and use tax revenue allocated under [section 1] and revenue received based on a~~  
13 supplemental funding request to the critical needs assessment commission as provided in [section 11]."

14

15 **Section 154.** Section 7-14-4644, MCA, is amended to read:

16 **"7-14-4644. Restrictions on use of reserve to make payments on revenue bonds.** The funds from  
17 which the transfers authorized by 7-14-4643(2)(g) are made must be reimbursed from the next collections of other  
18 revenue enumerated in 7-14-4643 that is not needed for full compliance with provisions of indentures securing  
19 all outstanding obligations of the commission. ~~This section does not permit the levy of taxes at any time in excess~~  
20 ~~of the deficiency existing in the reserve, but subject to 15-10-420, a tax as may be needed, with other funds~~  
21 ~~determined by the legislative body to be available to meet the deficiency, may be levied."~~

22

23 **Section 155.** Section 7-14-4666, MCA, is amended to read:

24 **"7-14-4666. Exemption from execution for property of parking commission -- exception.** (1) Except  
25 as provided in subsection (2), all real property of a commission shall be exempt from ~~levy and~~ sale by virtue of  
26 an execution, and no execution or other judicial process shall issue against the same, nor shall any judgment  
27 against a commission be a charge or lien upon its real property.

28 (2) The provisions of this section shall not apply to or limit the right of obligees to foreclose or otherwise  
29 enforce any mortgage, deed of trust, or other encumbrance of a commission or the right of obligees to pursue  
30 any remedies for the enforcement of any pledge or lien given by a commission on its rents, fees, or revenues."



1

2           **Section 156.** Section 7-14-4703, MCA, is amended to read:

3           **"7-14-4703. Provision for payment of damages due to creation of pedestrian mall.** When the public  
4 interest or convenience requires, the governing body of a municipality may pay, from general funds of the  
5 municipality or other available money ~~or from the proceeds of assessments levied on lands benefited by the~~  
6 ~~establishment of a pedestrian mall,~~ the damages, if any, allowed or awarded to any property owner by reason  
7 of the establishment of a pedestrian mall. ~~The resolution of intention must contain a statement that, subject to~~  
8 ~~15-10-420, an assessment will be levied to pay the whole or a stated portion of damages, if any, allowed or~~  
9 ~~awarded to any property owner by reason of the establishment of the pedestrian mall."~~

10

11           **Section 157.** Section 7-14-4712, MCA, is amended to read:

12           **"7-14-4712. Procedure upon receipt of petition from all property owners within proposed district.**  
13 If a petition for the formation of an improvement district under the provisions of 7-14-4711 is presented to the  
14 governing body purporting to be signed by all of the real property owners in the proposed district, exclusive of  
15 mortgagees and other lienholders, the governing body, after verifying the ownership and making a finding of the  
16 fact, shall adopt a resolution of intention to order the improvement, as provided in 7-12-4104 and 7-12-4117, and  
17 may adopt the resolution ordering the improvement pursuant to 7-14-4711, 7-14-4712, and 7-14-4714 through  
18 7-14-4723 without the publication of the resolution of intention provided for in 7-12-4106. However, if special  
19 improvement district bonds are proposed to be issued and secured by the revolving fund, the requirements of  
20 7-12-4106, 7-12-4108 through 7-12-4110, 7-12-4112 through 7-12-4114, 7-12-4169, 7-12-4189, 7-12-4222,  
21 7-12-4223, and 7-12-4225 must be met by the governing body."

22

23           **Section 158.** Section 7-14-4731, MCA, is amended to read:

24           **"7-14-4731. Authorization for improvement districts to lease and operate offstreet parking**  
25 **facilities.** (1) In addition to the purposes for which an improvement district may be formed under the provisions  
26 of 7-12-4301, 7-14-4701, and 7-14-4711, an improvement district may be formed for the sole purpose of leasing  
27 real property to be used as offstreet parking sites; for the improvement of such offstreet parking sites by grading,  
28 paving, ordering the installation of lighting poles, wires, conduits, lamps, standards, and other appliances for the  
29 purpose of lighting and beautifying the offstreet parking areas and entrances thereto; and for the operation and  
30 maintenance thereof.

1 (2) Subject to the powers granted and the limitations contained in this section, 7-12-4131, 7-12-4301(2),  
 2 7-12-4327, 7-14-4701 through 7-14-4704, 7-14-4711, 7-14-4712, through 7-14-4714, and 7-14-4733, and  
 3 7-14-4735 through 7-14-4737, the powers and duties of the governing body of the municipality and the procedure  
 4 to be followed shall be as provided in parts 41 and 42 of chapter 12 for other types of special improvement  
 5 districts.

6 (3) No improvement district formed under provisions of this section shall be authorized to engage in any  
 7 activity other than the leasing of offstreet parking sites and the improvement, operation, and maintenance of  
 8 same.

9 (4) The formation of an improvement district for offstreet parking purposes under the provisions of this  
 10 section shall not prevent the subsequent establishment of improvement districts for any other purpose authorized  
 11 by law."

12

13 **Section 159.** Section 7-15-4260, MCA, is amended to read:

14 **"7-15-4260. Exemption from ~~levy and sale~~ for certain property.** All property of a municipality,  
 15 including funds, owned or held by it for the purposes of this part and part 43 shall be exempt from ~~levy and sale~~  
 16 by virtue of an execution, and no execution or other judicial process shall issue against the same nor shall  
 17 judgment against a municipality be a charge or lien upon such property; provided, however, that the provisions  
 18 of this section shall not apply to or limit the right of obligees to pursue any remedies for the enforcement of any  
 19 pledge or lien given pursuant to this part or part 43 by a municipality on an urban renewal project or the rents,  
 20 fees, grants, or revenues derived from these projects."

21

22 **Section 160.** Section 7-15-4279, MCA, is amended to read:

23 **"7-15-4279. Targeted economic development districts.** (1) A local government may, by ordinance  
 24 and following a public hearing, authorize the creation of a targeted economic development district in support of  
 25 value-adding economic development projects. The purpose of the district is the development of infrastructure to  
 26 encourage the location and retention of value-adding projects in the state.

27 (2) A targeted economic development district:

28 (a) must consist of a continuous area with an accurately described boundary that is large enough to host  
 29 a diversified tenant base of multiple independent tenants;

30 (b) must be zoned:

1 (i) for uses by a local government under Title 76, chapter 2, part 2 or 3, in accordance with the area  
2 growth policy, as defined in 76-1-103; or

3 (ii) if a county has not adopted a growth policy, then for uses in accordance with the development pattern  
4 and zoning regulations or the development district adopted under Title 76, chapter 2, part 1;

5 (c) may not comprise any property included within an existing tax increment financing district;

6 (d) must, prior to its creation, be found to be deficient in infrastructure improvements as stated in the  
7 resolution of necessity adopted under 7-15-4280;

8 (e) must, prior to its creation, have in place a comprehensive development plan adopted by the local  
9 governments that ensures that the district can host a diversified tenant base of multiple independent tenants; and

10 (f) may not be designed to serve the needs of a single district tenant or group of nonindependent tenants.

11 (3) The local government may use ~~tax increment financing pursuant to the provisions of 7-15-4282~~  
12 ~~through 7-15-4294~~ sales and use tax revenue allocated under [section 1] for the targeted economic development  
13 district. If the local government uses ~~tax increment financing~~ sales and use tax revenue, the use of and purpose  
14 for ~~tax increment~~ of the financing must be specified in the comprehensive development plan required in  
15 subsection (2)(e).

16 (4) For the purposes of 7-15-4277 through 7-15-4280:

17 (a) "secondary value-added products or commodities" means products or commodities that are  
18 manufactured, processed, produced, or created by changing the form of raw materials or intermediate products  
19 into more valuable products or commodities that are capable of being sold or traded in interstate commerce;

20 (b) "secondary value-adding industry" means a business that produces secondary value-added products  
21 or commodities or a business or organization that is engaged in technology-based operations within Montana  
22 that, through the employment of knowledge or labor, adds value to a product, process, or export service resulting  
23 in the creation of new wealth."  
24

25 **Section 161.** Section 7-15-4281, MCA, is amended to read:

26 **"7-15-4281. Financial authority in connection with urban renewal.** (1) A municipality shall have  
27 power to:

28 (a) borrow money and apply for and accept advances, loans, grants, contributions, and any other form  
29 of financial assistance for the purposes of this part and enter into and carry out contracts in connection with the  
30 financial assistance from:

- 1 (i) the federal government;
- 2 (ii) the state, a county, or any other public body; or
- 3 (iii) any sources, public or private;
- 4 (b) ~~(i)~~ appropriate funds and make expenditures as may be necessary to carry out the purposes of this
- 5 part; and
- 6 ~~—— (ii) subject to 15-10-420 and in accordance with state law, levy taxes and assessments for the purposes~~
- 7 ~~of this part;~~
- 8 (c) invest any urban renewal project funds held in reserves or sinking funds or any funds that are not
- 9 required for immediate disbursement in property or securities in which mutual savings banks may legally invest
- 10 funds subject to their control;
- 11 (d) adopt, in accordance with state law, annual budgets for the operation of an urban renewal agency,
- 12 department, or office vested with urban renewal project powers under 7-15-4231;
- 13 (e) enter, in accordance with state law, into agreements, which may extend over any period, with
- 14 agencies or departments vested with urban renewal project powers under 7-15-4231 respecting action to be
- 15 taken by the municipality pursuant to any of the powers granted by part 43 or this part;
- 16 (f) close, vacate, plan, or replan streets, roads, sidewalks, ways, or other places and plan or replan, zone
- 17 or rezone any part of the municipality in accordance with state law.
- 18 (2) A municipality may include in any application or contract for financial assistance with the federal
- 19 government for an urban renewal project the conditions imposed pursuant to federal laws that the municipality
- 20 may consider reasonable and appropriate and that are not inconsistent with the purposes of part 43 and this part."

21

22 **Section 162.** Section 7-15-4283, MCA, is amended to read:

23 **"7-15-4283. Definitions related to tax increment financing supplemental sales and use tax funding.**

24 For purposes of 7-15-4277 through 7-15-4280, ~~and 7-15-4282~~ 7-15-4283, 7-15-4284, 7-15-4288 through

25 ~~7-15-4294~~ 7-14-4290, and 7-15-4292, the following definitions apply unless otherwise provided or indicated by

26 the context:

- 27 ~~—— (1) "Actual taxable value" means the taxable value of all taxable property at any time, as calculated from~~
- 28 ~~the property tax record.~~
- 29 ~~—— (2) "Base taxable value" means the actual taxable value of all taxable property within an urban renewal~~
- 30 ~~area or targeted economic development district as it appears on the property tax record prior to the effective date~~

1 of a tax increment financing provision. This value may be adjusted as provided in ~~7-15-4287 or 7-15-4293.~~

2 ~~(3) "Incremental taxable value" means the amount, if any, by which the actual taxable value at any time~~  
 3 ~~exceeds the base taxable value of all taxable property within an urban renewal area or targeted economic~~  
 4 ~~development district.~~

5 ~~(4)(1) "Local government", for the purposes of a targeted economic development district, means any~~  
 6 ~~incorporated city or town, a county, or a city-county consolidated local government.~~

7 ~~(5)(2) "Targeted economic development district" means a district created pursuant to 7-15-4277 through~~  
 8 ~~7-15-4280.~~

9 ~~————(6) "Tax increment" means the collections realized from extending the tax levies, expressed in mills, of~~  
 10 ~~all taxing bodies in which the urban renewal area or targeted economic development district or a part of the area~~  
 11 ~~or district is located against the incremental taxable value.~~

12 ~~————(7) "Tax increment provision" means a provision for the segregation and application of tax increments~~  
 13 ~~as authorized by 7-15-4282 through 7-15-4294.~~

14 ~~————(8) "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis.~~

15 ~~————(9) "Taxing body" means any incorporated city or town, county, city-county consolidated local~~  
 16 ~~government, school district, or other political subdivision or governmental unit of the state, including the state, that~~  
 17 ~~levies taxes against property within the urban renewal area or targeted economic development district."~~

18

19 **Section 163.** Section 7-15-4284, MCA, is amended to read:

20 **"7-15-4284. Filing of tax increment provisions plan or district ordinance.** (1) The clerk of the local  
 21 government shall provide a certified copy of the ordinance creating each urban renewal plan or targeted economic  
 22 development district comprehensive development plan and an amendment to either of the plans ~~containing a tax~~  
 23 ~~increment provision~~ to the department of revenue.

24 (2) A certified copy of each plan, ordinance, or amendment must also be filed with the clerk or other  
 25 appropriate officer of each of the affected taxing bodies."

26

27 **Section 164.** Section 7-15-4288, MCA, is amended to read:

28 **"7-15-4288. Costs that may be paid by tax increment sales and use tax financing.** The tax  
 29 increments sales and use tax revenue provided in [section 1] and funding received from the legislature based on  
 30 recommendations of the critical needs assessment commission as provided in [section 11] may be used by the

1 local government to pay the following costs of or incurred in connection with an urban renewal area or targeted  
2 economic development district as identified in the urban renewal plan or targeted economic development district  
3 comprehensive development plan:

4 (1) land acquisition;

5 (2) demolition and removal of structures;

6 (3) relocation of occupants;

7 (4) the acquisition, construction, and improvement of public improvements or infrastructure, including  
8 streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and offstreet parking facilities,  
9 sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities,  
10 natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, publicly owned buildings,  
11 and any public improvements authorized by Title 7, chapter 12, parts 41 through 45; Title 7, chapter 13, parts 42  
12 and 43; and Title 7, chapter 14, part 47, and items of personal property to be used in connection with  
13 improvements for which the foregoing costs may be incurred;

14 (5) costs incurred in connection with the redevelopment activities allowed under 7-15-4233;

15 (6) acquisition of infrastructure-deficient areas or portions of areas;

16 (7) administrative costs associated with the management of the urban renewal area or targeted  
17 economic development district;

18 (8) assemblage of land for development or redevelopment by private enterprise or public agencies,  
19 including sale, initial leasing, or retention by the local government itself at its fair value;

20 (9) the compilation and analysis of pertinent information required to adequately determine the needs of  
21 the urban renewal area or targeted economic development district;

22 (10) the connection of the urban renewal area or targeted economic development district to existing  
23 infrastructure outside the area or district;

24 (11) the provision of direct assistance to secondary value-adding industries to assist in meeting their  
25 infrastructure and land needs within the area or district; and

26 (12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing,  
27 abating, or eliminating pollution."

28

29 **Section 165.** Section 7-15-4289, MCA, is amended to read:

30 **"7-15-4289. Use of tax increments sales and use tax revenue for bond payments.** The tax increment

1 sales and use tax revenue allocated under [section 1] may be pledged to the payment of the principal of  
 2 premiums, if any, and interest on bonds that the local government may issue for the purpose of providing funds  
 3 to pay those costs. Supplemental funding requests may be submitted to the critical needs assessment  
 4 commission as provided in [section 11]."

5

6 **Section 166.** Section 7-15-4290, MCA, is amended to read:

7 **"7-15-4290. Use of ~~property taxes and other~~ revenue for payment of bonds.** (1) (a) The ~~tax~~  
 8 ~~increment derived from an urban renewal area~~ sales and use tax revenue allocated under [section 1] may be  
 9 pledged for the payment of revenue bonds issued for urban renewal projects or of general obligation bonds,  
 10 revenue bonds, or special assessment bonds issued to pay urban renewal costs described in 7-15-4288 and  
 11 7-15-4289.

12 (b) The ~~tax increment derived from a targeted economic development district~~ sales and use tax revenue  
 13 allocated under [section 1] may be pledged for the payment of revenue bonds issued for targeted economic  
 14 development district projects or of general obligation bonds, revenue bonds, or special assessment bonds issued  
 15 to pay targeted economic development district costs described in 7-15-4288 and 7-15-4289.

16 (2) A local government issuing bonds pursuant to subsection (1) may, by resolution of its governing body,  
 17 enter into a covenant for the security of the bondholders, detailing the calculation and adjustment of ~~the tax~~  
 18 ~~increment and the taxable value on which it is based and~~ the revenue projected to be received from the state and,  
 19 after a public hearing, pledging or appropriating other revenue of the local government, ~~except property taxes~~  
 20 ~~prohibited by subsection (3),~~ to the payment of the bonds if collections of the ~~tax increment are~~ sales and use tax  
 21 allocation is insufficient.

22 ~~—— (3) Property taxes, except the tax increment derived from property within the area or district and tax~~  
 23 ~~collections used to pay for services provided to the local government by a project, may not be applied to the~~  
 24 ~~payment of bonds issued pursuant to 7-15-4301 for which a tax increment has been pledged.~~

25 ~~(4)(3)~~ If applicable, the local government shall specify whether the bonds are tax credit bonds as  
 26 provided in 17-5-117, recovery zone economic development bonds or recovery zone facility bonds as provided  
 27 in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141."

28

29 **Section 167.** Section 7-15-4292, MCA, is amended to read:

30 **"7-15-4292. Termination of tax increment financing plan -- exception.** (1) The ~~tax increment~~

1 ~~provision contained~~ Sales and use tax funding in an urban renewal plan or a targeted economic development  
 2 district comprehensive development plan terminates upon the later of:

3 ~~(a)(1)~~ the 15th year following its adoption; or

4 ~~(b)(2)~~ the payment or provision for payment in full or discharge of all bonds for which the ~~tax increment~~  
 5 sales and use tax revenue has been pledged and the interest on the bonds.

6 ~~(2) (a) Except as provided in subsection (2)(b), any amounts remaining in the special fund or any reserve~~  
 7 ~~fund after termination of the tax increment provision must be distributed among the various taxing bodies in~~  
 8 ~~proportion to their property tax revenue from the area or district.~~

9 ~~———— (b) Upon termination of the tax increment provision, a local government may retain and use in~~  
 10 ~~accordance with the provisions of the urban renewal plan:~~

11 ~~———— (i) funds remaining in the special fund or a reserve fund related to a binding loan commitment,~~  
 12 ~~construction contract, or development agreement for an approved urban renewal project or targeted economic~~  
 13 ~~development district project that a local government entered into before the termination of a tax increment~~  
 14 ~~provision;~~

15 ~~———— (ii) loan repayments received after the date of termination of the tax increment provision from loans made~~  
 16 ~~pursuant to a binding loan commitment; or~~

17 ~~———— (iii) funds from loans previously made pursuant to a loan program established under an urban renewal~~  
 18 ~~plan or targeted economic development district comprehensive development plan.~~

19 ~~———— (3) After termination of the tax increment provision, all taxes must be levied upon the actual taxable value~~  
 20 ~~of the taxable property in the urban renewal area or targeted economic development district and must be paid~~  
 21 ~~to each of the taxing bodies as provided by law.~~

22 ~~———— (4) Bonds secured in whole or in part by a tax increment provision may not be issued after the 15th~~  
 23 ~~anniversary of tax increment provisions. However, if bonds secured by a tax increment provision are outstanding~~  
 24 ~~on the applicable anniversary, additional bonds secured by the tax increment provision may be issued if the final~~  
 25 ~~maturity date of the bonds is not later than the final maturity date of any bonds then outstanding and secured by~~  
 26 ~~the tax increment provision."~~

27

28 **Section 168.** Section 7-15-4301, MCA, is amended to read:

29 **"7-15-4301. Authorization to issue urban renewal bonds, targeted economic development bonds,**  
 30 **and refunding bonds.** (1) A local government or municipality may:



1 (a) issue bonds from time to time, in its discretion, to finance the undertaking of any urban renewal  
 2 project or targeted economic development district project under Title 7, chapter 15, part 42, and this part,  
 3 including, without limiting the generality of projects, the payment of principal and interest upon any advances for  
 4 surveys and plans for the projects; and

5 (b) issue refunding bonds for the payment or retirement of bonds previously issued by it.

6 (2) Except as provided in 7-15-4302, bonds may not pledge the general credit of the local government  
 7 or municipality and must be made payable, as to both principal and interest, solely from the income, proceeds,  
 8 revenue, and funds of the local government or municipality derived from or held in connection with its undertaking  
 9 and carrying out of urban renewal projects or targeted economic development district projects under Title 7,  
 10 chapter 15, part 42, and this part, including the ~~tax increment received and~~ sales and use tax revenue pledged  
 11 by the local government or municipality pursuant to ~~7-15-4282~~ 7-15-4283, 7-15-4284, 7-15-4288 through  
 12 ~~7-15-4294~~ 7-15-4290, and 7-15-4292, and, if the income, proceeds, revenue, and funds of the local government  
 13 or municipality are insufficient for the payment, from other revenue of the local government or municipality  
 14 pledged to the payment. Payment of the bonds, both as to principal and interest, may be further secured by a  
 15 pledge of any loan, grant, or contribution from the federal government or other source in aid of any urban renewal  
 16 projects or targeted economic development district projects of the local government or municipality under Title  
 17 7, chapter 15, part 42, and this part or by a mortgage on all or part of any projects.

18 (3) Bonds issued under this section must be authorized by resolution or ordinance of the local governing  
 19 body.

20 (4) If applicable, the governing body of the local government or municipality shall specify whether the  
 21 bonds are tax credit bonds as provided in 17-5-117, recovery zone economic development bonds or recovery  
 22 zone facility bonds as provided in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141."

23

24 **Section 169.** Section 7-15-4324, MCA, is amended to read:

25 **"7-15-4324. Special bond provisions when tax increment sales and use tax financing is involved.**

26 (1) Bonds issued under this part for which a ~~tax increment~~ sales and use tax revenue is pledged pursuant to  
 27 ~~7-15-4282 through 7-15-4294~~ 7-15-4283, 7-15-4284, 7-15-4288 through 7-15-4290, and 7-15-4292 must be  
 28 designed to mature not later than 25 years from their date of issue and must mature in years and amounts so that  
 29 the principal and interest due on the bonds in each year may not exceed the estimated ~~tax increment~~ sales and  
 30 use tax revenue projected to be received, payments in lieu of taxes or other amounts agreed to be paid by the

1 property owners in a district, and other estimated revenue, including proceeds of the bonds available for payment  
 2 of interest on the bonds, pledged to their payment to be received in that year.

3 (2) The governing body, in the resolution or ordinance authorizing the bonds, shall determine the  
 4 estimated ~~tax increment sales and use tax revenue~~, payments in lieu of taxes or other amounts agreed to be paid  
 5 by the property owners in an area or district, and other revenue, if any, for each year the bonds are to be  
 6 outstanding. In calculating the costs under 7-15-4288 for which the bonds are issued, the local government or  
 7 municipality may include an amount sufficient to pay interest on the bonds prior to receipt of ~~tax increments sales~~  
 8 and use tax revenue pledged and sufficient for the payment of the bonds and to fund any reserve fund in respect  
 9 of the bonds."

10

11 **Section 170.** Section 7-15-4532, MCA, is amended to read:

12 **"7-15-4532. Limitations on remedies of obligees.** (1) No interest of the authority in any real or  
 13 personal property shall be subject to sale by the foreclosure of a mortgage thereon, either through judicial  
 14 proceedings or the exercise of a power of sale contained in such mortgage, except in the case of the mortgages  
 15 provided for in 7-15-4526.

16 (2) All property of the authority shall be exempt from ~~levy and~~ sale by virtue of an execution, and no  
 17 execution or other judicial process shall issue against the same. No judgment against the authority shall be a  
 18 charge or lien upon its real or personal property.

19 (3) The provisions of this section shall not apply to or limit the right of obligees to foreclose any mortgage  
 20 of the authority provided for in 7-15-4526 and, in case of a foreclosure sale thereunder, to obtain a judgment or  
 21 decree for any deficiency due on the indebtedness secured thereby and issued on the credit of the authority.  
 22 Such deficiency judgment or decree shall be a lien and charge upon the property of the authority which may be  
 23 levied on and sold by virtue of an execution or other judicial process for the purpose of satisfying such deficiency  
 24 judgment or decree."

25

26 **Section 171.** Section 7-16-101, MCA, is amended to read:

27 **"7-16-101. Creation of funds for recreational and other activities of elderly by local governments.**

28 (1) ~~Subject to 15-10-420, the~~ The governing body of a city, county, town, or municipality may in its discretion  
 29 establish a fund to promote, establish, and maintain recreational, educational, and other activities of the elderly  
 30 by a levy on taxable property. The tax levy is in addition to all other tax levies requesting funding from the critical

1 needs assessment commission as provided in [section 11].

2 (2) The governing body may, by resolution, make expenditures from the fund as it may from time to time  
3 determine. Expenditures must be made for the promotion and development of recreational, educational, and other  
4 activities of the elderly, including motivation of the use of the talents of the elderly.

5 (3) The governing body may make payment of expenditures to nonprofit corporations or associations  
6 engaged in aiding the activities."

7

8 **Section 172.** Section 7-16-2102, MCA, is amended to read:

9 **"7-16-2102. Authorization for ~~tax levy~~ other revenue for parks and certain cultural, social, and**  
10 **recreational facilities.** ~~(1) Subject to 15-10-420, the~~ The board of county commissioners may ~~annually levy on~~  
11 ~~the taxable property of the county, in the same manner and at the same time as other county taxes are levied,~~  
12 ~~a tax~~ utilize sales and use tax revenue allocated under [section 1] and revenue received based on a supplemental  
13 funding request to the critical needs assessment commission as provided in [section 11] for the purpose of  
14 maintaining, operating, and equipping parks, cultural facilities, and any county-owned civic center, youth center,  
15 recreation center, recreational complex, or any combination of purposes, parks, and facilities.

16 ~~(2) (a) The board of county commissioners shall submit the question of imposing or the continued~~  
17 ~~imposition of the property tax mill levy provided in subsection (1) to the electors of the county if a petition~~  
18 ~~requesting an election, signed by at least 15% of the resident taxpayers of the county, is filed with the county~~  
19 ~~clerk. The petition must be filed with the county clerk at least 90 days prior to the date of the election.~~

20 ~~———— (b) The question must be submitted as provided in 15-10-425.~~

21 ~~———— (c) The board of county commissioners shall levy the tax if the question for the imposition of the tax is~~  
22 ~~approved by a majority of the electors voting on the question.~~

23 ~~———— (3) All laws applicable to the collection of county taxes apply to the collection of the tax provided for in~~  
24 ~~this section."~~

25

26 **Section 173.** Section 7-16-2108, MCA, is amended to read:

27 **"7-16-2108. Authorization to ~~levy tax~~ and establish fund for establishment and maintenance of**  
28 **programs and employee training for day-care facilities.** ~~(1) Subject to 15-10-420, the~~ The governing body of  
29 a county, city, town, or municipality may establish a fund to establish and maintain programs for the operation  
30 of licensed day-care centers and homes within the geographic boundaries of the governing body by ~~a levy on the~~

1 ~~taxable property within the county, city, town, or municipality. The tax levy is in addition to all other tax levies~~  
 2 ~~requesting funding from the critical needs assessment commission as provided in [section 11].~~

3 (2) The governing body may, by resolution, make expenditures from the fund as it may from time to time  
 4 determine, provided that expenditures must be made solely for the establishment, maintenance, and development  
 5 of programs for and training of operators and employees of day-care centers and homes."

6

7 **Section 174.** Section 7-16-2109, MCA, is amended to read:

8 **"7-16-2109. Single assessment Funding for county fair activities, county parks, and certain**  
 9 **cultural, social, and recreational facilities -- restriction.** ~~(1) Subject to 15-10-420 and except as provided in~~  
 10 ~~subsection (2) of this section, the~~ The county commissioners of a county that has levied taxes pursuant to  
 11 ~~7-16-2102 may combine that levy with any fees assessed in accordance with 7-11-1024 into a single assessment~~  
 12 may utilize sales and use tax revenue allocated under [section 1] and revenue received based on a supplemental  
 13 funding request to the critical needs assessment commission as provided in [section 11] for the purpose of  
 14 maintaining, operating, and equipping county fair activities, county parks, cultural facilities, and any county-owned  
 15 civic center, youth center, recreation center, recreational complex, or any combination of purposes, activities, and  
 16 facilities. The money collected may be distributed among the activities and facilities as determined by the county  
 17 commissioners.

18 ~~————(2) (a) The board of county commissioners shall submit the question of imposing or continuing the~~  
 19 ~~imposition of the single assessment provided for in subsection (1) to the electors of the county if a petition~~  
 20 ~~requesting a vote on the single assessment, signed by at least 15% of the resident taxpayers of the county, is~~  
 21 ~~filed with the county clerk and recorder at least 90 days prior to the date of the election.~~

22 ~~————(b) The question must be submitted as provided in 15-10-425.~~

23 ~~————(c) The board of county commissioners shall collect the assessment if the imposition or continued~~  
 24 ~~imposition of the single assessment is approved by a majority of the electors voting on the question."~~

25

26 **Section 175.** Section 7-16-4112, MCA, is amended to read:

27 **"7-16-4112. Presentation of public band concerts.** (1) Cities of the first, second, and third class, as  
 28 defined by the laws of Montana, and incorporated towns may ~~at their discretion~~ provide public band concerts for  
 29 the entertainment of their people ~~and to pay therefor out of any money in a fund to be provided in accordance with~~  
 30 ~~the provisions of 7-16-4113.~~

1           (2) ~~Said band~~ Band concerts and entertainment ~~shall~~ must occur ~~be given~~ at a place ~~or places~~ and at  
 2 a time ~~or times~~ to be designated by the city council, ~~provided, however, that said~~ However, band concerts ~~shall~~  
 3 ~~be given~~ may not occur more than twice each week. ~~No~~ A band ~~shall~~ may not be employed in connection with  
 4 ~~the giving of said band concerts except one having its headquarters in the city or town in which said~~ the band  
 5 concert is given."

6

7           **Section 176.** Section 7-16-4114, MCA, is amended to read:

8           **"7-16-4114. Authorization to ~~levy tax and establish fund for establishment and maintenance of~~**  
 9 **programs and employee training for day-care facilities.** (1) ~~Subject to 15-10-420, the~~ The governing body of  
 10 a county, city, town, or municipality may establish a fund to establish and maintain programs for the operation  
 11 of licensed day-care centers and homes within the geographic boundaries of the governing body by ~~a levy on the~~  
 12 ~~taxable property in the county, city, town, or municipality. The tax levy is in addition to all other tax levies~~  
 13 requesting funding from the critical needs assessment commission as provided in [section 11].

14           (2) The governing body may, by resolution, make expenditures from the fund as it may from time to time  
 15 determine, provided that expenditures must be made solely for the establishment, maintenance, and development  
 16 of programs for and training of operators and employees of day-care centers and homes."

17

18           **Section 177.** Section 7-21-3203, MCA, is amended to read:

19           **"7-21-3203. Support of extension work in agriculture and home economics.** (1) The county  
 20 commissioners of any county may appropriate money from the general funds of the county treasury ~~or from funds~~  
 21 ~~provided by a levy~~ for the purpose of carrying on extension work in agriculture and home economics within the  
 22 county in cooperation with Montana state university-Bozeman and the United States department of agriculture.  
 23 ~~Subject to 15-10-420, the county commissioners may impose the levy for the purpose of this section at the same~~  
 24 ~~time as other levies for county purposes are imposed.~~

25           (2) The amount of an appropriation in any county, its method of expenditure, the responsibility for the  
 26 direction of the work, and the procedure of appointing agents and the compensation and conditions of service  
 27 of agents must be covered in memoranda of agreement between the county commissioners and Montana state  
 28 university-Bozeman."

29

30           **Section 178.** Section 7-21-3411, MCA, is amended to read:

1           **"7-21-3411. Restriction on use of appropriation or tax money.** An amount of the appropriation ~~or tax~~  
2 ~~levy or assessment~~ for a county fair district or a multiple county fair district may not be expended for horseracing."

3

4           **Section 179.** Section 7-22-2142, MCA, is amended to read:

5           **"7-22-2142. Sources of money for noxious weed fund.** (1) The commissioners may provide sufficient  
6 money in the noxious weed fund for the board to fulfill its duties, as specified in 7-22-2109, by:

7 ~~—— (a) appropriating money from any source in an amount not less than \$100,000 or an amount equivalent~~  
8 ~~to 1.6 mills levied upon the taxable value of all property; and~~

9 ~~—— (b) subject to 15-10-420 and at any time fixed by law for levy and assessment of taxes, levying a tax of~~  
10 ~~not less than 1.6 mills on the taxable value of all taxable property in the county. The tax levied under this~~  
11 ~~subsection must be identified on the assessment as the tax that will be used utilizing sales and use tax revenue~~  
12 ~~allocated under [section 1] and revenue received based on a supplemental funding request to the critical needs~~  
13 ~~assessment commission as provided in [section 11] for noxious weed control.~~

14           (2) The proceeds of the noxious weed ~~control tax~~ revenue or other contribution must be used solely for  
15 the purpose of managing noxious weeds in the county and must be deposited in the noxious weed fund.

16           (3) Any proceeds from work or chemical sales must revert to the noxious weed fund and must be  
17 available for reuse within that fiscal year or any subsequent year.

18           (4) The commissioners may accept any private, state, or federal gifts, grants, contracts, or other funds  
19 to aid in the management of noxious weeds within the district. These funds must be placed in the noxious weed  
20 fund.

21           (5) ~~Subject to 15-10-420, the~~ The commissioners may ~~impose a tax~~ utilize sales and use tax revenue  
22 ~~allocated under [section 1] and revenue received based on a supplemental funding request to the critical needs~~  
23 ~~assessment commission as provided in [section 11] for weed control within a special management zone as~~  
24 ~~provided in 7-22-2121(4). For the purposes of imposing the tax, the special management zone boundaries must~~  
25 ~~be established by the board and approved by a majority of the voters within the special management zone.~~  
26 Pursuant to an election held in accordance with 15-10-425, the amount of the tax must be approved by a majority  
27 of the voters within the special management zone, and approval of the zone and the tax may occur  
28 simultaneously. Revenue received from a special management zone tax must be spent on weed management  
29 projects within the boundaries of the special management zone."  
30

1           **Section 180.** Section 7-22-2306, MCA, is amended to read:

2           **"7-22-2306. Financing of insect pest control program.** (1) The governing body of the county shall  
3 annually determine the amount of the warrants drawn on the general fund for the purposes of controlling insect  
4 pests under a control program approved by the department of agriculture.

5           (2) ~~Subject to 15-10-420, in~~ In the succeeding year, the governing body ~~shall levy a tax~~ may request  
6 funding from the critical needs assessment commission as provided in [section 11] for the purpose of insect pest  
7 extermination sufficient to reimburse the general fund for the money paid out on the warrants. ~~The tax must be~~  
8 ~~levied on all taxable property in the county.~~

9           (3) If there is no money in the general fund with which to pay the warrants, they must be registered and  
10 bear interest in the same manner as other county warrants. In this case, the interest must be computed and  
11 added to the amount for which ~~the tax is levied~~ funding is requested as provided in [section 11]."

12

13           **Section 181.** Section 7-22-2512, MCA, is amended to read:

14           **"7-22-2512. Financing of vertebrate pest management program -- tax.** (1) A governing body may:

15           (a) appropriate from the county general fund an amount to fund vertebrate pest management and  
16 transfer it to the county vertebrate pest management fund; and

17           (b) ~~subject to 15-10-420, levy a~~ request funding from the critical needs assessment commission as  
18 provided in [section 11] for vertebrate pest management ~~tax on the taxable valuation of all agricultural,~~  
19 ~~horticultural, grazing, and timber lands and their improvements. Land within a rodent control district may not be~~  
20 ~~taxed in any given year under both 7-11-1024 and this section for the control of rodents. Land within a rodent~~  
21 ~~control district may be taxed under this section only in a dollar amount that is proportional to the part of the~~  
22 ~~vertebrate pest program's projected fiscal year budget that is allocated to the management and suppression of~~  
23 ~~vertebrate pests other than rodents.~~

24           (2) ~~The tax~~ funding provided for in subsection (1) must be ~~collected as other county taxes and credited~~  
25 ~~to the county vertebrate pest management fund.~~"

26

27           **Section 182.** Section 7-31-116, MCA, is amended to read:

28           **"7-31-116. Payment of bonds and other obligations.** (1) The faith of the county or incorporated city  
29 or town issuing bonds under the provisions of this part is solemnly pledged for the payment of the principal and  
30 interest according to the tenure of said bonds and the coupons attached to the same.

1 (2) The board of county commissioners of the county or council of the incorporated city or town issuing  
2 said bonds:

3 (a) shall ascertain and ~~levy and assess a tax~~ request funding from the critical needs assessment  
4 commission as provided in [section 11] sufficient to pay the interest upon said bonds, which shall become a lien  
5 and be collected as other taxes; and

6 (b) shall form such sinking fund for the payment of the principal thereof as may be necessary and proper,  
7 in the manner provided by law or ordinance, which shall be kept as a separate fund.

8 (3) All bonds, coupons, orders, and warrants issued and drawn under the provisions of this part shall  
9 be promptly paid, registered, and entered in books kept for that purpose, with correct and proper entries made  
10 in respect thereto, and the same, when paid, shall be canceled and preserved, with proper entries made thereof,  
11 as provided by law in cases of other bonds, warrants, and orders."

12

13 **Section 183.** Section 7-32-235, MCA, is amended to read:

14 **"7-32-235. Search and rescue units authorized -- under control of county sheriff -- optional**  
15 **funding.** (1) A county may establish or recognize one or more search and rescue units within the county.

16 (2) (a) Except in time of martial rule as provided in 10-1-106, search and rescue units and their officers  
17 are under the operational control and supervision of the county sheriff, or the sheriff's designee, having jurisdiction  
18 and whose span of control would be considered within reasonable limits.

19 (b) A county sheriff or the sheriff's designee may authorize the participation of members of the civil air  
20 patrol, including cadets under 18 years of age, in search and rescue operations.

21 (3) ~~Subject to 15-10-420, a~~ A county may, ~~after approval by a majority of the people voting on the~~  
22 ~~question at an election held throughout the county, levy an annual tax on the taxable value of all taxable property~~  
23 ~~within the county~~ utilize sales and use tax revenue allocated under [section 1] to support one or more search and  
24 rescue units established or recognized under subsection (1). ~~The election must be held as provided in 15-10-425~~  
25 Supplemental funding requests may be submitted to the critical needs assessment commission as provided in  
26 [section 11]."

27

28 **Section 184.** Section 7-32-2141, MCA, is amended to read:

29 **"7-32-2141. Fees of sheriff.** (1) For the services provided in subsections (1)(a) through (1)(n), the sheriff  
30 shall receive the fees, if any, set by the county governing body. If fees have not been set by the county governing



1 body, the sheriff shall receive the following:

2 (a) for the service of summons and complaint on each defendant, \$5;

3 (b) for making a return of a summons for a person not found in the county, in addition to actual mileage  
4 traveled, \$5;

5 (c) for levying and serving each writ of attachment of execution on real or personal property, \$5;

6 (d) for service of attachment on the body or order of arrest on each defendant, \$5;

7 (e) for the service of affidavit, order, and undertaking in claim and delivery, \$5;

8 (f) for serving a subpoena, \$2.50 for each witness summoned;

9 (g) for serving a writ of possession or restitution, \$5;

10 (h) for trial of the right of property or damages, including all services except mileage, \$7;

11 (i) for taking bond or undertaking in any case authorized by law, \$5;

12 (j) for serving every notice, rule, or order, \$5 for each person served;

13 (k) for a copy of any writ, process, or other paper when demanded or required by law, 25 cents for each  
14 page;

15 (l) for posting notices and advertising any property for sale on execution or under any judgment or order  
16 of sale, exclusive of cost of publication, \$5;

17 (m) for holding any sheriff's sale for personal or real property on execution or under any judgment or  
18 order of sale, \$7.50;

19 (n) for cancellation or postponement of sheriff's sale, \$5.

20 (2) All fees collected by the sheriff for the services provided in subsection (1) must be paid to the county  
21 treasurer as provided in 7-4-2511(1), and the fees must be deposited by the county treasurer in the general fund  
22 of the county ~~unless the county has instituted a public safety levy, in which case the fees must be deposited in~~  
23 ~~the account established pursuant to 7-6-2513.~~"

24

25 **Section 185.** Section 7-32-4117, MCA, is amended to read:

26 **"7-32-4117. Group insurance for police officers -- funding.** (1) Cities of all classes, if they provide  
27 insurance for other city employees under Title 2, chapter 18, part 7, shall:

28 (a) provide the same insurance to their respective police officers;

29 (b) notwithstanding Title 2, chapter 18, part 7, pay no less than the premium rate in effect as of July 1,  
30 1980, for insurance coverage for police officers and their dependents;

1 (c) provide for collective bargaining or other agreement processes to negotiate additional premium  
2 payments beyond the amount guaranteed by subsection (1)(b).

3 (2) ~~Subject to 15-10-420, the~~ The administration of this section is declared a public purpose of a city,  
4 which may be paid out of the general fund of the governing body ~~and financed by a levy on the taxable value of~~  
5 ~~all taxable property within the city or town."~~

6  
7 **Section 186.** Section 7-33-2109, MCA, is amended to read:

8 **"7-33-2109. Tax-levy Funding requests, debt incurrence, and bonds authorized -- voted-levy for**  
9 **volunteer firefighters' disability income or workers' compensation coverage.** (1) ~~At the time of the annual~~  
10 ~~levy of taxes, the~~ The board of county commissioners may, ~~subject to 15-10-420, levy a tax upon all property~~  
11 ~~within a rural fire district~~ utilize sales and use tax revenue allocated under [section 1] and revenue received based  
12 on a supplemental funding request to the critical needs assessment commission as provided in [section 11] for  
13 the purpose of buying or maintaining fire protection facilities, including real property, and apparatus, including  
14 emergency response apparatus, for the district or for the purpose of paying to a city, town, or private fire service  
15 the consideration provided for in any contract with the council of the city, town, or private fire service for furnishing  
16 fire protection service to property within the district. ~~The tax must be collected as are other taxes.~~

17 (2) ~~Subject to 15-10-425, the~~ The board of county commissioners may ~~levy a tax upon all taxable~~  
18 ~~property within a rural fire district~~ utilize sales and use tax revenue allocated under [section 1] and revenue  
19 received based on a supplemental funding request to the critical needs assessment commission as provided in  
20 [section 11] for the purpose of purchasing disability income insurance coverage or workers' compensation  
21 coverage for the volunteer firefighters of the district as provided in 7-6-621.

22 (3) The board of county commissioners or the trustees, if the district is governed by trustees, may pledge  
23 the income of the district, subject to the requirements and limitations of 7-33-2105(1)(d), to secure financing  
24 necessary to procure equipment and buildings, including real property, to house the equipment.

25 (4) In addition to the levy funding authorized in subsection (1), a district may borrow money by the  
26 issuance of bonds to provide funds for the payment of all or part of the cost of buying or maintaining fire protection  
27 facilities, including real property, and apparatus, including emergency response apparatus, for the district.

28 ~~————(5) The amount of debt incurred pursuant to subsection (3) and the amount of bonds issued pursuant~~  
29 ~~to subsection (4) and outstanding at any time may not exceed 1.1% of the total assessed value of taxable~~  
30 ~~property, determined as provided in 15-8-111, within the district, as ascertained by the most recent assessment~~

1 ~~for state and county taxes prior to the incurrence of debt or the issuance of the bonds.~~

2       (6)(5) The bonds must be authorized, sold, and issued and provisions must be made for their payment  
3 in the manner and subject to the conditions and limitations prescribed for the issuance of bonds by counties under  
4 Title 7, chapter 7, part 22."

5

6       **Section 187.** Section 7-33-2120, MCA, is amended to read:

7       **"7-33-2120. Consolidation of fire districts and fire service areas -- mill levy limitations --**

8 **supplemental funding.** (1) Two or more rural fire districts or rural fire districts and fire service areas established  
9 pursuant to 7-33-2401 may consolidate to form a single rural fire district upon an affirmative vote of each  
10 consolidating rural fire district's or fire service area's governing board.

11       (2) (a) At the time they vote to consolidate, the governing boards shall also adopt a consolidation plan.

12 The plan must contain:

13       (i) a timetable for consolidation, including the effective date of consolidation, which must be after the time  
14 allowed for protests to the creation of the new rural fire district under subsection (4);

15       (ii) the name of the new rural fire district;

16       (iii) a boundary map of the new rural fire district; and

17       (iv) the estimated financial impact of consolidation on the average taxpayer within the proposed district.

18       (b) The consolidation plan must state if the consolidation is to be made with or without the mutual  
19 assumption of the warrant or bonded indebtedness of each district or fire service area. Without agreement among  
20 the governing boards on the assumption of warrant or bonded indebtedness, the consolidation may not occur.

21       (3) (a) Within 14 days of the date that the governing boards vote to consolidate, notice of the  
22 consolidation must be:

23       (i) published as provided in 7-1-2121 or as provided in 7-1-4127 if the district or part of the district is in  
24 an incorporated third-class city or town in each county in which any part of the consolidated fire district will be  
25 located; and

26       (ii) mailed as provided in 7-1-2122 or as provided in 7-1-4129 if the proposed district or part of the district  
27 is in an incorporated third-class city or town to each registered voter and real property owner residing in the  
28 proposed new district.

29       (b) A public hearing on the consolidation must be held within 14 days of the first publication and mailing  
30 of notice. The hearing must be held before the joint governing boards at a time and place set forth in the notice.

1 (4) Real property owners in each affected rural fire district or fire service area may submit written protests  
 2 opposing consolidation to the governing board of their district or fire service area. ~~If within 30 days of the first~~  
 3 ~~publication of notice the owners of 40% or more of the real property in an existing district or fire service area and~~  
 4 ~~owners of property representing 40% or more of the taxable value of property in an existing district or fire service~~  
 5 ~~area protest the consolidation, it is void.~~

6 (5) After consolidation, the former rural fire districts and fire service areas constitute a single rural fire  
 7 district governed under the provisions of 7-33-2104 through 7-33-2106.

8 ~~———— (6) (a) Subject to the provisions of subsections (6)(b) and (6)(c), the consolidation of two or more rural~~  
 9 ~~fire districts or rural fire districts and fire service areas pursuant to this section results in the creation of a new rural~~  
 10 ~~fire district for the purposes of determining mill levy limitations.~~

11 ~~———— (b) The mill levy authority under 15-10-420 for each former rural fire district that is consolidated under~~  
 12 ~~this section must be aggregated to establish the base mill levy authority for the new district in the year following~~  
 13 ~~consolidation.~~

14 ~~———— (c) If the electors of a former rural fire district have approved mill levy authority for the district in excess~~  
 15 ~~of the limit established in 15-10-420 pursuant to an election held under 15-10-425, the authority applies to the~~  
 16 ~~new district under the limitations established by the electors.~~

17 ~~(7)(6)~~ For the purposes of this section, "governing board" means the board of trustees of a rural fire  
 18 district or fire service area or a board of county commissioners that governs a fire service area as provided in  
 19 7-33-2403(1)(a)."

20

21 **Section 188.** Section 7-33-2209, MCA, is amended to read:

22 **"7-33-2209. Finance of fire control activities -- voted levy supplemental revenue for volunteer**  
 23 **firefighters' disability income insurance or workers' compensation coverage.** (1) The county governing body  
 24 may appropriate funds for the purchase, care, and maintenance of firefighting equipment or for the payment of  
 25 wages in prevention, detection, and suppression of fires.

26 (2) ~~Subject to 15-10-420, if the general fund is budgeted to the full limit, the~~ The county governing body  
 27 may; at any time fixed by law for levy and assessment of taxes, levy a tax for the purposes of subsection (1)  
 28 utilize sales and use tax revenue allocated under [section 1] and revenue received based on a supplemental  
 29 funding request to the critical needs assessment commission as provided in [section 11].

30 ~~———— (3) Subject to 15-10-425, the county governing body may levy a tax for the purpose of purchasing~~

1 disability income insurance coverage or workers' compensation coverage for volunteer firefighters of volunteer  
 2 rural fire control crews and county volunteer fire companies as provided in 7-6-621."

3

4 **Section 189.** Section 7-33-2403, MCA, is amended to read:

5 **"7-33-2403. Operation of fire service area -- ~~voted levy~~ supplemental revenue for volunteer**  
 6 **firefighters' disability income insurance or workers' compensation coverage.** (1) Whenever the board of  
 7 county commissioners has established a fire service area, the commissioners may:

8 (a) govern and manage the affairs of the area;

9 (b) appoint five qualified trustees to govern and manage the affairs of the area; or

10 (c) authorize the election of five qualified trustees to govern and manage the affairs of the area. The term  
 11 of office and procedures for nomination and election are the same as those provided for election of rural fire  
 12 district trustees in 7-33-2106.

13 (2) ~~Subject to 15-10-425, the~~ The commissioners may ~~levy a tax upon all property within the county~~  
 14 utilize sales and use tax revenue allocated under [section 1] and revenue received based on a supplemental  
 15 funding request to the critical needs assessment commission as provided in [section 11] for the purpose of buying  
 16 disability income insurance coverage or workers' compensation coverage for volunteer firefighters deployed within  
 17 the fire service area as provided in 7-6-621.

18 (3) If the commissioners appoint trustees under subsection (1), the provisions of 7-33-2105 apply and  
 19 7-33-2106 applies whether the trustees are elected or appointed, except that the trustees shall prepare annual  
 20 budgets and request a schedule of rates for the budget."

21

22 **Section 190.** Section 7-33-4109, MCA, is amended to read:

23 **"7-33-4109. Supplementary volunteer fire department authorized for cities of second class --**  
 24 **~~voted levy~~ supplemental funding for volunteer firefighters' disability income insurance or workers'**  
 25 **compensation coverage.** (1) In addition to a paid department, the city council, city commission, or other  
 26 governing body in cities of the second class may make provision for a volunteer fire department.

27 (2) The city commission or governing department is exempted from compliance with 7-33-4128 to the  
 28 extent that section applies to the volunteer fire department by way of penalties and infringements.

29 (3) A volunteer is an enrolled member of the volunteer fire department, assists the paid fire department,  
 30 and is eligible to serve only on the board of trustees of the fire department relief association of the city. However,

1 not more than three volunteer members may be on the board of trustees. A person who is a volunteer for the  
2 purposes of this section is not entitled to receive a service pension.

3 (4) The governing body of the city may:

4 (a) pay an enrolled volunteer firefighter a minimum of \$1 for attending a fire and a minimum of \$1 for  
5 each hour or fraction of an hour after the first hour in active service at a fire or returning equipment to its proper  
6 place;

7 (b) ~~subject to 15-10-425, levy a tax upon all property within a fire district~~ utilize sales and use tax revenue  
8 allocated under [section 1] and revenue received based on a supplemental funding request to the critical needs  
9 assessment commission as provided in [section 11] for the purpose of buying disability income insurance  
10 coverage or workers' compensation coverage for the volunteer firefighters of the volunteer fire department as  
11 provided in 7-6-621.

12 (5) In attending fires, any volunteer shall act and serve under the supervision of the chief of the paid fire  
13 department."  
14

15 **Section 191.** Section 7-33-4111, MCA, is amended to read:

16 **"7-33-4111. ~~Tax levy~~ Supplemental funding for volunteer fire departments -- voted levy for**  
17 **volunteer firefighters' disability income insurance or workers' compensation coverage.** (1) For the purpose  
18 of supporting volunteer fire departments in any city or town that does not have a paid fire department and for the  
19 purpose of purchasing the necessary equipment for them, the council in any city or town may, ~~subject to~~  
20 ~~15-10-420, levy, in addition to other levies permitted by law, a tax on the taxable value of all taxable property in~~  
21 ~~the city or town~~ utilize sales and use tax revenue allocated under [section 1] and revenue received based on a  
22 supplemental funding request to the critical needs assessment commission as provided in [section 11].

23 (2) ~~Subject to 15-10-425, a~~ A city or town may ~~levy a tax on the taxable value of all taxable property in~~  
24 ~~the city or town~~ utilize sales and use tax revenue allocated under [section 1] and revenue received based on a  
25 supplemental funding request to the critical needs assessment commission as provided in [section 11] for the  
26 purpose of purchasing disability income insurance coverage or workers' compensation coverage for volunteer  
27 firefighters of volunteer fire departments as provided in 7-6-621."  
28

29 **Section 192.** Section 7-33-4130, MCA, is amended to read:

30 **"7-33-4130. Group insurance for firefighters -- funding.** (1) Cities of the first and second class, if they

1 provide insurance for other city employees under Title 2, chapter 18, part 7, shall:

2 (a) provide the same insurance to their respective firefighters;

3 (b) pay no less than the premium rate in effect as of July 1, 1980, for insurance coverage for firefighters  
4 and their dependents notwithstanding the provisions of Title 2, chapter 18, part 7;

5 (c) provide for collective bargaining or other agreement processes to negotiate additional premium  
6 payments beyond the amount guaranteed by subsection (1)(b).

7 (2) ~~Subject to 15-10-420, these~~ Those incorporated cities and towns that require additional funds to  
8 finance the provisions of this section may request funding from the critical needs assessment commission as  
9 provided in [section 11] ~~levy, by the amount required to meet these provisions, a tax on the taxable value of all~~  
10 ~~taxable property in the respective city or town. This levy must be collected in the same manner and at the same~~  
11 ~~time as other taxes are levied."~~

12

13 **Section 193.** Section 7-34-102, MCA, is amended to read:

14 **"7-34-102. Ambulance service mill levy permitted funding.** ~~Subject to 15-10-420 and in addition to~~  
15 ~~all other levies authorized by law, each~~ Each county, city, or town may ~~levy an annual tax on the taxable value~~  
16 ~~of all taxable property within the county, city, or town~~ request funding from the critical needs assessment  
17 commission as provided in [section 11] to defray the costs incurred in providing ambulance service. These costs  
18 may include workers' compensation coverage for emergency medical technicians on volunteer duty with the  
19 ambulance service or members of a paid or volunteer nontransporting medical unit defined in 50-6-302."

20

21 **Section 194.** Section 7-34-2122, MCA, is amended to read:

22 **"7-34-2122. Powers of district.** A hospital district has all powers necessary and convenient to the  
23 acquisition, betterment, operation, maintenance, and administration of hospital facilities that its board of trustees  
24 considers necessary and expedient. In addition to the general grant of powers, a hospital district, acting by its  
25 board of trustees, may:

26 (1) employ nursing, administrative, and other personnel, legal counsel, engineers, architects,  
27 accountants, and other qualified persons, who may be paid for their services by monthly salaries, hourly wages,  
28 and pension benefits or by fees that may be agreed upon;

29 (2) cause reports, plans, studies, and recommendations to be prepared;

30 (3) lease, purchase, and contract for the purchase of real and personal property by option, contract for

- 1 deed, or otherwise and acquire real or personal property by gift;
- 2 (4) lease or construct, equip, furnish, and maintain necessary buildings and grounds;
- 3 (5) adopt, by resolution, rules for the operation and administration of hospital facilities under its control
- 4 and for the admission of persons to the facilities;
- 5 (6) impose by resolution and collect charges for all services and facilities provided and made available
- 6 by it;
- 7 (7) ~~subject to 15-10-420~~, levy taxes as prescribed in this part;
- 8 (8) borrow money by the issuance of its bonds as prescribed in this part;
- 9 (9) borrow money by the issuance of notes;
- 10 (10) procure insurance against liability of the district or its officers and employees, or both, for torts
- 11 committed within the scope of their official duties, whether governmental or proprietary, and against damage to
- 12 or destruction of any of its facilities, equipment, or other property;
- 13 (11) sell or lease any of its facilities or equipment as may be considered expedient;
- 14 (12) cause audits to be made of its accounts, books, vouchers, and funds by competent public
- 15 accountants; and
- 16 (13) provide educational benefits to qualified individuals, including the payment of tuition, room and board,
- 17 educational materials, and stipends and the repayment of student loans in return for an agreement by those
- 18 persons to provide services to the district."

19

20 **Section 195.** Section 7-34-2131, MCA, is amended to read:

21 **"7-34-2131. Hospital district bonds and notes authorized.** (1) (a) A hospital district may borrow

22 money by the issuance of its bonds to provide funds for payment of part or all of the cost of acquisition, furnishing,

23 equipment, improvement, extension, and betterment of hospital facilities and to provide an adequate working

24 capital for a new hospital.

25 (b) The amount of bonds issued for the purposes referred to in subsection (1)(a) and outstanding at any

26 time may not exceed ~~1.4% of the total assessed value of taxable property, determined as provided in 15-8-111,~~

27 ~~within the district, as ascertained by the last assessment for state and county taxes prior to the issuance of the~~

28 ~~bonds~~ the amount of sales and use tax revenue projected to be received under [section 1].

29 (c) The bonds must be authorized, sold, and issued and provisions made for their payment in the manner

30 and subject to the conditions and limitations prescribed for bonds of school districts by Title 20, chapter 9, part



1 4.

2 (2) (a) A hospital district may borrow money by the issuance of notes to provide funds to finance the  
3 costs described in subsection (1) and to finance the working capital requirements of the district. The notes must  
4 be authorized and in a form and terms prescribed by a resolution adopted by the board of trustees. The notes  
5 must mature over a term not to exceed ~~15 years or, if authorized by the electors of the district, a term not to~~  
6 ~~exceed~~ 30 years.

7 (b) The principal and interest on the notes must be paid from ~~the taxes levied pursuant to 7-34-2133~~  
8 sales and use tax revenue received from the state, exclusive of the taxes levied to pay bonds issued in  
9 ~~accordance with subsection (1);~~ and all other revenue of the district. The annual amount of principal and interest  
10 payable on notes in any fiscal year must be included in the district's budget for that year.

11 (c) The notes may be secured by a mortgage of or a security interest in all or part of the district's assets  
12 and by a pledge of the ~~taxes and~~ sales and use tax revenue of the district, or either of them.

13 (d) Notes may not be issued unless the projected annual revenue of the district, ~~including the taxes~~  
14 ~~levied pursuant to 7-34-2133 but exclusive of the taxes levied to pay bonds,~~ is at least equal to the sum of the  
15 cost of operating and maintaining the hospital district plus the maximum amount of principal and interest due in  
16 any future fiscal year on the notes proposed to be issued and all notes outstanding upon the issuance of the  
17 proposed notes.

18 (3) This section may not be construed to amend or repeal the provisions of Title 50, chapter 6, part 1,  
19 allowing the state to apply for and accept federal funds."

20

21 **Section 196.** Section 7-34-2137, MCA, is amended to read:

22 **"7-34-2137. Collection of taxes money and disposition of funds.** (1) The procedures for the collection  
23 ~~of the tax shall~~ funds must be in accordance with the existing laws of Montana.

24 (2) The funds collected ~~under the tax levy shall~~ must be held by the county treasurer, who ~~shall be~~ is,  
25 ex officio, the treasurer for the hospital district, and ~~such the~~ treasurer shall keep a detailed account of all ~~tax~~  
26 money paid into the fund, of all other money from any source received by the district, and of all payments and  
27 disbursements from the fund. Funds ~~shall~~ must be paid out on warrants issued by direction of the board of  
28 trustees, signed by the majority of its membership."

29

30 **Section 197.** Section 7-34-2417, MCA, is amended to read:

1           **"7-34-2417. Health care facility tax levy authorized.** If the bonds are not paid or are not expected to  
 2 be paid from ordinary revenue of the facility, a county that has issued bonds under 7-34-2411 for a health care  
 3 facility may, ~~subject to 15-10-420, levy taxes on the taxable value of all taxable property within the county in the~~  
 4 ~~manner provided for public hospital districts under 7-34-2133~~ request funding from the critical needs assessment  
 5 commission as provided in [section 11]."  
 6

7           **Section 198.** Section 7-34-2418, MCA, is amended to read:

8           **"7-34-2418. General tax Funding to support bonds authorized.** (1) (a) The governing body of a  
 9 county may, with respect to bonds issued by the county pursuant to 7-34-2411 for a health care facility and if  
 10 approved by the voters as provided in 7-34-2414, by resolution covenant that:

11           (i) in the event that at any time all revenue, ~~including taxes,~~ appropriated and collected for the bonds is  
 12 insufficient to pay principal or interest then due, it will ~~levy a general tax upon all of the taxable property in the~~  
 13 ~~county~~ request funding from the critical needs assessment commission as provided in [section 11] for the  
 14 payment of the deficiency; and

15           (ii) at any time a deficiency is likely to occur within 1 year for the payment of principal and interest due  
 16 on the bonds, it will ~~levy a general tax upon all the taxable property in the county~~ request funding from the critical  
 17 needs assessment commission as provided in [section 11] for the payment of the deficiency.

18           (b) The resolution must state the principal amount and purpose of the bonds and the substance of the  
 19 covenant respecting deficiencies.

20           (2) ~~The taxes are not subject to any limitation of rate or amount applicable to other county taxes but are~~  
 21 funding request is limited to a rate estimated to be sufficient to produce the amount of the deficiency.

22           ~~(3) In the event that the health care facility for which bonds are issued pursuant to 7-34-2411 is a joint~~  
 23 ~~institution, as provided in part 25, and the deficiency tax levy is authorized under 7-34-2417, the counties may~~  
 24 ~~apportion the obligation to levy taxes for the payment of or in anticipation of a deficiency in the revenues~~  
 25 ~~appropriated for the bonds in the manner as the counties shall determine."~~

26

27           **Section 199.** Section 7-35-2205, MCA, is amended to read:

28           **"7-35-2205. Veterans' cemetery.** (1) Pursuant to Article II, section 35, of the Montana constitution, a  
 29 county may provide for the construction, maintenance, and administration of a veterans' cemetery, set the  
 30 standards by which the cemetery must be constructed and maintained, and determine qualifications for burial in

1 the cemetery.

2 (2) ~~Subject to 15-10-420, to~~ To fund the cemetery, the county may ~~impose a property tax levy request~~  
 3 funding from the critical needs assessment commission as provided in [section 11], accept gifts, grants, or  
 4 donations, and receive allowances and collect charges authorized by state or federal law regarding burial of a  
 5 veteran or a veteran's spouse."

6

7 **Section 200.** Section 10-2-115, MCA, is amended to read:

8 **"10-2-115. County veterans' service officers.** A county may, with the advice of the board, provide for  
 9 a county veterans' service officer to assist veterans and their families in filing benefit claims. If a county provides  
 10 for a veterans' service officer under this section, the officer must be trained, accredited, and supervised in  
 11 accordance with the applicable provisions of 38 CFR 14.629. A county may fund the position ~~as provided for in~~  
 12 ~~15-10-425 or by utilizing sales and use tax revenue allocated under [section 1] and revenue received based on~~  
 13 a supplemental funding request to the critical needs assessment commission as provided in [section 11] or  
 14 through other means provided by law."

15

16 **Section 201.** Section 10-3-405, MCA, is amended to read:

17 **"10-3-405. Levying emergency tax -- disposition of surplus.** (1) The governing body of the city or  
 18 town or the governing body of the county, or both, shall estimate expenditures and ~~levy an emergency millage~~  
 19 ~~to cover the expenditures. The millage levied by the governing body of the city or town shall not exceed 2 mills~~  
 20 ~~on the municipality's taxable valuation. The millage levied by the governing body of the county shall not exceed~~  
 21 ~~2 mills on the taxable valuation of the county outside the municipalities.~~

22 ~~———(2) No expenditure of revenue received from the millage shall be made without approval of the~~  
 23 ~~appropriate levying body.~~

24 ~~———(3) An additional levy or levies may be made by the appropriate levying body, providing that the sum of~~  
 25 ~~the levies for emergencies as set forth in this section shall not exceed 2 mills in any one year.~~

26 ~~———(4) All levies under this section may be passed only by a unanimous vote of the appropriate body~~ request  
 27 funding from the critical needs assessment commission as provided in [section 11].

28 (5)(2) Funds levied for an emergency and remaining when no further expenditures are necessary shall  
 29 remain in a separate emergency fund and shall be used only for expenditures arising from future emergencies."

30

1           **Section 202.** Section 13-1-101, MCA, is amended to read:

2           **"13-1-101. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following  
3 definitions apply:

4           (1) "Active elector" means an elector whose name has not been placed on the inactive list due to failure  
5 to respond to confirmation notices pursuant to 13-2-220 or 13-19-313.

6           (2) "Active list" means a list of active electors maintained pursuant to 13-2-220.

7           (3) "Anything of value" means any goods that have a certain utility to the recipient that is real and that  
8 is ordinarily not given away free but is purchased.

9           (4) "Application for voter registration" means a voter registration form prescribed by the secretary of state  
10 that is completed and signed by an elector, is submitted to the election administrator, and contains voter  
11 registration information subject to verification as provided by law.

12           (5) "Ballot" means a paper ballot counted manually or a paper ballot counted by a machine, such as an  
13 optical scan system or other technology that automatically tabulates votes cast by processing the paper ballots.

14           (6) (a) "Ballot issue" or "issue" means a proposal submitted to the people at an election for their approval  
15 or rejection, including but not limited to an initiative, referendum, proposed constitutional amendment, recall  
16 question, ~~school levy question~~, bond issue question, or ballot question.

17           (b) For the purposes of chapters 35 and 37, an issue becomes a "ballot issue" upon certification by the  
18 proper official that the legal procedure necessary for its qualification and placement on the ballot has been  
19 completed, except that a statewide issue becomes a "ballot issue" upon preparation and transmission by the  
20 secretary of state of the form of the petition or referral to the person who submitted the proposed issue.

21           (7) "Ballot issue committee" means a political committee specifically organized to support or oppose a  
22 ballot issue.

23           (8) "Candidate" means:

24           (a) an individual who has filed a declaration or petition for nomination, acceptance of nomination, or  
25 appointment as a candidate for public office as required by law;

26           (b) for the purposes of chapter 35, 36, or 37, an individual who has solicited or received and retained  
27 contributions, made expenditures, or given consent to an individual, organization, political party, or committee  
28 to solicit or receive and retain contributions or make expenditures on the individual's behalf to secure nomination  
29 or election to any office at any time, whether or not the office for which the individual will seek nomination or  
30 election is known when the:

- 1 (i) solicitation is made;
- 2 (ii) contribution is received and retained; or
- 3 (iii) expenditure is made; or
- 4 (c) an officeholder who is the subject of a recall election.
- 5 (9) (a) "Contribution" means:
- 6 (i) the receipt by a candidate or a political committee of an advance, gift, loan, conveyance, deposit,
- 7 payment, or distribution of money or anything of value to support or oppose a candidate or a ballot issue;
- 8 (ii) an expenditure, including an in-kind expenditure, that is made in coordination with a candidate or ballot
- 9 issue committee and is reportable by the candidate or ballot issue committee as a contribution;
- 10 (iii) the receipt by a political committee of funds transferred from another political committee; or
- 11 (iv) the payment by a person other than a candidate or political committee of compensation for the
- 12 personal services of another person that are rendered to a candidate or political committee.
- 13 (b) "Contribution" does not mean services provided without compensation by individuals volunteering
- 14 a portion or all of their time on behalf of a candidate or political committee or meals and lodging provided by
- 15 individuals in their private residences for a candidate or other individual.
- 16 (10) "Coordinated", including any variations of the term, means made in cooperation with, in consultation
- 17 with, at the request of, or with the express prior consent of a candidate or political committee or an agent of a
- 18 candidate or political committee.
- 19 (11) "De minimis act" means an action, contribution, or expenditure that is so small that it does not trigger
- 20 registration, reporting, disclaimer, or disclosure obligations under Title 13, chapter 35 or 37, or warrant
- 21 enforcement as a campaign practices violation under Title 13, chapter 37.
- 22 (12) "Election" means a general, special, or primary election held pursuant to the requirements of state
- 23 law, regardless of the time or purpose.
- 24 (13) "Election administrator" means the county clerk and recorder or the individual designated by a county
- 25 governing body to be responsible for all election administration duties, except that with regard to school elections
- 26 not administered by the county, the term means the school district clerk.
- 27 (14) (a) "Election communication" means the following forms of communication to support or oppose a
- 28 candidate or ballot issue:
- 29 (i) a paid advertisement broadcast over radio, television, cable, or satellite;
- 30 (ii) paid placement of content on the internet or other electronic communication network;

- 1 (iii) a paid advertisement published in a newspaper or periodical or on a billboard;
- 2 (iv) a mailing; or
- 3 (v) printed materials.
- 4 (b) The term does not mean:
- 5 (i) an activity or communication for the purpose of encouraging individuals to register to vote or to vote,
- 6 if that activity or communication does not mention or depict a clearly identified candidate or ballot issue;
- 7 (ii) a communication that does not support or oppose a candidate or ballot issue;
- 8 (iii) a bona fide news story, commentary, blog, or editorial distributed through the facilities of any
- 9 broadcasting station, newspaper, magazine, internet website, or other periodical publication of general circulation;
- 10 (iv) a communication by any membership organization or corporation to its members, stockholders, or
- 11 employees; or
- 12 (v) a communication that the commissioner determines by rule is not an election communication.
- 13 (15) (a) "Electioneering communication" means a paid communication that is publicly distributed by radio,
- 14 television, cable, satellite, internet website, newspaper, periodical, billboard, mail, or any other distribution of
- 15 printed materials, that is made within 60 days of the initiation of voting in an election, that does not support or
- 16 oppose a candidate or ballot issue, that can be received by more than 100 recipients in the district voting on the
- 17 candidate or ballot issue, and that:
- 18 (i) refers to one or more clearly identified candidates in that election;
- 19 (ii) depicts the name, image, likeness, or voice of one or more clearly identified candidates in that
- 20 election; or
- 21 (iii) refers to a political party, ballot issue, or other question submitted to the voters in that election.
- 22 (b) The term does not mean:
- 23 (i) a bona fide news story, commentary, blog, or editorial distributed through the facilities of any
- 24 broadcasting station, newspaper, magazine, internet website, or other periodical publication of general circulation
- 25 unless the facilities are owned or controlled by a candidate or political committee;
- 26 (ii) a communication by any membership organization or corporation to its members, stockholders, or
- 27 employees;
- 28 (iii) a commercial communication that depicts a candidate's name, image, likeness, or voice only in the
- 29 candidate's capacity as owner, operator, or employee of a business that existed prior to the candidacy;
- 30 (iv) a communication that constitutes a candidate debate or forum or that solely promotes a candidate

- 1 debate or forum and is made by or on behalf of the person sponsoring the debate or forum; or
- 2 (v) a communication that the commissioner determines by rule is not an electioneering communication.
- 3 (16) "Elector" means an individual qualified to vote under state law.
- 4 (17) (a) "Expenditure" means a purchase, payment, distribution, loan, advance, promise, pledge, or gift
- 5 of money or anything of value:
- 6 (i) made by a candidate or political committee to support or oppose a candidate or a ballot issue; or
- 7 (ii) used or intended for use in making independent expenditures or in producing electioneering
- 8 communications.
- 9 (b) "Expenditure" does not mean:
- 10 (i) services, food, or lodging provided in a manner that they are not contributions under subsection (9);
- 11 (ii) payments by a candidate for a filing fee or for personal travel expenses, food, clothing, lodging, or
- 12 personal necessities for the candidate and the candidate's family;
- 13 (iii) the cost of any bona fide news story, commentary, blog, or editorial distributed through the facilities
- 14 of any broadcasting station, newspaper, magazine, or other periodical publication of general circulation; or
- 15 (iv) the cost of any communication by any membership organization or corporation to its members or
- 16 stockholders or employees.
- 17 (18) "Federal election" means an election in even-numbered years in which an elector may vote for
- 18 individuals for the office of president of the United States or for the United States congress.
- 19 (19) "General election" means an election that is held for offices that first appear on a primary election
- 20 ballot, unless the primary is canceled as authorized by law, and that is held on a date specified in 13-1-104.
- 21 (20) "Inactive elector" means an individual who failed to respond to confirmation notices and whose name
- 22 was placed on the inactive list pursuant to 13-2-220 or 13-19-313.
- 23 (21) "Inactive list" means a list of inactive electors maintained pursuant to 13-2-220 or 13-19-313.
- 24 (22) (a) "Incidental committee" means a political committee that is not specifically organized or operating
- 25 for the primary purpose of supporting or opposing candidates or ballot issues but that may incidentally become
- 26 a political committee by receiving a contribution or making an expenditure.
- 27 (b) For the purpose of this subsection (22), the primary purpose is determined by the commissioner by
- 28 rule and includes criteria such as the allocation of budget, staff, or members' activity or the statement of purpose
- 29 or goal of the person or individuals that form the committee.
- 30 (23) "Independent committee" means a political committee organized for the primary purpose of receiving

1 contributions and making expenditures that is not controlled either directly or indirectly by a candidate and that  
2 does not coordinate with a candidate in conjunction with the making of expenditures except pursuant to the limits  
3 set forth in 13-37-216(1).

4 (24) "Independent expenditure" means an expenditure for an election communication to support or  
5 oppose a candidate or ballot issue made at any time that is not coordinated with a candidate or ballot issue  
6 committee.

7 (25) "Individual" means a human being.

8 (26) "Legally registered elector" means an individual whose application for voter registration was  
9 accepted, processed, and verified as provided by law.

10 (27) "Mail ballot election" means any election that is conducted under Title 13, chapter 19, by mailing  
11 ballots to all active electors.

12 (28) "Person" means an individual, corporation, association, firm, partnership, cooperative, committee,  
13 including a political committee, club, union, or other organization or group of individuals or a candidate as defined  
14 in subsection (8).

15 (29) "Place of deposit" means a location designated by the election administrator pursuant to 13-19-307  
16 for a mail ballot election conducted under Title 13, chapter 19.

17 (30) (a) "Political committee" means a combination of two or more individuals or a person other than an  
18 individual who receives a contribution or makes an expenditure:

19 (i) to support or oppose a candidate or a committee organized to support or oppose a candidate or a  
20 petition for nomination;

21 (ii) to support or oppose a ballot issue or a committee organized to support or oppose a ballot issue; or

22 (iii) to prepare or disseminate an election communication, an electioneering communication, or an  
23 independent expenditure.

24 (b) Political committees include ballot issue committees, incidental committees, independent committees,  
25 and political party committees.

26 (c) A candidate and the candidate's treasurer do not constitute a political committee.

27 (d) A political committee is not formed when a combination of two or more individuals or a person other  
28 than an individual makes an election communication, an electioneering communication, or an independent  
29 expenditure of \$250 or less.

30 (31) "Political party committee" means a political committee formed by a political party organization and



1 includes all county and city central committees.

2 (32) "Political party organization" means a political organization that:

3 (a) was represented on the official ballot in either of the two most recent statewide general elections; or

4 (b) has met the petition requirements provided in Title 13, chapter 10, part 5.

5 (33) "Political subdivision" means a county, consolidated municipal-county government, municipality,  
6 special purpose district, or any other unit of government, except school districts, having authority to hold an  
7 election.

8 (34) "Polling place election" means an election primarily conducted at polling places rather than by mail  
9 under the provisions of Title 13, chapter 19.

10 (35) "Primary" or "primary election" means an election held on a date specified in 13-1-107 to nominate  
11 candidates for offices filled at a general election.

12 (36) "Provisional ballot" means a ballot cast by an elector whose identity or eligibility to vote has not been  
13 verified as provided by law.

14 (37) "Provisionally registered elector" means an individual whose application for voter registration was  
15 accepted but whose identity or eligibility has not yet been verified as provided by law.

16 (38) "Public office" means a state, county, municipal, school, or other district office that is filled by the  
17 people at an election.

18 (39) "Random-sample audit" means an audit involving a manual count of ballots from designated races  
19 and ballot issues in precincts selected through a random process as provided in 13-17-503.

20 (40) "Registrar" means the county election administrator and any regularly appointed deputy or assistant  
21 election administrator.

22 (41) "Regular school election" means the school trustee election provided for in 20-20-105~~(4)~~.

23 (42) "School election" has the meaning provided in 20-1-101.

24 (43) "School election filing officer" means the filing officer with whom the declarations for nomination for  
25 school district office were filed or with whom the school ballot issue was filed.

26 (44) "School recount board" means the board authorized pursuant to 20-20-420 to perform recount duties  
27 in school elections.

28 (45) "Signature envelope" means an envelope that contains a secrecy envelope and ballot and that is  
29 designed to:

30 (a) allow election officials, upon examination of the outside of the envelope, to determine that the ballot

1 is being submitted by someone who is in fact a qualified elector and who has not already voted; and

2 (b) allow it to be used in the United States mail.

3 (46) "Special election" means an election held on a day other than the day specified for a primary  
4 election, general election, or regular school election.

5 (47) "Special purpose district" means an area with special boundaries created as authorized by law for  
6 a specialized and limited purpose.

7 (48) "Statewide voter registration list" means the voter registration list established and maintained  
8 pursuant to 13-2-107 and 13-2-108.

9 (49) "Support or oppose", including any variations of the term, means:

10 (a) using express words, including but not limited to "vote", "oppose", "support", "elect", "defeat", or  
11 "reject", that call for the nomination, election, or defeat of one or more clearly identified candidates, the election  
12 or defeat of one or more political parties, or the passage or defeat of one or more ballot issues submitted to voters  
13 in an election; or

14 (b) otherwise referring to or depicting one or more clearly identified candidates, political parties, or ballot  
15 issues in a manner that is susceptible of no reasonable interpretation other than as a call for the nomination,  
16 election, or defeat of the candidate in an election, the election or defeat of the political party, or the passage or  
17 defeat of the ballot issue or other question submitted to the voters in an election.

18 (50) "Transfer form" means a form prescribed by the secretary of state that may be filled out by an elector  
19 to transfer the elector's registration when the elector's residence address has changed within the county.

20 (51) "Valid vote" means a vote that has been counted as valid or determined to be valid as provided in  
21 13-15-206.

22 (52) "Voted ballot" means a ballot that is:

23 (a) deposited in the ballot box at a polling place;

24 (b) received at the election administrator's office; or

25 (c) returned to a place of deposit.

26 (53) "Voting system" or "system" means any machine, device, technology, or equipment used to  
27 automatically record, tabulate, or process the vote of an elector cast on a paper ballot."

28

29 **Section 203.** Section 13-1-504, MCA, is amended to read:

30 **"13-1-504. Dates for special purpose district elections -- call for election.** (1) Except as provided

1 in subsection (2), the following elections for a special purpose district must be held on the same day as the  
2 regular school election day established in 20-20-105(4), which is the first Tuesday after the first Monday in May:

3 (a) an election to create, alter the boundaries of, continue, or dissolve a special purpose district; and

4 (b) an election to fill a special purpose district office.

5 (2) (a) A special purpose district election that includes a question affecting district funding, such as ~~fee~~  
6 ~~assessments~~, bonds, or the sale or lease of property, may be held on the day specified in subsection (1) or  
7 scheduled as a special election.

8 (b) A conservation district election must be held on a primary or general election day.

9 (3) If specifically authorized by law, a special purpose district election may be held at the district's annual  
10 meeting.

11 (4) A special purpose district election may not be held earlier than 85 days after the date of the order or  
12 resolution calling for the election.

13 (5) Pursuant to 13-19-201, the governing body authorized by law to call an election shall specify in the  
14 order or resolution calling for the election whether the governing body is requesting that the election be conducted  
15 by mail."

16

17 **Section 204.** Section 13-13-230, MCA, is amended to read:

18 "**13-13-230. Authorization to increase county mill levy request funding.** Subject to 15-10-420, a A  
19 county may ~~levy an amount necessary~~ request funding from the critical needs assessment commission as  
20 provided in [section 11] to finance the additional cost of administering an absentee election board program  
21 pursuant to 13-13-225 through 13-13-229. ~~The mill levy may not be included as part of any existing mill levy or~~  
22 ~~special mill levy assessed by the county.~~ The amount of any mill levy adopted requested under this section must  
23 be reasonably related to the actual cost of providing services as required by 13-13-225 through 13-13-229."

24

25 **Section 205.** Section 15-1-101, MCA, is amended to read:

26 "**15-1-101. Definitions.** (1) Except as otherwise specifically provided, when terms mentioned in this  
27 section are used in connection with taxation, they are defined in the following manner:

28 (a) The term "agricultural" refers to:

29 (i) the production of food, feed, and fiber commodities, livestock and poultry, bees, biological control  
30 insects, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or

- 1 produced for commercial purposes; and
- 2 (ii) the raising of domestic animals and wildlife in domestication or a captive environment.
- 3 (b) The term "assessed value" means the value of property as defined in 15-8-111.
- 4 (c) The term "average wholesale value" means the value to a dealer prior to reconditioning and the profit
- 5 margin shown in national appraisal guides and manuals or the valuation schedules of the department.
- 6 (d) (i) The term "commercial", when used to describe property, means property used or owned by a
- 7 business, a trade, or a corporation as defined in 35-2-114 or used for the production of income, including
- 8 industrial property defined in subsection (1)(j), and excluding property described in subsection (1)(d)(ii).
- 9 (ii) The following types of property are not commercial:
- 10 (A) agricultural lands;
- 11 (B) timberlands and forest lands;
- 12 (C) single-family residences and ancillary improvements and improvements necessary to the function
- 13 of a bona fide farm, ranch, or stock operation;
- 14 (D) mobile homes and manufactured homes used exclusively as a residence except when held by a
- 15 distributor or dealer as stock in trade; and
- 16 (E) all property described in 15-6-135.
- 17 (e) The term "comparable property" means property that:
- 18 (i) has similar use, function, and utility;
- 19 (ii) is influenced by the same set of economic trends and physical, governmental, and social factors; and
- 20 (iii) has the potential of a similar highest and best use.
- 21 (f) The term "credit" means solvent debts, secured or unsecured, owing to a person.
- 22 (g) (i) "Department", except as provided in subsection (1)(g)(ii), means the department of revenue
- 23 provided for in 2-15-1301.
- 24 (ii) In chapters 70 and 71, department means the department of transportation provided for in 2-15-2501.
- 25 (h) The terms "gas" and "natural gas" are synonymous and mean gas as defined in 82-1-111(2). The
- 26 terms include all natural gases and all other fluid hydrocarbons, including methane gas or any other natural gas
- 27 found in any coal formation.
- 28 (i) The term "improvements" includes all buildings, structures, fences, and improvements situated upon,
- 29 erected upon, or affixed to land. When the department determines that the permanency of location of a mobile
- 30 home, manufactured home, or housetrailer has been established, the mobile home, manufactured home, or

1   housetrailer is presumed to be an improvement to real property. A mobile home, manufactured home, or  
2   housetrailer may be determined to be permanently located only when it is attached to a foundation that cannot  
3   feasibly be relocated and only when the wheels are removed.

4           (j) "Industrial property" for purposes of this section includes all land used for industrial purposes,  
5   improvements, and buildings used to house the industrial process and all storage facilities. Under this section,  
6   industrial property does not include personal property classified and taxed under 15-6-135 or 15-6-138.

7           (k) The term "leasehold improvements" means improvements to mobile homes and mobile homes  
8   located on land owned by another person. ~~This property is assessed under the appropriate classification, and~~  
9   ~~the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on leasehold~~  
10   ~~improvements are a lien only on the leasehold improvements.~~

11           (l) The term "livestock" means cattle, sheep, swine, goats, horses, mules, asses, llamas, alpacas, bison,  
12   ostriches, rheas, emus, and domestic ungulates.

13           (m) (i) The term "manufactured home" means a residential dwelling built in a factory in accordance with  
14   the United States department of housing and urban development code and the federal Manufactured Home  
15   Construction and Safety Standards.

16           (ii) A manufactured home does not include a mobile home, as defined in subsection (1)(o), or a mobile  
17   home or housetrailer constructed before the federal Manufactured Home Construction and Safety Standards went  
18   into effect on June 15, 1976.

19           (n) The term "market value" means the value of property as provided in 15-8-111.

20           (o) The term "mobile home" means forms of housing known as "trailers", "housetrainers", or "trailer  
21   coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an  
22   independent power connected to them, or any trailer, housetrailer, or trailer coach up to 8 feet in width or 45 feet  
23   in length used as a principal residence.

24           (p) The term "personal property" includes everything that is the subject of ownership but that is not  
25   included within the meaning of the terms "real estate" and "improvements" and "intangible personal property" as  
26   that term is defined in 15-6-218.

27           (q) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in  
28   domestication to produce food or feathers.

29           (r) The term "property" includes money, credits, bonds, stocks, franchises, and all other matters and  
30   things, real, personal, and mixed, capable of private ownership. This definition may not be construed to authorize

1 the taxation of the stocks of a company or corporation when the property of the company or corporation  
2 represented by the stocks is within the state and has been taxed.

3 (s) The term "real estate" includes:

4 (i) the possession of, claim to, ownership of, or right to the possession of land;

5 (ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title  
6 15, chapter 23, part 8;

7 (iii) all timber belonging to individuals or corporations growing or being on the lands of the United States;

8 and

9 (iv) all rights and privileges appertaining to mines, minerals, quarries, and timber.

10 (t) "Recreational" means hunting, fishing, swimming, boating, waterskiing, camping, biking, hiking, and  
11 winter sports, including but not limited to skiing, skating, and snowmobiling.

12 (u) "Research and development firm" means an entity incorporated under the laws of this state or a  
13 foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical  
14 analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific  
15 and technical nature into practical application for experimental and demonstration purposes, including the  
16 experimental production and testing of models, devices, equipment, materials, and processes.

17 (v) The term "stock in trade" means any mobile home, manufactured home, or houstrailer that is listed  
18 by the dealer as inventory and that is offered for sale, is unoccupied, and is not located on a permanent  
19 foundation. Inventory does not have to be located at the business location of a dealer or a distributor.

20 (w) The term "taxable value" means the market value multiplied by the classification tax rate as provided  
21 for in Title 15, chapter 6, part 1.

22 ~~\_\_\_\_\_ (x) The term "taxes" in relation to property under 15-6-133, 15-6-134, or 15-6-143 is the amount owed  
23 by a taxpayer that is the market value multiplied by the tax rate multiplied by the applicable mills, exclusive of local  
24 fees and assessments.~~

25 (2) The phrase "municipal corporation" or "municipality" or "taxing unit" includes a county, city,  
26 incorporated town, township, school district, irrigation district, or drainage district or a person, persons, or  
27 organized body authorized by law to establish tax levies for the purpose of raising public revenue.

28 (3) The term "state board" or "board" when used without other qualification means the state tax appeal  
29 board."  
30

1           **Section 206.** Section 15-1-121, MCA, is amended to read:

2           **"15-1-121. Entitlement share payment -- purpose -- appropriation.** (1) As described in 15-1-120(3),  
3 each local government is entitled to an annual amount that is the replacement for revenue received by local  
4 governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant  
5 to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later  
6 enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other  
7 revenue in the state treasury with each local government's share. The reimbursement under this section is  
8 provided by direct payment from the state treasury rather than the ad hoc system that offset certain state  
9 payments with local government collections due the state and reimbursements made by percentage splits, with  
10 a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending  
11 a portion to other local governments.

12           (2) The sources of dedicated revenue that were relinquished by local governments in exchange for an  
13 entitlement share of the state general fund were:

14           (a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter  
15 584, Laws of 1999;

16           (b) vehicle, boat, and aircraft taxes and fees pursuant to:

17           (i) Title 23, chapter 2, part 5;

18           (ii) Title 23, chapter 2, part 6;

19           (iii) Title 23, chapter 2, part 8;

20           (iv) 61-3-317;

21           (v) 61-3-321;

22           (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment  
23 of 61-3-509 in 2001;

24           (vii) Title 61, chapter 3, part 7;

25           (viii) 5% of the fees collected under 61-10-122;

26           (ix) 61-10-130;

27           (x) 61-10-148; and

28           (xi) 67-3-205;

29           (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);

30           (d) district court fees pursuant to:

- 1 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);  
2 (ii) 25-1-202;  
3 (iii) 25-9-506; and  
4 (iv) 27-9-103;  
5 (e) certificate of title fees for manufactured homes pursuant to ~~15-1-116~~;  
6 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;  
7 (g) all beer, liquor, and wine taxes pursuant to:  
8 (i) 16-1-404;  
9 (ii) 16-1-406; and  
10 (iii) 16-1-411;  
11 (h) late filing fees pursuant to 61-3-220;  
12 (i) title and registration fees pursuant to 61-3-203;  
13 (j) veterans' cemetery license plate fees pursuant to 61-3-459;  
14 (k) county personalized license plate fees pursuant to 61-3-406;  
15 (l) special mobile equipment fees pursuant to 61-3-431;  
16 (m) single movement permit fees pursuant to 61-4-310;  
17 (n) state aeronautics fees pursuant to 67-3-101; and  
18 (o) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77,  
19 chapter 1, part 5.

20 (3) (a) Except as provided in subsection (3)(b), the total amount received by each local government in  
21 the prior fiscal year as an entitlement share payment under this section is the base component for the subsequent  
22 fiscal year distribution, and in each subsequent year the prior year entitlement share payment, including any  
23 reimbursement payments received pursuant to subsection (7), is each local government's base component.  
24 Subject to subsection (3)(b), the sum of all local governments' base components is the fiscal year entitlement  
25 share pool.

26 (b) For fiscal year 2016, the fiscal year entitlement share pool is reduced by \$1,049,904.

27 (4) (a) Subject to subsection (3)(b), the base entitlement share pool must be increased annually by an  
28 entitlement share growth rate as provided for in this subsection (4). The amount determined through the  
29 application of annual growth rates is the entitlement share pool for each fiscal year.

30 (b) By October 1 of each year, the department shall calculate the growth rate of the entitlement share



1 pool for the next fiscal year in the following manner:

2 (i) The department shall calculate the entitlement share growth rate based on the ratio of two factors of  
3 state revenue sources for the first, second, and third most recently completed fiscal years as recorded on the  
4 statewide budgeting and accounting system. The first factor is the sum of the revenue for the first and second  
5 previous completed fiscal years received from the sources referred to in subsections (2)(b), (2)(c), and (2)(g)  
6 divided by the sum of the revenue for the second and third previous completed fiscal years received from the  
7 same sources multiplied by 0.75. The second factor is the sum of the revenue for the first and second previous  
8 completed fiscal years received from individual income tax as provided in Title 15, chapter 30, and corporate  
9 income tax as provided in Title 15, chapter 31, divided by the sum of the revenue for the second and third  
10 previous completed fiscal years received from the same sources multiplied by 0.25.

11 (ii) Except as provided in subsection (4)(b)(iii), the entitlement share growth rate is the lesser of:

12 (A) the sum of the first factor plus the second factor; or

13 (B) 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns.

14 (iii) In no instance can the entitlement growth factor be less than 1. Subject to subsection (4)(b)(iv), the  
15 entitlement share growth rate is applied to the most recently completed fiscal year entitlement payment to  
16 determine the subsequent fiscal year payment.

17 (iv) For fiscal year 2016, the entitlement share growth rate is applied to the most recently completed fiscal  
18 year entitlement payment minus \$1,049,904 to determine the subsequent fiscal year payment.

19 (5) As used in this section, "local government" means a county, a consolidated local government, an  
20 incorporated city, and an incorporated town. A local government does not include a tax increment financing  
21 district provided for in subsection (8). The county or consolidated local government is responsible for making an  
22 allocation from the county's or consolidated local government's share of the entitlement share pool to each special  
23 district within the county or consolidated local government in a manner that reasonably reflects each special  
24 district's loss of revenue sources for which reimbursement is provided in this section. The allocation for each  
25 special district that existed in 2002 must be based on the relative proportion of the loss of revenue in 2002.

26 (6) (a) The entitlement share pools calculated in this section, the amounts determined under 15-1-123(2)  
27 for local governments, the funding provided for in subsection (8) of this section, and the amounts determined  
28 under 15-1-123(4) for tax increment financing districts are statutorily appropriated, as provided in 17-7-502, from  
29 the general fund to the department for distribution to local governments. Except for the distribution made under  
30 15-1-123(2)(b), the distributions must be made on a quarterly basis.

1 (b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal year  
2 and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be  
3 calculated separately for:

- 4 (A) counties;  
5 (B) consolidated local governments; and  
6 (C) incorporated cities and towns.

7 (ii) In each fiscal year, the growth amount for counties must be allocated as follows:

8 (A) 50% of the growth amount must be allocated based upon each county's percentage of the prior fiscal  
9 year entitlement share pool for all counties; and

10 (B) 50% of the growth amount must be allocated based upon the percentage that each county's  
11 population bears to the state population not residing within consolidated local governments as determined by the  
12 latest interim year population estimates from the Montana department of commerce as supplied by the United  
13 States bureau of the census.

14 (iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as  
15 follows:

16 (A) 50% of the growth amount must be allocated based upon each consolidated local government's  
17 percentage of the prior fiscal year entitlement share pool for all consolidated local governments; and

18 (B) 50% of the growth amount must be allocated based upon the percentage that each consolidated local  
19 government's population bears to the state's total population residing within consolidated local governments as  
20 determined by the latest interim year population estimates from the Montana department of commerce as  
21 supplied by the United States bureau of the census.

22 (iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

23 (A) 50% of the growth amount must be allocated based upon each incorporated city's or town's  
24 percentage of the prior fiscal year entitlement share pool for all incorporated cities and towns; and

25 (B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's  
26 population bears to the state's total population residing within incorporated cities and towns as determined by the  
27 latest interim year population estimates from the Montana department of commerce as supplied by the United  
28 States bureau of the census.

29 (v) In each fiscal year, the amount of the entitlement share pool before the growth amount or adjustments  
30 made under subsection (7) are applied is to be distributed to each local government in the same manner as the

1 entitlement share pool was distributed in the prior fiscal year.

2 (7) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section,  
 3 the department shall determine the reimbursement amount as provided in the enactment and add the appropriate  
 4 amount to the entitlement share distribution under this section. The total entitlement share distributions in a fiscal  
 5 year, including distributions made pursuant to this subsection, equal the local fiscal year entitlement share pool.  
 6 The ratio of each local government's distribution from the entitlement share pool must be recomputed to  
 7 determine each local government's ratio to be used in the subsequent year's distribution determination under  
 8 subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

9 (8) (a) Except for a tax increment financing district entitled to a reimbursement under 15-1-123(4), if a  
 10 tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the tax  
 11 increment financing district is not entitled to any funding. If a tax increment financing district referred to in  
 12 subsection (8)(b) terminates, then the funding for the district provided for in subsection (8)(b) terminates.

13 (b) Except for the reimbursement made under 15-1-123(4)(b), one-half of the payments provided for in  
 14 this subsection (8)(b) must be made by November 30 and the other half by May 31 of each year. Subject to  
 15 subsection (8)(a), the entitlement share for tax increment financing districts is as follows:

16	Deer Lodge	TIF District 1	\$2,833
17	Deer Lodge	TIF District 2	2,813
18	Flathead	Kalispell - District 2	4,638
19	Flathead	Kalispell - District 3	37,231
20	Flathead	Whitefish District	148,194
21	Gallatin	Bozeman - downtown	31,158
22	Missoula	Missoula - 1-1C	225,251
23	Missoula	Missoula - 4-1C	30,009
24	Silver Bow	Butte - uptown	255,421

25 (9) The estimated fiscal year entitlement share pool and any subsequent entitlement share pool for local  
 26 governments do not include revenue received from tax increment financing districts, from countywide  
 27 transportation block grants, or from countywide retirement block grants.

28 (10) When there has been an underpayment of a local government's share of the entitlement share pool,  
 29 the department shall distribute the difference between the underpayment and the correct amount of the

1 entitlement share. When there has been an overpayment of a local government's entitlement share, the local  
2 government shall remit the overpaid amount to the department.

3 (11) A local government may appeal the department's estimation of the base component, the entitlement  
4 share growth rate, or a local government's allocation of the entitlement share pool, according to the uniform  
5 dispute review procedure in 15-1-211.

6 (12) A payment required pursuant to this section may not be offset by a debt owed to a state agency by  
7 a local government in accordance with Title 17, chapter 4, part 1."

8

9 **Section 207.** Section 15-1-123, MCA, is amended to read:

10 **"15-1-123. Reimbursement for class eight rate reduction and exemption -- distribution --**  
11 **appropriations.** (1) For the tax rate reductions in 15-6-138(3), the increased exemption amount in 15-6-138(4),  
12 the effective tax rate reductions on property under 15-6-145 because of the rate reductions required by the  
13 amendments of 15-6-138 in section 2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013,  
14 and the effective tax rate reductions on property under 15-6-145 because of the increased exemption amount  
15 required by the amendment of 15-6-138 in section 2, Chapter 396, Laws of 2013, the department shall for the  
16 fiscal years ending June 30, 2014, and June 30, 2015, estimate for each local government, as defined in  
17 15-1-121(5), each school district, the county retirement fund under 20-9-501, the countywide school transportation  
18 reimbursement under former 20-10-146, each tax increment financing district, and the 6-mill university levy for  
19 the purposes of 15-10-108 the difference between property tax collections under 15-6-138 as amended by section  
20 2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013, and under 15-6-145 and the property  
21 tax revenue that would have been collected under 15-6-138 and 15-6-145 if 15-6-138 had not been amended by  
22 section 2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013. The difference is the annual  
23 reimbursable amount for each local government, each school district, each tax increment financing district, and  
24 the 6-mill levy for the support of the Montana university system under 15-10-108.

25 (2) (a) The department shall distribute the reimbursements calculated in subsection (1) to local  
26 governments with the entitlement share payments under 15-1-121(7) for the fiscal year ending June 30, 2015.  
27 Local government reimbursements for subsequent years are made pursuant to the entitlement share  
28 recomputation as provided in 15-1-121(6).

29 (b) For the fiscal year ending June 30, 2014, the department shall determine from the amount calculated  
30 under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property

1 for each local government. By June 15, 2014, the department shall distribute the amount determined under this  
2 subsection (2)(b) for local governments as provided in 15-1-121(6)(a).

3 (3) ~~(a)~~ The office of public instruction shall distribute the reimbursements calculated in subsection (1)  
4 to school districts with the block grants pursuant to former 20-9-630 for the fiscal year ending June 30, 2015.  
5 School district reimbursements for subsequent fiscal years are made pursuant to ~~20-9-630~~ the guarantee account  
6 provided for in 20-9-622.

7 ~~(b) For the fiscal year ending June 30, 2014, the department shall determine from the amount calculated~~  
8 ~~under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property~~  
9 ~~for each school district. By November 30, 2014, the office of public instruction shall distribute the amount~~  
10 ~~determined under this subsection (3)(b) in the same manner as the block grant is distributed by fund under~~  
11 ~~20-9-630.~~

12 (4) (a) For the fiscal year ending June 30, 2015, the amount determined under subsection (1) for each  
13 tax increment financing district must be added to the reimbursement amount for the tax increment financing  
14 district as provided in 15-1-121(8)(b) if the tax increment financing district is still in existence. If a tax increment  
15 financing district that is entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the  
16 reimbursement must be made to that tax increment financing district at the same time as other districts.

17 (b) For the fiscal year ending June 30, 2014, the department shall determine from the amount calculated  
18 under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property  
19 for each tax increment financing district. By June 15, 2014, the department shall distribute the amount determined  
20 under this subsection (4)(b) to each tax increment financing district as provided in 15-1-121(8) and to any other  
21 tax increment financing district that is entitled to a reimbursement under this section.

22 (5) (a) For the fiscal year ending June 30, 2015, the amount determined under subsection (1) for the  
23 6-mill university levy must be added to current collections and reimbursements for the support of the Montana  
24 university system as provided in 15-10-108.

25 (b) For the fiscal year ending June 30, 2014, the department shall determine from the amount calculated  
26 under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property  
27 for the 6-mill university levy. By June 15, 2014, the department of administration shall transfer the amount  
28 determined under this subsection (5)(b) from the general fund to the state special revenue fund for the support  
29 of the Montana university system as provided in 15-10-108.

30 (c) Beginning in fiscal year 2013, the department of administration shall transfer the amounts determined

1 under this subsection (5) from the general fund to the state special revenue fund for the support of the Montana  
2 university system as provided in 15-10-108.

3 (6) (a) The office of public instruction shall distribute the reimbursements calculated in subsection (1)  
4 to the countywide retirement fund under 20-9-501 for the fiscal year ending June 30, 2015. One-half of the  
5 amount must be distributed in November and the remainder in May.

6 (b) For the fiscal year ending June 30, 2014, the department shall determine from the amount calculated  
7 under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property  
8 in the county. By November 30, 2014, the office of public instruction shall distribute the amount determined under  
9 this subsection (6)(b) to the countywide retirement fund.

10 (7) (a) The office of public instruction shall distribute the reimbursements calculated in subsection (1)  
11 to the county transportation reimbursement under former 20-10-146 for the fiscal year ending June 30, 2015. The  
12 reimbursement must be made at the same time as countywide school transportation block grants are distributed  
13 under 20-9-632.

14 (b) For the fiscal year ending June 30, 2014, the department shall determine from the amount calculated  
15 under subsection (1) the amount that is attributable to personal property taxes that are not a lien on real property  
16 in the county. By November 30, 2014, the office of public instruction shall distribute the amount determined under  
17 this subsection (7)(b) to the county transportation reimbursement."  
18

19 **Section 208.** Section 15-1-205, MCA, is amended to read:

20 **"15-1-205. Biennial report -- contents.** (1) The department shall transmit to the governor 20 days  
21 before the meeting of the legislature and make available to the legislature and the public a report of the  
22 department showing all the taxable property of the state, ~~counties, and cities~~ and its value. The department shall  
23 follow the provisions of 5-11-210 in preparing the report for the legislature.

24 (2) The report must also include the statewide average effective tax rate of taxable property in each class  
25 of property. The department may determine whether an appropriate effective tax rate may be derived for net  
26 proceeds; and gross proceeds, agricultural land, and forest land.

27 (3) The report or supplements to the report must also include:

28 (a) the gross dollar amount of revenue loss attributable to:

29 (i) personal income and corporate income tax exemptions;

30 (ii) property tax exemptions for which application to the department is necessary;

- 1 (iii) deferral of income;
- 2 (iv) credits allowed against Montana personal income tax or Montana corporate income tax, reported  
3 separately;
- 4 (v) deductions from income; and
- 5 (vi) any other identifiable preferential treatment of income or property;
- 6 (b) any change in tax revenue of the state or any unit of local government attributable to a change in  
7 federal tax law;
- 8 (c) any change in the revenue of any unit of local government attributable to a change in state tax law;
- 9 (d) the year of enactment and provision of the Montana Code Annotated granting the tax benefits in  
10 subsection (3)(a); and
- 11 (e) the number of taxpayers benefiting from each of the tax provisions listed in subsection (3)(a).
- 12 (4) A distributional analysis of the data described in subsection (3) must be related to the income level  
13 and age of the taxpayer whenever the information is available.
- 14 (5) (a) When reporting the data described in subsection (3)(a), the department shall identify any known  
15 purpose of the preferential treatment.
- 16 (b) Based upon the purpose of the preferential treatment, the department shall outline the available data  
17 necessary to determine the effectiveness of the preferential treatment.
- 18 (6) In reporting the data described in subsection (3), the department shall report any comparable data,  
19 if available, from Wyoming, Idaho, North Dakota, and South Dakota and from any other state the department may  
20 choose.
- 21 (7) The department shall identify in a separate section of the report any changes that have been made  
22 or that are contemplated in property appraisal or assessment.
- 23 (8) The department may include a report, prepared by the department of transportation, showing the  
24 selling price of gasoline at the wholesale level in prime market centers of Montana and in surrounding states  
25 during the biennium, with indexes tabulated at sufficient intervals to show the comparative state price structures.
- 26 (9) The department shall provide an internet version of the report free of charge to the public and shall  
27 charge a fee for paper copies that is commensurate with the cost of printing the report."
- 28

29 **Section 209.** Section 15-1-211, MCA, is amended to read:

30 **"15-1-211. Uniform dispute review procedure -- notice -- appeal.** (1) The department shall provide

1 a uniform dispute review procedure for all persons or other entities, except as provided in subsection (1)(a).

2 (a) The department's dispute review procedure must be adopted by administrative rule and applies to  
3 all matters administered by the department and to all issues arising from the administration of the department,  
4 except estate taxes, ~~property taxes~~, and the issue of whether an employer-employee relationship existed between  
5 the person or other entity and individuals subjecting the person or other entity to the requirements of chapter 30,  
6 part 25, or whether the employment relationship was that of an independent contractor. The procedure applies  
7 to assessments of centrally assessed property taxed pursuant to chapter 23.

8 (b) (i) The term "other entity", as used in this section, includes all businesses, corporations, and similar  
9 enterprises.

10 (ii) The term "person" as used in this section includes all individuals.

11 (2) (a) Persons or other entities having a dispute with the department have the right to have the dispute  
12 resolved by appropriate means, including consideration of alternative dispute resolution procedures such as  
13 mediation.

14 (b) The department shall establish a dispute resolution office to resolve disputes between the department  
15 and persons or other entities.

16 (c) Disputes must be resolved by a final department decision within 180 days of the referral to the dispute  
17 resolution office, unless extended by mutual consent of the parties. If a final department decision is not issued  
18 within the required time period, the remedy is an appeal to the appropriate forum as provided by law.

19 (3) (a) The department shall provide written notice to a person or other entity advising the person or  
20 entity of a dispute over matters administered by the department.

21 (b) The person or other entity shall have the opportunity to resolve the dispute with the department  
22 employee who is responsible for the notice, as indicated on the notice.

23 (c) If the dispute cannot be resolved, either the department or the other party may refer the dispute to  
24 the dispute resolution office.

25 (d) The notice must advise the person or other entity of their opportunity to resolve the dispute with the  
26 person responsible for the notice and their right to refer the dispute to the dispute resolution office.

27 (4) Written notice must be sent to the persons or other entities involved in a dispute with the department  
28 indicating that the matter has been referred to the dispute resolution office. The written notice must include:

29 (a) a summary of the department's position regarding the dispute;

30 (b) an explanation of the right to the resolution of the dispute with a clear description of all procedures



1 and options available;

2 (c) the right to obtain a final department decision within 180 days of the date that the dispute was referred  
3 to the dispute resolution office;

4 (d) the right to appeal should the department fail to meet the required deadline for issuing a final  
5 department decision; and

6 (e) the right to request alternative dispute resolution methods, including mediation.

7 (5) The department shall:

8 (a) develop guidelines that must be followed by employees of the department in dispute resolution  
9 matters;

10 (b) develop policies concerning the authority of an employee to resolve disputes; and

11 (c) establish procedures for reviewing and approving disputes resolved by an employee or the dispute  
12 resolution office.

13 (6) (a) (i) The director of revenue or the director's designee is authorized to enter into an agreement with  
14 a person or other entity relating to a matter administered by the department.

15 (ii) The director or the director's designee has no authority to bind a future legislature through the terms  
16 of an agreement.

17 (b) Subject to subsection (6)(a)(ii), an agreement under the provisions of subsection (6)(a)(i) is final and  
18 conclusive, and, except upon a showing of fraud, malfeasance, or misrepresentation of a material fact:

19 (i) the agreement may not be reopened as to matters agreed upon or be modified by any officer,  
20 employee, or agent of this state; and

21 (ii) in any suit, action, or proceeding under the agreement or any determination, assessment, collection,  
22 payment, abatement, refund, or credit made in accordance with the agreement, the agreement may not be  
23 annulled, modified, set aside, or disregarded."

24

25 **Section 210.** Section 15-1-303, MCA, is amended to read:

26 **"15-1-303. Penalty for refusal to furnish information.** (1) If a person refuses to allow inspection of any  
27 books or records when requested by the department or refuses or neglects to furnish any information called for  
28 by the department in the performance of its official duties relating to the assessment and taxation of property, the  
29 department shall make a determination and assessment of the property that in its judgment appears to be just  
30 and equitable and may add to the assessment an amount not to exceed 20% of the assessment as a penalty for

1 the refusal or neglect. The department shall immediately notify the person assessed of its action, either by mail  
2 or by personal service of the notice.

3 (2) Upon receiving an assessment made pursuant to subsection (1), the taxpayer has the following  
4 remedies:

5 (a) Within 30 days after receipt of the assessment, the taxpayer may request an informal conference with  
6 the department. At the conference, the taxpayer may present evidence in mitigation or extenuation of the failure  
7 to supply the information requested by the department. Within 10 days after the conference, the department shall  
8 notify the taxpayer by mail whether the assessment will be modified. The department may modify the penalty if  
9 the taxpayer presents sufficient evidence in mitigation or extenuation of the failure to supply the information  
10 sought by the department and if it finds that the taxpayer did not willfully refuse to supply the information.

11 (b) If the taxpayer is aggrieved as a result of the informal conference, the taxpayer may appeal to the  
12 county state tax appeal board within 30 days after receipt of the decision of the department. The county state tax  
13 appeal board has the authority to modify the:

14 (i) assessment only if it finds that the assessment exceeds 100% of the value of the property specified  
15 in 15-8-111; and

16 (ii) penalty if the taxpayer presents by a preponderance of the evidence facts in mitigation or extenuation  
17 of the failure to supply the information that the department sought.

18 (c) If the county state tax appeal board modifies a penalty pursuant to subsection (2)(b)(ii), it may not  
19 reduce the penalty to less than 20% of the assessment or, if the assessment is modified pursuant to subsection  
20 (2)(b)(i), to less than 20% of the modified assessment.

21 ~~———(3) Either party aggrieved as a result of the decision of the county tax appeal board may appeal to the~~  
22 ~~state tax appeal board within 30 calendar days after receipt of the county tax appeal board's decision. When~~  
23 ~~deciding an appeal brought under this subsection, the state tax appeal board shall follow the provisions of~~  
24 ~~subsections (2)(b) and (2)(c).~~

25 ~~(4)(3)~~ Either party aggrieved as a result of the decision of the state tax appeal board may seek judicial  
26 review pursuant to 15-2-303."  
27

28 **Section 211.** Section 15-1-402, MCA, is amended to read:

29 **"15-1-402. Payment of property taxes or fees under protest.** (1) (a) The person upon whom a  
30 property tax or fee is being imposed under this title may, before the property tax or fee becomes delinquent, pay

1 under written protest that portion of the property tax or fee protested.

2 (b) The protested payment must:

3 (i) be made to the officer designated and authorized to collect it;

4 (ii) specify the grounds of protest; and

5 (iii) not exceed the difference between the payment for the immediately preceding tax year and the  
6 amount owing in the tax year protested unless a different amount results from the specified grounds of protest;  
7 ~~which may include but are not limited to changes in assessment due to reappraisal under 15-7-111.~~

8 (c) If the protested property tax or fee is on property that is subject to central assessment pursuant to  
9 15-23-101, the person shall report to the department the grounds of the protest and the amount of the protested  
10 payment for each county in which a protested payment was made.

11 (2) A person appealing a property tax or fee pursuant to Title 15, chapter 2 or 15, including a person  
12 appealing a property tax or fee on property that is annually assessed by the department or subject to central  
13 assessment pursuant to 15-23-101(1) or (2), shall pay the tax or fee under protest when due in order to receive  
14 a refund. If the tax or fee is not paid under protest when due, the appeal or mediation may continue but a tax or  
15 fee may not be refunded as a result of the appeal or mediation.

16 (3) If a protested property tax or fee is payable in installments, a subsequent installment portion  
17 considered unlawful by the state tax appeal board need not be paid and an action or suit need not be commenced  
18 to recover the subsequent installment. The determination of the action or suit commenced to recover the first  
19 installment portion paid under protest determines the right of the party paying the subsequent installment to have  
20 it or any part of it refunded to the party or the right of the taxing authority to collect a subsequent installment not  
21 paid by the taxpayer plus interest from the date the subsequent installment was due.

22 ~~————(4) (a) Except as provided in subsection (4)(b), all property taxes and fees paid under protest to a county  
23 or municipality must be deposited by the treasurer of the county or municipality to the credit of a special fund to  
24 be designated as a protest fund and must be retained in the protest fund until the final determination of any action  
25 or suit to recover the taxes and fees unless they are released at the request of the county, municipality, or other  
26 local taxing jurisdiction pursuant to subsection (5). This section does not prohibit the investment of the money  
27 of this fund in the state unified investment program or in any manner provided in Title 7, chapter 6. The provision  
28 creating the special protest fund does not apply to any payments made under protest directly to the state.~~

29 ~~————(b) (i)(4)~~ (a) Property taxes that are levied by the state against property that is centrally assessed  
30 pursuant to 15-23-101 and any protested taxes on industrial property that is annually assessed by the department

1 in a school district that has elected to waive its right to protested taxes in a specific year pursuant to 15-1-409  
2 must be remitted by the county treasurer to the department for deposit as provided in subsections (4)(b)(iii)  
3 through ~~(4)(b)(iv)~~ and (4)(c).

4 (ii)(b) The department shall deposit 50% of that portion of the funds levied for the university system  
5 pursuant to 15-10-108 in the state special revenue fund to the credit of the university system, and the other 50%  
6 of the funds levied pursuant to 15-10-108 must be deposited in a centrally assessed property tax state special  
7 revenue fund.

8 (iii)(c) Fifty percent of the funds remaining after the deposit of university system funds must be deposited  
9 in the state general fund, and the other 50% must be deposited in a centrally assessed property tax state special  
10 revenue fund.

11 ~~(iv) Fifty percent of the funds from a school district that has waived its right to protested taxes must be~~  
12 ~~deposited in the state general fund, and the other 50% must be deposited in a school district property tax protest~~  
13 ~~state special revenue fund.~~

14 ~~———— (5) (a) Except as provided in subsections (5)(b) and (5)(c), the governing body of a taxing jurisdiction~~  
15 ~~affected by the payment of taxes under protest in the second and subsequent years that a tax protest remains~~  
16 ~~unresolved may demand that the treasurer of the county or municipality pay the requesting taxing jurisdiction all~~  
17 ~~or a portion of the protest payments to which it is entitled, except the amount paid by the taxpayer in the first year~~  
18 ~~of the protest. The decision in a previous year of a taxing jurisdiction to leave protested taxes in the protest fund~~  
19 ~~does not preclude it from demanding in a subsequent year any or all of the payments to which it is entitled, except~~  
20 ~~the first-year protest amount.~~

21 ~~———— (b) The governing body of a taxing jurisdiction affected by the payment of taxes under protest on property~~  
22 ~~that is centrally assessed pursuant to 15-23-101 or on industrial property that is assessed annually by the~~  
23 ~~department in the first and subsequent years that a tax protest remains unresolved may demand that the~~  
24 ~~treasurer of the county or municipality pay the requesting taxing jurisdiction all or a portion of the protest~~  
25 ~~payments to which it is entitled. The decision in a previous year of a taxing jurisdiction to leave protested taxes~~  
26 ~~of centrally assessed property in the protest fund does not preclude it from demanding in a subsequent year any~~  
27 ~~or all of the payments to which it is entitled.~~

28 ~~———— (c) The provisions of subsection (5)(b) do not apply to a school district that has elected to waive its right~~  
29 ~~to its portion of protested taxes on centrally assessed property and on industrial property that is assessed~~  
30 ~~annually by the department for that specific year as provided in 15-1-409.~~

1           ~~(6)(5)~~ (a) If action before the ~~county tax appeal board~~, state tax appeal board; or district court is not  
 2 commenced within the time specified or if the action is commenced and finally determined in favor of the  
 3 department of revenue, ~~county, municipality, or treasurer of the county or the municipality~~, the amount of the  
 4 protested portions of the property tax or fee must be taken from ~~the protest fund or~~ the centrally assessed  
 5 property tax state special revenue fund and deposited to the credit of the fund or funds to which the property tax  
 6 belongs, ~~less a pro-rata deduction for the costs of administration of the protest fund and related expenses~~  
 7 charged to the local government units.

8           ~~(b) (i)~~ If the action is finally determined adversely to the governmental entity levying the tax, then the  
 9 treasurer of the municipality, county, or state entity levying the tax shall, upon receipt of a certified copy of the  
 10 final judgment in the action and upon expiration of the time set forth for appeal of the final judgment, refund to  
 11 the person in whose favor the judgment is rendered the amount of the protested portions of the property tax or  
 12 fee that the person holding the judgment is entitled to recover, together with interest from the date of payment  
 13 under protest. The department shall refund from the school district property tax protest state special revenue fund  
 14 the protested portions of property taxes and interest to a taxpayer in a school district in which the school district  
 15 has elected to waive its right to its portion of protested taxes for that specific year as provided in 15-1-409. If the  
 16 amount available for the refund in the school district property tax protest state special revenue fund is insufficient  
 17 to refund the property tax payments, the department shall pay the remainder of the refund from the state general  
 18 fund.

19           ~~(ii)~~ The taxing jurisdiction shall pay interest at the rate of interest earned by the pooled investment fund  
 20 provided for in 17-6-203 for the applicable period.

21           ~~(c)~~ If the amount retained in the protest fund is insufficient to pay all sums due the taxpayer, the treasurer  
 22 shall apply the available amount first to tax repayment, then to interest owed, and lastly to costs.

23           ~~(d) (i)~~ If the protest action is decided adversely to a taxing jurisdiction and the amount retained in the  
 24 protest fund is insufficient to refund the tax payments and costs to which the taxpayer is entitled and for which  
 25 local government units are responsible, the treasurer shall bill and the taxing jurisdiction shall refund to the  
 26 treasurer that portion of the taxpayer refund, including tax payments and costs, for which the taxing jurisdiction  
 27 is proratably responsible. The treasurer is not responsible for the amount required to be refunded by the state  
 28 treasurer as provided in subsection ~~(6)(b)~~.

29           ~~(ii)(b)~~ For an adverse protest action against the state for centrally assessed property, the department shall  
 30 refund from the centrally assessed property tax state special revenue fund the amount of protested taxes and

1 from the state general fund the amount of interest ~~as required in subsection (6)(b)~~. The amount refunded for an  
 2 adverse protested action from the centrally assessed property tax state special revenue fund may not exceed  
 3 the amount of protested taxes or fees required to be deposited for that action pursuant to subsections (4)(b)(ii)  
 4 and ~~(4)(b)(iii) (4)(c)~~ or, ~~for taxes or fees protested prior to April 28, 2005, an equivalent amount of the money~~  
 5 ~~transferred to the fund pursuant to section 3, Chapter 536, Laws of 2005~~. If the amount available for the adverse  
 6 protested action in the centrally assessed property tax state special revenue fund is insufficient to refund the tax  
 7 payments to which the taxpayer is entitled and for which the state is responsible, the department shall pay the  
 8 remainder of the refund proportionally from the state general fund and from money deposited in the state special  
 9 revenue fund levied pursuant to 15-10-108.

10 ~~(e)(c)~~ In satisfying the requirements of subsection ~~(6)(d) (5)(b)~~, ~~the taxing jurisdiction, including the state,~~  
 11 is allowed not more than 1 year from the beginning of the fiscal year following a final resolution of the protest. The  
 12 taxpayer is entitled to interest on the unpaid balance at the rate ~~referred to in subsection (6)(b) of interest earned~~  
 13 by the pooled investment fund provided for in 17-6-203 for the applicable period from the date of payment under  
 14 protest until the date of final resolution of the protest and at the combined rate of the federal reserve discount rate  
 15 quoted from the federal reserve bank in New York, New York, on the date of final resolution, plus 4 percentage  
 16 points, from the date of final resolution of the protest until refund is made.

17 ~~———— (7) A taxing jurisdiction, except the state, may satisfy the requirements of this section by use of funds~~  
 18 ~~from one or more of the following sources:~~

- 19 ~~———— (a) imposition of a property tax to be collected by a special tax protest refund levy;~~  
 20 ~~———— (b) the general fund or any other funds legally available to the governing body; and~~  
 21 ~~———— (c) proceeds from the sale of bonds issued by a county, city, or school district for the purpose of deriving~~  
 22 ~~revenue for the repayment of tax protests lost by the taxing jurisdiction. The governing body of a county, city, or~~  
 23 ~~school district is authorized to issue the bonds pursuant to procedures established by law. The bonds may be~~  
 24 ~~issued without being submitted to an election. Property taxes may be levied to amortize the bonds.~~

25 ~~(6)(6)~~ If the department revises an assessment that results in a refund of taxes of \$5 or less, a refund  
 26 is not owed."  
 27

28 **Section 212.** Section 15-2-301, MCA, is amended to read:

29 **"15-2-301. Appeal of county tax appeal board decisions.** (1) (a) The county tax appeal board shall  
 30 mail a copy of its decision to the taxpayer ~~and to the property assessment division of the department of revenue.~~

1           (b) ~~If the appearance provisions of 15-15-103 have been complied with,~~ a A person or the department  
2 ~~on behalf of the state~~ or any municipal corporation aggrieved by the action of the county tax appeal board may  
3 appeal to the state tax appeal board by filing with the state board a notice of appeal within 30 calendar days after  
4 the receipt of the decision of the county board. The notice must specify the action complained of and the reasons  
5 assigned for the complaint.

6           (c) Notice of acceptance of an appeal must be given to the county board by the state board.

7           (d) The state board shall set the appeal for hearing either in its office in the capital or at the county seat  
8 as the state board considers advisable to facilitate the performance of its duties or to accommodate parties in  
9 interest.

10          (e) The state board shall give to the appellant and to the respondent at least 15 calendar days' notice  
11 of the time and place of the hearing.

12          (2) (a) At the time of giving notice of acceptance of an appeal, the state board may require the county  
13 board to certify to it the minutes of the proceedings resulting in the action and all testimony taken in connection  
14 with its proceedings.

15          (b) The state board may, in its discretion, determine the appeal on the record if all parties receive a copy  
16 of the transcript and are permitted to submit additional sworn statements, or the state board may hear further  
17 testimony.

18          (c) For industrial property that is assessed annually by the department, the state board's review must  
19 be de novo and conducted in accordance with the contested case provisions of the Montana Administrative  
20 Procedure Act.

21          (d) For the purpose of expediting its work, the state board may refer any appeal to one of its members  
22 or to a designated hearings officer. The board member or hearings officer may exercise all the powers of the state  
23 board in conducting a hearing and shall, as soon as possible after the hearing, report the proceedings, together  
24 with a transcript or a tape recording of the hearing, to the state board. The state board shall determine the appeal  
25 on the record.

26          (3) The state tax appeal board must consider an independent appraisal provided by the taxpayer if the  
27 appraisal meets standards set by the Montana board of real estate appraisers and the appraisal was conducted  
28 within 6 months of the valuation date. If the state board does not use the appraisal provided by the taxpayer in  
29 conducting the appeal, the state board must provide to the taxpayer the reason for not using the appraisal.

30          (4) In every hearing at a county seat throughout the state, the state board or the member or hearings

1 officer designated to conduct a hearing may employ a competent person to electronically record the testimony  
 2 received. The cost of electronically recording testimony may be paid out of the general appropriation for the  
 3 board.

4 (5) Except as provided in subsection (2)(c) regarding industrial property, in connection with any appeal  
 5 under this section, the state board is not bound by common law and statutory rules of evidence or rules of  
 6 discovery and may affirm, reverse, or modify any decision. To the extent that this section is in conflict with the  
 7 Montana Administrative Procedure Act, this section supersedes that act. The state board may not amend or  
 8 repeal any administrative rule of the department. The state board shall give an administrative rule full effect unless  
 9 the state board finds a rule arbitrary, capricious, or otherwise unlawful.

10 (6) The decision of the state board is final and binding upon all interested parties unless reversed or  
 11 modified by judicial review. Proceedings for judicial review of a decision of the state board under this section are  
 12 subject to the provisions of 15-2-303 and the Montana Administrative Procedure Act to the extent that it does not  
 13 conflict with 15-2-303.

14 ~~———— (7) Sections 15-6-134 and 15-7-111 may not be construed to prevent the department from implementing~~  
 15 ~~an order to change the valuation of property."~~

16

17 **Section 213.** Section 15-2-302, MCA, is amended to read:

18 **"15-2-302. Direct appeal from department decision to state tax appeal board -- hearing.** (1) (a) An  
 19 appeal of a final decision of the department of revenue involving one of the matters provided for in subsection  
 20 (1)(b) must be made to the state tax appeal board.

21 (b) Final decisions of the department for which appeals are provided in subsection (1)(a) are final  
 22 decisions involving:

23 (i) property centrally assessed under chapter 23;

24 (ii) classification of property as new industrial property;

25 (iii) any other tax, ~~other than the property tax,~~ imposed under this title; or

26 (iv) any other matter in which the appeal is provided by law.

27 ~~———— (2) A person may appeal the department's annual assessment of an industrial property to the state board~~  
 28 ~~as provided in this section or to the county tax appeal board for the county in which the property is located as~~  
 29 ~~provided in Title 15, chapter 15, part 1.~~

30 ~~(3)~~(2) The appeal is made by filing a complaint with the state board within 30 days following receipt of



1 notice of the department's final decision. The complaint must set forth the grounds for relief and the nature of  
2 relief demanded. The state board shall immediately transmit a copy of the complaint to the department.

3 ~~(4)~~(3) The department shall file with the state board an answer within 30 days following filing of a  
4 complaint.

5 ~~(5)~~(4) The state board shall conduct the appeal in accordance with the contested case provisions of the  
6 Montana Administrative Procedure Act.

7 ~~(6)~~(5) The decision of the state board is final and binding upon all interested parties unless reversed or  
8 modified by judicial review. Proceedings for judicial review of a decision of the state board under this section are  
9 subject to the provisions of 15-2-303 and the Montana Administrative Procedure Act to the extent that it does not  
10 conflict with 15-2-303."  
11

12 **Section 214.** Section 15-2-306, MCA, is amended to read:

13 **"15-2-306. Board may order refund.** (1) In any appeal before the state tax appeal board when a  
14 taxpayer has paid property taxes or fees under written protest and the taxes or fees are held by the treasurer of  
15 a unit of local government in a protest fund, the state tax appeal board shall enter judgment, exclusive of costs,  
16 if the board finds that the property taxes or fees should be refunded.

17 (2) The state tax appeal board's judgment issued pursuant to subsection (1) must be held in abeyance:

18 (a) until the time period for appeal has passed; or

19 (b) if the final decision of the state tax appeal board has been appealed in accordance with 15-2-303."  
20

21 **Section 215.** Section 15-6-101, MCA, is amended to read:

22 **"15-6-101. Property subject to taxation -- classification -- exemption for property that is not**  
23 **centrally assessed.** (1) All centrally assessed property in this state described in 15-23-101 is subject to taxation,  
24 except as provided otherwise.

25 (2) For the purpose of taxation:

26 (a) the taxable property in the state shall be classified in accordance with this part; and

27 (b) property that is not subject to central assessment is exempt from property taxes and assessments  
28 as provided in [section 25]."  
29

30 **Section 216.** Section 15-6-122, MCA, is amended to read:

1           **"15-6-122. Business equipment tax on business personal property.** A personal property tax applied  
2 to any class of personal property that is centrally assessed as provided in 15-23-101, excluding livestock,  
3 described in this part that belongs to, is claimed by, or is in the possession of or under the control or management  
4 of a sole proprietor, firm, association, partnership, business, corporation, or limited liability company is a business  
5 equipment tax."

6

7           **Section 217.** Section 15-6-135, MCA, is amended to read:

8           **"15-6-135. (Temporary) Class five property -- description -- taxable percentage.** (1) Class five  
9 property includes:

10           (a) all property used and owned by cooperative rural electrical and cooperative rural telephone  
11 associations organized under the laws of Montana, except property owned by cooperative organizations  
12 described in 15-6-137(1)(a);

13           (b) air and water pollution control and carbon capture equipment as defined in this section;

14           (c) new industrial property as defined in this section;

15           (d) any personal or real property used primarily in the production of ethanol-blended gasoline during  
16 construction and for the first 3 years of its operation;

17           (e) all land and improvements and all personal property owned by a research and development firm,  
18 provided that the property is actively devoted to research and development;

19           (f) machinery and equipment used in electrolytic reduction facilities;

20           (g) all property used and owned by persons, firms, corporations, or other organizations that are engaged  
21 in the business of furnishing telecommunications services exclusively to rural areas or to rural areas and cities  
22 and towns of 1,200 permanent residents or less.

23           (2) (a) "Air and water pollution control and carbon capture equipment" means that portion of identifiable  
24 property, facilities, machinery, devices, or equipment certified as provided in subsections (2)(b) and (2)(c) and  
25 designed, constructed, under construction, or operated for removing, disposing, abating, treating, eliminating,  
26 destroying, neutralizing, stabilizing, rendering inert, storing, or preventing the creation of air or water pollutants  
27 that, except for the use of the item, would be released to the environment. This includes machinery, devices, or  
28 equipment used to capture carbon dioxide or other greenhouse gases. Reduction in pollutants obtained through  
29 operational techniques without specific facilities, machinery, devices, or equipment is not eligible for certification  
30 under this section.

1 (b) Requests for certification must be made on forms available from the department of revenue.  
2 Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws,  
3 orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.

4 (c) The department of environmental quality shall promulgate rules specifying procedures, including  
5 timeframes for certification application, and definitions necessary to identify air and water pollution control and  
6 carbon capture equipment for certification and compliance. The department of revenue shall promulgate rules  
7 pertaining to the valuation of qualifying air and water pollution control and carbon capture equipment. The  
8 department of environmental quality shall identify and track compliance in the use of certified air and water  
9 pollution control and carbon capture equipment and report continuous acts or patterns of noncompliance at a  
10 facility to the department of revenue. Casual or isolated incidents of noncompliance at a facility do not affect  
11 certification.

12 (d) To qualify for the exemption under subsection (5)(b), the air and water pollution control and carbon  
13 capture equipment must be placed into service after January 1, 2014, for the purposes of environmental benefit  
14 or to comply with state or federal pollution control regulations. If the air or water pollution control and carbon  
15 capture equipment enhances the performance of existing air and water pollution control and carbon capture  
16 equipment, only the market value of the enhancement is subject to the exemption under subsection (5)(b).

17 (e) Except as provided in subsection (2)(d), equipment that does not qualify for the exemption under  
18 subsection (5)(b) includes but is not limited to equipment placed into service to maintain, replace, or repair  
19 equipment installed on or before January 1, 2014.

20 (f) A person may appeal the certification, classification, and valuation of the property to the state tax  
21 appeal board. Appeals on the property certification must name the department of environmental quality as the  
22 respondent, and appeals on the classification or valuation of the equipment must name the department of  
23 revenue as the respondent.

24 (3) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery,  
25 and fixtures, used by new industries during the first 3 years of their operation. The property may not have been  
26 assessed within the state of Montana prior to July 1, 1961.

27 (b) New industrial property does not include:

28 (i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades,  
29 or professions unless the business or profession meets the requirements of subsection (4)(b)(v);

30 (ii) a plant that will create adverse impact on existing state, county, or municipal services; or

1 (iii) property used or employed in an industrial plant that has been in operation in this state for 3 years  
2 or longer.

3 (4) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that  
4 establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere  
5 expansion, reorganization, or merger of an existing industry.

6 (b) New industry includes only those industries that:

7 (i) manufacture, mill, mine, produce, process, or fabricate materials;

8 (ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state  
9 are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial  
10 products or materials;

11 (iii) engage in the mechanical or chemical transformation of materials or substances into new products  
12 in the manner defined as manufacturing in the North American Industry Classification System Manual prepared  
13 by the United States office of management and budget;

14 (iv) engage in the transportation, warehousing, or distribution of commercial products or materials if 50%  
15 or more of an industry's gross sales or receipts are earned from outside the state; or

16 (v) earn 50% or more of their annual gross income from out-of-state sales.

17 (5) (a) Except as provided in section 25 and subsection (5)(b), class five property is taxed at 3% of its  
18 market value.

19 (b) Air and water pollution control and carbon capture equipment placed in service after January 1, 2014,  
20 and that satisfies the criteria in subsection (2)(d) is exempt from taxation for a period of 10 years from the date  
21 of certification, after which the property is assessed at 100% of its taxable value. (Terminates December 31,  
22 2025--sec. 7, Ch. 407, L. 2015.)

23 **15-6-135. (Effective January 1, 2026) Class five property -- description -- taxable percentage. (1)**

24 Class five property includes:

25 (a) all property used and owned by cooperative rural electrical and cooperative rural telephone  
26 associations organized under the laws of Montana, except property owned by cooperative organizations  
27 described in 15-6-137(1)(a);

28 (b) air and water pollution control equipment as defined in this section;

29 (c) new industrial property as defined in this section;

30 (d) any personal or real property used primarily in the production of ethanol-blended gasoline during

1 construction and for the first 3 years of its operation;

2 (e) all land and improvements and all personal property owned by a research and development firm,  
3 provided that the property is actively devoted to research and development;

4 (f) machinery and equipment used in electrolytic reduction facilities;

5 (g) all property used and owned by persons, firms, corporations, or other organizations that are engaged  
6 in the business of furnishing telecommunications services exclusively to rural areas or to rural areas and cities  
7 and towns of 1,200 permanent residents or less.

8 (2) (a) "Air and water pollution control equipment" means that portion of identifiable property, facilities,  
9 machinery, devices, or equipment designed, constructed, under construction, or operated for removing, disposing,  
10 abating, treating, eliminating, destroying, neutralizing, stabilizing, rendering inert, storing, or preventing the  
11 creation of air or water pollutants that, except for the use of the item, would be released to the environment.  
12 Reduction in pollutants obtained through operational techniques without specific facilities, machinery, devices,  
13 or equipment is not eligible for certification under this section.

14 (b) Requests for certification must be made on forms available from the department of revenue.  
15 Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws,  
16 orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.

17 (c) The department of environmental quality shall promulgate rules specifying procedures, including  
18 timeframes for certification application, and definitions necessary to identify air and water pollution control  
19 equipment for certification and compliance. The department of revenue shall promulgate rules pertaining to the  
20 valuation of qualifying air and water pollution control equipment. The department of environmental quality shall  
21 identify and track compliance in the use of certified air and water pollution control equipment and report  
22 continuous acts or patterns of noncompliance at a facility to the department of revenue. Casual or isolated  
23 incidents of noncompliance at a facility do not affect certification.

24 (d) A person may appeal the certification, classification, and valuation of the property to the state tax  
25 appeal board. Appeals on the property certification must name the department of environmental quality as the  
26 respondent, and appeals on the classification or valuation of the equipment must name the department of  
27 revenue as the respondent.

28 (3) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery,  
29 and fixtures, used by new industries during the first 3 years of their operation. The property may not have been  
30 assessed within the state of Montana prior to July 1, 1961.

1 (b) New industrial property does not include:

2 (i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades,  
3 or professions unless the business or profession meets the requirements of subsection (4)(b)(v);

4 (ii) a plant that will create adverse impact on existing state, county, or municipal services; or

5 (iii) property used or employed in an industrial plant that has been in operation in this state for 3 years  
6 or longer.

7 (4) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that  
8 establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere  
9 expansion, reorganization, or merger of an existing industry.

10 (b) New industry includes only those industries that:

11 (i) manufacture, mill, mine, produce, process, or fabricate materials;

12 (ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state  
13 are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial  
14 products or materials;

15 (iii) engage in the mechanical or chemical transformation of materials or substances into new products  
16 in the manner defined as manufacturing in the North American Industry Classification System Manual prepared  
17 by the United States office of management and budget;

18 (iv) engage in the transportation, warehousing, or distribution of commercial products or materials if 50%  
19 or more of an industry's gross sales or receipts are earned from outside the state; or

20 (v) earn 50% or more of their annual gross income from out-of-state sales.

21 (5) ~~Class~~ Subject to [section 25], class five property is taxed at 3% of its market value."  
22

23 **Section 218.** Section 15-6-137, MCA, is amended to read:

24 **"15-6-137. Class seven property -- description -- taxable percentage.** (1) Except as provided in  
25 subsection (2), class seven property includes:

26 (a) all property owned by cooperative rural electrical associations that serve less than 95% of the  
27 electricity consumers within the incorporated limits of a city or town, except rural electric cooperative properties  
28 described in 15-6-141(1)(c);

29 (b) electric transformers and meters; electric light and power substation machinery; natural gas  
30 measuring and regulating station equipment, meters, and compressor station machinery owned by noncentrally

1 assessed public utilities; and tools used in the repair and maintenance of this property.

2 (2) Class seven property does not include wind generation facilities, biomass generation facilities, and  
3 energy storage facilities classified under 15-6-157.

4 (3) ~~Class~~ Subject to [section 25], class seven property is taxed at 8% of its market value."  
5

6 **Section 219.** Section 15-6-138, MCA, is amended to read:

7 **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property  
8 includes:

9 (a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;

10 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies  
11 except those included in class five under 15-6-135;

12 (c) for oil and gas production, all:

13 (i) machinery;

14 (ii) fixtures;

15 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water  
16 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas  
17 metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment that is  
18 skidable, portable, or movable;

19 (iv) tools that are not exempt under 15-6-219; and

20 (v) supplies except those included in class five;

21 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and  
22 personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors  
23 as provided in 15-6-220, and supplies except those included in class five;

24 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are  
25 specifically included and taxed in another class or that are rented under a purchase incentive rental program as  
26 defined in 15-6-202(4);

27 (f) special mobile equipment as defined in 61-1-101;

28 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in  
29 commercial establishments as defined in this section;

30 (h) x-ray and medical and dental equipment;

- 1 (i) citizens' band radios and mobile telephones;  
 2 (j) radio and television broadcasting and transmitting equipment;  
 3 (k) cable television systems;  
 4 (l) coal and ore haulers;  
 5 (m) theater projectors and sound equipment; and  
 6 (n) all other property that is not included in any other class in this part, except that property that is subject  
 7 to a fee in lieu of a property tax.

8 (2) As used in this section, the following definitions apply:

9 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are  
 10 primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

11 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service,  
 12 wholesale, retail, or food-handling business.

13 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas  
 14 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,  
 15 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil  
 16 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

17 (3) Except as provided in ~~15-24-1402~~ [section 25], class eight property is taxed at:

18 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),  
 19 1.5%; and

20 (b) for all taxable market value in excess of \$6 million, 3%.

21 (4) The first \$100,000 of market value of class eight property of a person or business entity is exempt  
 22 from taxation.

23 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering services  
 24 to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana, and  
 25 centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject to  
 26 central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all  
 27 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be  
 28 aggregated for purposes of determining the 500-mile threshold."

29

30 **Section 220.** Section 15-6-141, MCA, is amended to read:



- 1           **"15-6-141. Class nine property -- description -- taxable percentage.** (1) Class nine property includes:
- 2           (a) centrally assessed allocations of an electric power company or centrally assessed allocations of an
- 3 electric power company that owns or operates transmission or distribution facilities or both;
- 4           (b) if congress passes legislation that allows the state to tax property owned by an agency created by
- 5 congress to transmit or distribute electrical energy, allocations of properties constructed, owned, or operated by
- 6 a public agency created by congress to transmit or distribute electrical energy produced at privately owned
- 7 generating facilities, not including rural electric cooperatives;
- 8           (c) rural electric cooperatives' property, except wind generation facilities, biomass generation facilities,
- 9 and energy storage facilities classified under 15-6-157 and property used for headquarters, office, shop, or other
- 10 similar facilities, used for the sole purpose of serving customers representing less than 95% of the electric
- 11 consumers located within the incorporated limits of a city or town of more than 3,500 persons in which a centrally
- 12 assessed electric power company also owns property or serving an incorporated municipality with a population
- 13 that is greater than 3,500 persons formerly served by a public utility that after January 1, 1998, received service
- 14 from the facilities of an electric cooperative;
- 15           (d) allocations for centrally assessed natural gas distribution utilities, rate-regulated natural gas
- 16 transmission or oil transmission pipelines regulated by either the public service commission or the federal energy
- 17 regulatory commission, a common carrier pipeline as defined in 69-13-101, a pipeline carrier as defined in 49
- 18 U.S.C. 15102(2), or the gas gathering facilities specified in 15-6-138(5); and
- 19           (e) centrally assessed companies' allocations except:
- 20           (i) electrical generation facilities classified under 15-6-156;
- 21           (ii) all property classified under 15-6-157;
- 22           (iii) all property classified under 15-6-158 and 15-6-159;
- 23           (iv) property owned by cooperative rural electric and cooperative rural telephone associations and
- 24 classified under 15-6-135;
- 25           (v) property owned by organizations providing telephone communications to rural areas and classified
- 26 under 15-6-135;
- 27           (vi) railroad transportation property included in 15-6-145;
- 28           (vii) airline transportation property included in 15-6-145; and
- 29           (viii) telecommunications property included in 15-6-156.
- 30           (2) ~~Class~~ Subject to [section 25], class nine property is taxed at 12% of market value."

1  
 2           **Section 221.** Section 15-6-145, MCA, is amended to read:  
 3           **"15-6-145. Class twelve property -- description -- taxable percentage.** (1) Class twelve property  
 4 includes all property of a railroad car company as defined in 15-23-211, all railroad transportation property as  
 5 described in the Railroad Revitalization and Regulatory Reform Act of 1976 as it read on January 1, 1986, and  
 6 all airline transportation property as described in the Tax Equity and Fiscal Responsibility Act of 1982 as it read  
 7 on January 1, 1986.

8           (2) ~~For the tax year beginning January 1, 1991, and for each tax year thereafter, Subject to [section 25],~~  
 9 class twelve property is taxed at the percentage rate "R", to be determined by the department as provided in  
 10 subsection (3), or 12%, whichever is less.

11           (3) R = A/B where:

12           (a) A is the total statewide taxable value of all commercial property, except class twelve property, as  
 13 commercial property is described in 15-1-101(1)(d); and

14           (b) B is the total statewide market value of all commercial property, except class twelve property, as  
 15 commercial property is described in 15-1-101(1)(d).

16           (4) (a) ~~For the taxable year beginning January 1, 1986, and for every taxable year thereafter,~~ the  
 17 department shall conduct a sales assessment ratio study of all commercial and industrial real property and  
 18 improvements. The study must be based on:

19           (i) assessments of such property as of January 1 of the year for which the study is being conducted; and

20           (ii) a statistically valid sample of sales using data from realty transfer certificates filed during the same  
 21 taxable year or from the immediately preceding taxable year, but only if a sufficient number of certificates is  
 22 unavailable from the current taxable year to provide a statistically valid sample.

23           (b) The department shall determine the value-weighted mean sales assessment ratio "M" for all such  
 24 property and reduce the taxable value of property described in subsection (4) only, by multiplying the total  
 25 statewide taxable value of property described in subsection (4)(a) by "M" prior to calculating "A" in subsection  
 26 (3)(a).

27           (c) The adjustment referred to in subsection (4)(b) will be made ~~beginning January 1, 1986, and in each~~  
 28 ~~subsequent~~ tax year to equalize the railroad taxable values.

29           (5) For the purpose of complying with the Railroad Revitalization and Regulatory Reform Act of 1976,  
 30 as it read on January 1, 1986, the rate "R" referred to in this section is the equalized average tax rate generally

1 applicable to commercial and industrial property, except class twelve property, as commercial property is defined  
2 in 15-1-101(1)(d)."

3

4 **Section 222.** Section 15-6-156, MCA, is amended to read:

5 **"15-6-156. Class thirteen property -- description -- taxable percentage.** (1) Except as provided in  
6 subsections (2)(a) through (2)(g), class thirteen property includes:

7 (a) electrical generation facilities, except wind generation facilities, biomass generation facilities, and  
8 energy storage facilities classified under 15-6-157, of a centrally assessed electric power company;

9 (b) electrical generation facilities, except wind generation facilities, biomass generation facilities, and  
10 energy storage facilities classified under 15-6-157, owned or operated by an exempt wholesale generator or an  
11 entity certified as an exempt wholesale generator pursuant to 42 U.S.C. 16451;

12 (c) noncentrally assessed electrical generation facilities, except wind generation facilities, biomass  
13 generation facilities, and energy storage facilities classified under 15-6-157, owned or operated by any electrical  
14 energy producer; and

15 (d) allocations of centrally assessed telecommunications services companies.

16 (2) Class thirteen property does not include:

17 (a) property owned by cooperative rural electric cooperative associations classified under 15-6-135;

18 (b) property owned by cooperative rural electric cooperative associations classified under 15-6-137 or  
19 15-6-157;

20 (c) allocations of electric power company property under 15-6-141;

21 (d) electrical generation facilities included in another class of property;

22 (e) property owned by cooperative rural telephone associations and classified under 15-6-135;

23 (f) property owned by organizations providing telecommunications services and classified under  
24 15-6-135; and

25 (g) generation facilities that are exempt under 15-6-225.

26 (3) (a) For the purposes of this section, "electrical generation facilities" means any combination of a  
27 physically connected generator or generators, associated prime movers, and other associated property, including  
28 appurtenant land and improvements and personal property, that are normally operated together to produce  
29 electric power. The term includes but is not limited to generating facilities that produce electricity from coal-fired  
30 steam turbines, oil or gas turbines, or turbine generators that are driven by falling water.

1 (b) The term does not include electrical generation facilities used for noncommercial purposes or  
2 exclusively for agricultural purposes.

3 (c) The term also does not include a qualifying small power production facility, as that term is defined  
4 in 16 U.S.C. 796(17), that is owned and operated by a person not primarily engaged in the generation or sale of  
5 electricity other than electric power from a small power production facility ~~and classified under 15-6-134 and~~  
6 ~~15-6-138.~~

7 (4) ~~Class~~ Subject to [section 25], class thirteen property is taxed at 6% of its market value."  
8

9 **Section 223.** Section 15-6-157, MCA, is amended to read:

10 **"15-6-157. Class fourteen property -- description -- taxable percentage.** (1) Class fourteen property  
11 includes:

12 (a) wind generation facilities of a centrally assessed electric power company;

13 (b) wind generation facilities owned or operated by an exempt wholesale generator or an entity certified  
14 as an exempt wholesale generator pursuant to 42 U.S.C. 16451;

15 (c) noncentrally assessed wind generation facilities owned or operated by any electrical energy producer;

16 (d) wind generation facilities owned or operated by cooperative rural electric associations described  
17 under 15-6-137;

18 (e) biomass generation facilities up to 25 megawatts in nameplate capacity of a centrally assessed  
19 electric power company;

20 (f) biomass generation facilities up to 25 megawatts in nameplate capacity owned or operated by an  
21 exempt wholesale generator or an entity certified as an exempt wholesale generator pursuant to 42 U.S.C. 16451;

22 (g) noncentrally assessed biomass generation facilities up to 25 megawatts in nameplate capacity owned  
23 or operated by any electrical energy producer;

24 (h) biomass generation facilities up to 25 megawatts in nameplate capacity owned or operated by  
25 cooperative rural electric associations described under 15-6-137;

26 (i) energy storage facilities of a centrally assessed electric power company;

27 (j) energy storage facilities owned or operated by an exempt wholesale generator or an entity certified  
28 as an exempt wholesale generator pursuant to 42 U.S.C. 16451;

29 (k) noncentrally assessed energy storage facilities owned or operated by any electrical energy producer;

30 (l) energy storage facilities owned or operated by cooperative rural electrical associations described

1 under 15-6-137;

2 (m) battery energy storage systems that comply with federal standards on the manufacture and  
3 installation of the systems that are owned and operated by an electrical energy storage producer, electrical  
4 energy producer, or energy trading entity or by the owner or operator of an electrical vehicle charging site;

5 (n) all property of a biodiesel production facility, as defined in 15-24-3102, that has commenced  
6 construction after June 1, 2007;

7 (o) all property of a biogas production facility, as defined in 15-24-3102, that has commenced  
8 construction after June 1, 2007;

9 (p) all property of a biomass gasification facility, as defined in 15-24-3102;

10 (q) all property of a coal gasification facility, as defined in 15-24-3102, except for property in subsection  
11 (1)(t) of this section, that sequesters carbon dioxide;

12 (r) all property of an ethanol production facility, as defined in 15-24-3102, that has commenced  
13 construction after June 1, 2007;

14 (s) all property of a geothermal facility, as defined in 15-24-3102;

15 (t) all property of an integrated gasification combined cycle facility, as defined in 15-24-3102, that  
16 sequesters carbon dioxide, as required by 15-24-3111(4)(c);

17 (u) all property or a portion of the property of a renewable energy manufacturing facility, as defined in  
18 15-24-3102, that has commenced construction after June 1, 2007;

19 (v) all property of a natural gas combined cycle facility;

20 (w) equipment that is used to capture and to prepare for transport carbon dioxide that will be sequestered  
21 or injected for the purpose of enhancing the recovery of oil and gas, other than that equipment at coal combustion  
22 plants of the types that are generally in commercial use as of December 31, 2007, that commence construction  
23 after December 31, 2007;

24 (x) high-voltage direct-current transmission lines and associated equipment and structures, including  
25 converter stations and interconnections, other than property classified under 15-6-159, that:

26 (i) originate in Montana with a converter station located in Montana east of the continental divide and  
27 that are constructed after July 1, 2007;

28 (ii) are certified under the Montana Major Facility Siting Act; and

29 (iii) provide access to energy markets for Montana electrical generation facilities listed in this section that  
30 commenced construction after June 1, 2007;

1 (y) all property of electric transmission lines, including substations, that originate at facilities specified  
2 in this subsection (1), with at least 90% of electricity carried by the line originating at facilities specified in this  
3 subsection (1) and terminating at an existing transmission line or substation that has commenced construction  
4 after June 1, 2007;

5 (z) the qualified portion of an alternating current transmission line and its associated equipment and  
6 structures, including interconnections, that has commenced construction after June 1, 2007.

7 (2) (a) The qualified portion of an alternating current transmission line in subsection (1)(z) is that  
8 percentage, as determined by the department of environmental quality, of rated transmission capacity of the line  
9 contracted for on a firm basis by buyers or sellers of electricity generated by facilities specified in subsection (1)  
10 that are located in Montana.

11 (b) The department of revenue shall classify the total value of an alternating current transmission line  
12 in accordance with the determination made by the department of environmental quality pursuant to subsection  
13 (2)(a).

14 (c) The owner of property described under this subsection (2) shall disclose the location of the generation  
15 facilities specified in subsection (1) and information sufficient to demonstrate that there is a firm contract for  
16 transmission capacity available throughout the year. For purposes of the initial qualification, the owner is not  
17 required to disclose financial terms and conditions of contracts beyond that needed for classification.

18 (3) Class fourteen property does not include facilities:

19 (a) at which the standard prevailing rate of wages for heavy construction, as provided in 18-2-414, was  
20 not paid during the construction phase; or

21 (b) that are exempt under 15-6-225.

22 (4) For the purposes of this section, the following definitions apply:

23 (a) "Biomass generation facilities" means any combination of boilers, generators, associated prime  
24 movers, and other associated property, including appurtenant land and improvements and personal property, that  
25 are normally operated together to produce electric power from the burning of organic material other than coal,  
26 petroleum, natural gas, or any products derived from coal, petroleum, or natural gas, with the use of natural gas  
27 or other fuels allowed for ignition and to stabilize boiler operations.

28 (b) (i) "Compressed air energy storage" means the conversion of electrical energy to compressed air  
29 by using an electrically powered turbocompressor for storage in vessels designed for that purpose and in the  
30 earth, including but not limited to deep saline formations, basalt formations, aquifers, depleted oil or gas

1 reservoirs, abandoned mines, and mined rock cavities.

2 (ii) The term includes the conversion of compressed air into electrical energy by using turboexpander  
3 equipment and electrical generation equipment.

4 (c) (i) "Energy storage facilities" means hydroelectric pumped storage property, compressed air energy  
5 storage property, regenerative fuel cells, batteries, flywheel storage property, or any combination of energy  
6 storage facilities directly connected to the electrical power grid and associated property, appurtenant land and  
7 improvements, and personal property that are designed to:

8 (A) receive and store electrical energy as potential energy; and

9 (B) convert the stored energy into electrical energy for sale as an energy commodity or as electricity  
10 services to balance energy flow on the electrical power grid in order to maintain a stable transmission grid,  
11 including but not limited to frequency regulation ancillary services and frequency control.

12 (ii) The term includes only property that in the aggregate can store at least 0.25 megawatt hour and has  
13 a power rating of at least 1 megawatt for a period of at least 0.25 hour.

14 (iii) The term does not include property, including associated property and appurtenant land and  
15 improvements, that is used to hold water in ponds, reservoirs, or impoundments related to hydroelectric pumped  
16 storage as defined in subsection (4)(e).

17 (d) "Flywheel storage" means a process that stores energy kinetically in the form of a rotating flywheel.  
18 Energy stored by the rotating flywheel can be converted to electrical energy through the flywheel's integrated  
19 electric generator.

20 (e) "Hydroelectric pumped storage" means a process that converts electrical energy to potential energy  
21 by pumping water to a higher elevation, where it can be stored indefinitely and then released to pass through  
22 hydraulic turbines and generate electrical energy.

23 (f) "Regenerative fuel cell" means a device that produces hydrogen and oxygen from electricity and water  
24 and alternately produces electrical energy and water from stored hydrogen and oxygen.

25 (g) "Wind generation facilities" means any combination of a physically connected wind turbine or  
26 turbines, associated prime movers, and other associated property, including appurtenant land and improvements  
27 and personal property, that are normally operated together to produce electric power from wind.

28 (5) (a) The department of environmental quality shall determine whether to certify that a transmission  
29 line meets the criteria of subsection (1)(x), (1)(y), or (1)(z), as applicable, based on an application provided for  
30 in 15-24-3112. The department of environmental quality shall review the certification 10 years after the line is

1 operational, and if the property no longer meets the requirements of subsection (1)(x), (1)(y), or (1)(z), the  
2 certification must be revoked.

3 (b) If the department of revenue finds that a certification previously granted was based on an application  
4 that the applicant knew was false or fraudulent, the property must be placed in class nine under 15-6-141. If the  
5 application was fraudulent, the applicant may be liable for additional taxes, penalty, and interest from the time  
6 that the certification was in effect.

7 (6) ~~Class~~ Subject to [section 25], class fourteen property is taxed at 3% of its market value."  
8

9 **Section 224.** Section 15-6-159, MCA, is amended to read:

10 **"15-6-159. Class sixteen property -- description -- taxable percentage.** (1) Class sixteen property  
11 includes high-voltage direct-current converter stations that are constructed in a location and manner so that the  
12 converter station can direct power to two different regional power grids.

13 (2) Class sixteen property does not include property described in subsection (1) for which the standard  
14 prevailing rate of wages for heavy construction, as provided in 18-2-414, was not paid during the construction  
15 phase.

16 (3) (a) The department shall determine whether to certify that the property meets the criteria of  
17 subsection (1).

18 (b) If the department finds that a certification previously granted was based on an application that the  
19 applicant knew was false or fraudulent, the property must be placed in class nine under 15-6-141. If the  
20 application was fraudulent, the applicant may be liable for additional taxes, penalty, and interest from the time  
21 that the certification was in effect.

22 (4) ~~Class~~ Subject to [section 25], class sixteen property is taxed at 2.25% of its market value."  
23

24 **Section 225.** Section 15-6-215, MCA, is amended to read:

25 **"15-6-215. Exemption for motion picture and television commercial property.** Except as provided  
26 in ~~15-24-305~~ and 61-3-520, all property, including vehicles, brought into the state or otherwise used for the  
27 exclusive purpose of filming motion pictures or television commercials is exempt from property taxation and  
28 registration fees under 61-3-321(2), provided that the property does not remain in the state for a period in excess  
29 of 180 consecutive days in a calendar year."  
30



1           **Section 226.** Section 15-6-217, MCA, is amended to read:

2           **"15-6-217. Exemption for vehicle of certain health care professionals.** A motor vehicle that is  
3 brought, driven, or coming into this state is exempt from the registration fees imposed in ~~15-24-301~~ if the motor  
4 vehicle is registered in another state or country by a nonresident person who is a licensed health care  
5 professional, as provided in Title 37, chapter 3, 8, 11, 14, 20, 25, 28, or 34, and who is employed in Montana by  
6 a rural health care facility that is located in an area that has been:

7           (1) designated by the secretary of the federal department of health and human services as a health  
8 professional shortage area, as provided in 42 U.S.C. 254(e); or

9           (2) determined to have a critical shortage of nurses, as provided in 42 U.S.C. 297n(a)(3)."

10

11           **Section 227.** Section 15-6-223, MCA, is amended to read:

12           **"15-6-223. Timber exemption.** (1) Timber, ~~as defined in 15-44-102~~, is exempt from taxation.

13           (2) For the purpose of this section, "timber" means all wood growth on privately owned land, mature or  
14 immature, alive or dead, standing or down, that is capable of furnishing raw material used in the manufacture of  
15 lumber or other forest products. The term does not include cultivated Christmas trees."

16

17           **Section 228.** Section 15-6-229, MCA, is amended to read:

18           **"15-6-229. Exemption for land adjacent to transmission line right-of-way easement -- application**  
19 **-- limitations.** (1) Subject to the conditions of this section, for tax years beginning after December 31, 2007, there  
20 is allowed an exemption from property taxes for land that is within 660 feet on either side of the midpoint of a  
21 transmission line right-of-way or easement.

22           (2) (a) An owner or operator of a transmission line shall apply to the department for an exemption under  
23 this section on a form provided by the department. The application must include a legal description and a digitized  
24 certificate of survey prepared by a surveyor registered with the board of professional engineers and professional  
25 land surveyors provided for in 2-15-1763 of the property in the county for which the exemption is sought and other  
26 information required by the department. A separate application must be made for each county in which an  
27 exemption is sought.

28           (b) An application for an exemption that would be in effect for the tax year and subsequent tax years  
29 must be filed with the department by March 1 in the tax year that the exemption is sought.

30           (3) (a) The owner or operator of a transmission line shall inform the department of any change in

1 ownership of the land or other circumstances that may affect the eligibility of the land for the exemption. The  
 2 department shall determine whether any changes have occurred that affect the eligibility of the land for the  
 3 exemption.

4 (b) The exemption allowed under this section does not apply to:

5 (i) the boundaries of an incorporated or unincorporated city or town;

6 (ii) a platted and filed subdivision; or

7 (iii) tracts of land used for residential, commercial, or industrial purposes; ~~or~~

8 ~~—— (iv) the 1 acre of land beneath improvements on land described in 15-6-133(1)(c) and 15-7-206(2).~~

9 (4) For the purposes of this section, "transmission line" means an electric line with a design capacity of  
 10 30 megavoltamperes or greater that is constructed after January 1, 2007."

11

12 **Section 229.** Section 15-7-101, MCA, is amended to read:

13 **"15-7-101. Classification and appraisal -- duties of department of revenue.** (1) It is the duty of the  
 14 department of revenue to accomplish the following:

15 ~~—— (a) the classification and appraisal of all taxable lands;~~

16 ~~—— (b) the appraisal of all taxable city and town lots;~~

17 ~~—— (c) the appraisal of all taxable rural and urban improvements.~~

18 (2) A record of classifications and appraisals under subsection (1) must be kept upon the maps, plats,  
 19 and forms and entered in the books of record prescribed by the department. The maps, plats, forms, and books  
 20 of record are official records of the state. A certified copy of all records requested must be furnished to the  
 21 department.

22 (3) When the department uses an appraisal method that values land and improvements as a unit,  
 23 ~~including the comparable sales method for residential condominiums or the income method for commercial~~  
 24 ~~property,~~ the department shall establish a combined appraised value of land and improvements.

25 (4) It is the duty of the department to maintain current the classification of all taxable lands ~~and appraisal~~  
 26 ~~of city and town lots and rural and urban improvements, as provided for herein."~~

27

28 **Section 230.** Section 15-7-102, MCA, is amended to read:

29 **"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a)

30 Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser

1 under contract for deed a notice that includes the land classification, market value, and taxable value of the land  
 2 and improvements owned or being purchased. A notice must be mailed to the owner only if one or more of the  
 3 following changes pertaining to the land or improvements have been made since the last notice:

- 4 (i) change in ownership;
- 5 (ii) change in classification;
- 6 (iii) change in valuation; or
- 7 (iv) addition or subtraction of personal property affixed to the land.

8 (b) The notice must include the following for the taxpayer's informational purposes:

9 ~~(i) a notice of the availability of all the property tax assistance programs available to property taxpayers,~~  
 10 ~~including the property tax assistance programs provided for in Title 15, chapter 6, part 3, and the residential~~  
 11 ~~property tax credit for the elderly provided for in 15-30-2337 through 15-30-2344;~~

12 ~~(ii)(i)~~ the total amount of mills levied against the property in the prior year; and

13 ~~(iii)(ii)~~ a statement that the notice is not a tax bill.

14 (c) When the department uses an appraisal method that values land and improvements as a unit,  
 15 ~~including the sales comparison approach for residential condominiums or the income approach for commercial~~  
 16 ~~property,~~ the notice must contain a combined appraised value of land and improvements.

17 (d) Any misinformation provided in the information required by subsection (1)(b) does not affect the  
 18 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

19 (2) (a) Except as provided in subsection (2)(c), the department shall assign each assessment to the  
 20 correct owner or purchaser under contract for deed and mail or provide electronically the notice in written or  
 21 electronic form, adopted by the department, containing sufficient information in a comprehensible manner  
 22 designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over  
 23 the prior tax year.

24 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal  
 25 of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

26 (c) The department is not required to mail or provide electronically the notice to a new owner or  
 27 purchaser under contract for deed unless the department has received the realty transfer certificate from the clerk  
 28 and recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection  
 29 (2)(a) are mailed or provided electronically. The department shall notify the county tax appeal board of the date  
 30 of the mailing or the date when the taxpayer is informed the information is available electronically.

1           (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the  
 2 market value of the property as determined by the department or with the classification of the land or  
 3 improvements, the owner may request an assessment review by submitting an objection on written or electronic  
 4 forms provided by the department for that purpose.

5           ~~(i) For property other than class three property described in 15-6-133, class four property described in~~  
 6 ~~15-6-134, and class ten property described in 15-6-143, the~~ The objection must be submitted within 30 days from  
 7 the date on the notice.

8           ~~(ii) For class three property described in 15-6-133 and class four property described in 15-6-134, the~~  
 9 ~~objection may be made only once each valuation cycle. An objection must be made within 30 days from the date~~  
 10 ~~on the assessment notice for a reduction in the appraised value to be considered for both years of the 2-year~~  
 11 ~~appraisal cycle. Any reduction in value resulting from an objection made more than 30 days from the date of the~~  
 12 ~~assessment notice will be applicable only for the second year of the 2-year reappraisal cycle.~~

13           ~~(iii) For class ten property described in 15-6-143, the objection may be made at any time but only once~~  
 14 ~~each valuation cycle. An objection must be made within 30 days from the date on the assessment notice for a~~  
 15 ~~reduction in the appraised value to be considered for all years of the 6-year appraisal cycle. Any reduction in~~  
 16 ~~value resulting from an objection made more than 30 days after the date of the assessment notice applies only~~  
 17 ~~for the subsequent remaining years of the 6-year reappraisal cycle.~~

18           ~~(b) If the objection relates to residential or commercial property and the objector agrees to the~~  
 19 ~~confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within~~  
 20 ~~8 weeks of submission of the objection, the following information:~~

21           ~~(i) the methodology and sources of data used by the department in the valuation of the property; and~~

22           ~~(ii) if the department uses a blend of evaluations developed from various sources, the reasons that the~~  
 23 ~~methodology was used.~~

24           ~~(c) At the request of the objector, and only if the objector signs a written or electronic confidentiality~~  
 25 ~~agreement, the department shall provide in written or electronic form:~~

26           ~~(i) comparable sales data used by the department to value the property; and~~

27           ~~(ii) sales data used by the department to value residential property in the property taxpayer's market~~  
 28 ~~model area.~~

29           ~~(d) For properties valued using the income approach as one approximation of market value, notice must~~  
 30 ~~be provided that the taxpayer will be given a form to acknowledge confidentiality requirements for the receipt of~~

1 ~~all aggregate model output that the department used in the valuation model for the property.~~

2 ~~(e)~~(b) The review must be conducted informally and is not subject to the contested case procedures of  
 3 the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual  
 4 selling price of the property and other relevant information presented by the taxpayer in support of the taxpayer's  
 5 opinion as to the market value of the property. The ~~county tax appeal board~~ [department] shall consider an  
 6 independent appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of  
 7 real estate appraisers and the appraisal was conducted within 6 months of the valuation date. If the department  
 8 does not use the appraisal provided by the taxpayer in conducting the appeal, the department must provide to  
 9 the taxpayer the reason for not using the appraisal. The department shall give reasonable notice to the taxpayer  
 10 of the time and place of the review.

11 ~~(f)~~(c) After the review, the department shall determine the correct appraisal and classification of the land  
 12 or improvements and notify the taxpayer of its determination by mail or electronically. The department may not  
 13 determine an appraised value that is higher than the value that was the subject of the objection unless the reason  
 14 for an increase was the result of a physical change in the property or caused by an error in the description of the  
 15 property or data available for the property that is kept by the department and used for calculating the appraised  
 16 value. In the notification, the department shall state its reasons for revising the classification or appraisal. When  
 17 the proper appraisal and classification have been determined, the land must be classified and the improvements  
 18 appraised in the manner ordered by the department.

19 (4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an  
 20 appraisal or classification upon the taxpayer's objection unless:

21 (a) the taxpayer has submitted an objection on written or electronic forms provided by the department;  
 22 and

23 (b) the department has provided to the objector by mail or electronically its stated reason in writing for  
 24 making the adjustment.

25 (5) A taxpayer's written objection to a classification or appraisal and the department's notification to the  
 26 taxpayer of its determination and the reason for that determination are public records. The department shall make  
 27 the records available for inspection during regular office hours.

28 (6) If a property owner feels aggrieved by the classification or appraisal made by the department after  
 29 the review provided for in subsection (3), the property owner has the right to first appeal to the ~~county tax appeal~~  
 30 ~~board and then to the~~ state tax appeal board, whose findings are final subject to the right of review in the courts.

1 The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on  
 2 the notice of the department's determination. ~~A county tax appeal board or the~~ The state tax appeal board may  
 3 consider the actual selling price of the property, independent appraisals of the property, and other relevant  
 4 information presented by the taxpayer as evidence of the market value of the property. If the ~~county tax appeal~~  
 5 ~~board or the~~ state tax appeal board determines that an adjustment should be made, the department shall adjust  
 6 the base value of the property in accordance with the board's order."

7

8 **Section 231.** Section 15-7-103, MCA, is amended to read:

9 **"15-7-103. Classification and appraisal -- general and uniform methods.** (1) The department shall  
 10 implement the provisions of 15-7-101, 15-7-102, and this section by providing:

11 ~~——(a) for a general and uniform method of classifying lands in the state for the purpose of securing an~~  
 12 ~~equitable and uniform basis of assessment of lands for taxation purposes;~~

13 ~~——(b) for a general and uniform method of appraising city and town lots;~~

14 ~~——(c) for a general and uniform method of appraising rural and urban improvements;~~

15 ~~——(d) for a general and uniform method of appraising timberlands.~~

16 (2) All lands must be classified according to their use or uses.

17 ~~(3) Land classified as agricultural land or forest land must be subclassified according to soil type and~~  
 18 ~~productive capacity. In the classification work, use must be made of soil surveys and maps and all other~~  
 19 ~~site-specific and pertinent available information, including any information provided by the taxpayer such as:~~

20 ~~——(a) information detailing actual climate conditions;~~

21 ~~——(b) information from the United States department of agriculture, including but not limited to:~~

22 ~~——(i) natural resources conservation service rangeland inventory materials;~~

23 ~~——(ii) farm service agency materials; and~~

24 ~~——(iii) Montana agriculture statistics information; and~~

25 ~~——(c) any other documents or publicly available information that will assist in reaching a value that~~  
 26 ~~accurately approximates the productive capacity that the average Montana farmer or rancher could achieve.~~

27 ~~(4)(3)~~ All taxable lands must be classified by parcels or subdivisions not exceeding 1 section each, by  
 28 the sections, fractional sections, or lots of all tracts of land that have been sectionized by the United States  
 29 government, or by metes and bounds, whichever yields a true description of the land.

30 ~~(5) All agricultural lands must be classified and appraised as agricultural lands without regard to the best~~

1 and highest value use of adjacent or neighboring lands.

2 ~~—— (6) In the reappraisal of taxable property, all property classified in 15-6-134 must be valued as provided~~  
 3 ~~in 15-7-111 on its market value. The department shall publish a rule specifying the valuation date used in the~~  
 4 ~~appraisal.~~

5 ~~—— (7) All sewage disposal systems and domestic use water supply systems of all dwellings may not be~~  
 6 ~~appraised, assessed, and taxed separately from the land or from the house or other improvements in which they~~  
 7 ~~are located."~~

8

9 **Section 232.** Section 15-7-106, MCA, is amended to read:

10 **"15-7-106. Courses of instruction, examination, and certification -- additional courses.** (1) The  
 11 department shall offer courses in the principles, methods, and techniques of appraising for property tax purposes  
 12 property in ~~three fields~~:

13 ~~—— (a) residential property;~~

14 ~~—— (b) agricultural land; and~~

15 ~~—— (c) commercial and industrial property.~~

16 (2) The department shall conduct an examination for those who have completed a course of instruction  
 17 ~~in any of the three fields~~ listed in subsection (1).

18 (3) A person may not take the examination for appraising commercial and industrial property unless the  
 19 person holds a certificate in appraising residential property.

20 (4) The department may schedule and conduct other courses within the state for appraisers, assessors,  
 21 and department personnel for training in the following subjects:

22 (a) personal property assessment;

23 (b) property tax administration; and

24 (c) personnel management, fiscal management, public relations, professional ethics, and related  
 25 management principles.

26 (5) The department shall issue a certificate to each appraiser, assessor, or other person successfully  
 27 completing a course of instruction and passing an examination ~~in any of the fields provided for in subsection (1)~~  
 28 ~~or any subject provided for in subsection~~ subsections (1) and (4)."

29

30 **Section 233.** Section 15-7-107, MCA, is amended to read:

1           **"15-7-107. Certification required.** (1) An appraiser employed by the department to appraise:  
 2           ~~\_\_\_\_\_ (a) residential property shall obtain a certificate in appraising residential property;~~  
 3           ~~\_\_\_\_\_ (b) agricultural land shall obtain a certificate in appraising agricultural land; and~~  
 4           ~~\_\_\_\_\_ (c) commercial and industrial property shall obtain a certificate in appraising commercial and industrial~~  
 5           ~~property.~~

6           (2) The department may promulgate rules requiring appraisers to complete continuing education courses  
 7           in laws, rules, and methods relating to appraisal."  
 8

9           **Section 234.** Section 15-7-138, MCA, is amended to read:

10           **"15-7-138. Notice of classification and appraisal to single address for owners of undivided**  
 11 **interest.** (1) (a) ~~(†)~~ Subject to subsection (2), in the case of multiple, undivided interests in a parcel of taxable  
 12 land, the department shall send the notice of classification and appraisal required by 15-7-102 to a single owner  
 13 of the taxable land, as provided in this section.

14           ~~(ii) For multiple undivided interests that are mining claims, upon request of all the owners, the department~~  
 15 ~~shall send the notice of classification and appraisal required by 15-7-102 and separate assessments to each~~  
 16 ~~owner of an undivided interest.~~

17           ~~\_\_\_\_\_ (iii) Requests for separate assessment and receipt of separate notice under subsection (1)(a)(ii) are~~  
 18 ~~limited to mining claims as the multiple undivided interests existed on or prior to April 30, 2001. Additional division~~  
 19 ~~of interests after April 30, 2001, may not result in additional separate assessments.~~

20           (b) Except as provided in subsection (1)(c), the owners of the taxable land shall provide to the  
 21 department the name and address of the owner to whom the notice is to be sent and shall notify the department  
 22 of a change in name or address. If an address is not provided, then the department shall send the notice to the  
 23 address to which previous notices were sent.

24           (c) In the case of multiple, undivided interests in a parcel of taxable land created after April 30, 2001, the  
 25 department shall send the notice to the name and address shown on the recorded document creating the  
 26 multiple, undivided interests in the taxable land. If more than one name and address is shown on the document,  
 27 the department shall send the notice to the first name and address shown on the document.

28           (2) A copy of the notice must be sent to other persons upon request of an owner of the taxable land. If  
 29 a parcel of taxable land is located within the boundaries of a federally recognized Indian reservation, each  
 30 individual fee patent, even when it is an undivided interest, will be treated as a separate assessment and receive



1 a separate notice of classification and appraisal."

2

3 **Section 235.** Section 15-7-139, MCA, is amended to read:

4 **"15-7-139. Requirements for entry on property by property valuation staff employed by**  
5 **department -- authority to estimate value of property not entered -- rules.** (1) Subject to the conditions and  
6 restriction of this section, the provisions of 45-6-203 do not apply to property valuation staff employed by the  
7 department and acting within the course and scope of the employees' official duties.

8 (2) A person qualified under subsection (1) may enter private land to appraise or audit property for  
9 property tax purposes.

10 (3) (a) No later than November 30 of each year, the department shall publish in a newspaper of general  
11 circulation in each county a notice that the department may enter property for the purpose of appraising or  
12 auditing property.

13 (b) The published notice must indicate:

14 (i) that a landowner may require that the landowner or the landowner's agent be present when the person  
15 qualified in subsection (1) enters the land to appraise or audit property;

16 (ii) that the landowner shall notify the department in writing of the landowner's requirement that the  
17 landowner or landowner's agent be present; and

18 (iii) that the landowner's written notice must be mailed to the department at an address specified and be  
19 postmarked not more than 30 days following the date of publication of the notice. The department may grant a  
20 reasonable extension of time for returning the written notice.

21 (4) The written notice described in subsection (3)(b)(ii) must be legible and include:

22 (a) the landowner's full name;

23 (b) the mailing address and property address; and

24 (c) a telephone number at which an appraiser may contact the landowner during normal business hours.

25 (5) When the department receives a written notice as described in subsection (4), the department shall  
26 contact the landowner or the landowner's agent to establish a date and time for entering the land to appraise or  
27 audit the property.

28 (6) If a landowner or the landowner's agent prevents a person qualified under subsection (1) from  
29 entering land to appraise or audit property or fails or refuses to establish a date and time for entering the land  
30 pursuant to subsection (5), the department shall estimate the value of the real and personal property located on

1 the land.

2 (7) ~~A county tax appeal board and the~~ The state tax appeal board may not adjust the estimated value  
3 of the real or personal property determined under subsection (6) unless the landowner or the landowner's agent:

4 (a) gives permission to the department to enter the land to appraise or audit the property; or

5 (b) provides to the department and files with ~~the county tax appeal board or~~ the state tax appeal board  
6 an appraisal of the property conducted by an appraiser who is certified by the Montana board of real estate  
7 appraisers. The appraisal must be conducted in accordance with current uniform standards of professional  
8 appraisal practice established for certified real estate appraisers under 37-54-403. The appraisal must be  
9 conducted within 1 year of the reappraisal valuation date ~~provided for in 15-7-103(6)~~ and must establish a  
10 separate market value for each improvement and the land.

11 (8) A person qualified under subsection (1) who enters land pursuant to this section shall carry on the  
12 person identification sufficient to identify the person and the person's employer and shall present the identification  
13 upon request.

14 (9) The authority granted by this section does not authorize entry into improvements, personal property,  
15 or buildings or structures without the permission of the owner or the owner's agent.

16 (10) Vehicular access to perform appraisals and audits is limited to established roads and trails, unless  
17 approval for other vehicular access is granted by the landowner.

18 (11) The department shall adopt rules that are necessary to implement 15-7-140 and this section. The  
19 rules must, at a minimum, establish procedures for granting a reasonable extension of time for landowners to  
20 respond to notices from the department."

21

22 **Section 236.** Section 15-7-140, MCA, is amended to read:

23 **"15-7-140. Notice appraisal and audit -- statement of rights.** Each county treasurer shall include in  
24 the notice required by 15-16-101(1); and 15-16-119; ~~and 15-24-202~~ a statement that property valuation staff  
25 employed by the department may enter private property to appraise or audit property for property tax purposes  
26 as provided in 15-7-139. The notice must include a statement of landowner rights in words substantially similar  
27 to: "You or your agent have the right to be present when your property is appraised or audited. If you wish to  
28 make an appointment for the next tax year, call (insert ~~local~~ department of revenue office phone number) or write  
29 ~~your local~~ the department of revenue office between December 1 and December 31 of this year.""

30

1           **Section 237.** Section 15-7-302, MCA, is amended to read:

2           "**15-7-302. Purpose.** The purpose of this part is to obtain sales price data ~~necessary to the determination~~  
3 ~~of statewide levels and uniformity of real estate assessments~~ by the most efficient, economical, and reliable  
4 method."

5

6           **Section 238.** Section 15-7-308, MCA, is amended to read:

7           "**15-7-308. Disclosure of information restricted -- exceptions.** (1) Except as provided in subsection  
8 (2), the certificate required by this part and the information contained in the certificate are not a public record and  
9 must be held confidential by the county clerk and recorder and the department. This is because the legislature  
10 finds that the demands of individual privacy outweigh the merits of public disclosure. The confidentiality provisions  
11 do not apply to compilations from the certificates, to summaries, analyses, and evaluations based upon the  
12 compilations, ~~or to sales data used by the department to value residential property in a property taxpayer's market~~  
13 ~~model area after the property taxpayer signs a written or electronic confidentiality agreement.~~

14           (2) The confidentiality provisions of this section do not apply to the information contained in the water  
15 right ownership update form or any other form prepared and filed with the department of natural resources and  
16 conservation pursuant to 85-2-424 for purposes of maintaining a system of centralized water right records as  
17 mandated by Article IX, section 3(4), of the Montana constitution. A person may access water right transfer  
18 information through the department of natural resources and conservation pursuant to the department's  
19 implementation of the requirements of 85-2-112(3)."

20

21           **Section 239.** Section 15-8-102, MCA, is amended to read:

22           "**15-8-102. County to may not furnish office space -- allowable charge department offices must**  
23 **remain in Helena.** The county commissioners of each county ~~shall~~ may not provide ~~existing~~ office space in the  
24 county courthouse or other county building for use by the department's staff, ~~if space is reasonably available. A~~  
25 ~~county may charge the department a rate that does not exceed the rental rate that the department of~~  
26 ~~administration charges state agencies for space in state buildings. If space is not reasonably available in the~~  
27 ~~courthouse or other county building, the~~ Additionally, the department may not contract for the procurement of  
28 suitable office space for the purpose of property tax administration outside of the city of Helena without the  
29 express prior authorization from the legislature. For purposes of this section, "county building" includes a  
30 city-county building or a building maintained by a consolidated government."

1

2 **Section 240.** Section 15-8-104, MCA, is amended to read:

3 **"15-8-104. Department audit and review of taxable value -- costs paid by department.** (1) When  
4 in the judgment of the director of revenue it is necessary, audits may be made for the purpose of determining the  
5 taxable value of net proceeds of mines and all other types of property subject to ad valorem taxation.

6 (2) The department may conduct reviews of the assessment of all taxable commercial personal property  
7 to ensure that the value of the property in those classes reflects market value. Because the assessed value of  
8 commercial personal property is defined as market value under 15-8-111(2), the review conducted by the  
9 department may be directed toward ensuring that all taxable personal property is reported to the department.

10 (3) The cost of any audit or review performed under subsection (1) or (2) must be paid by the  
11 department."

12

13 **Section 241.** Section 15-8-111, MCA, is amended to read:

14 **"15-8-111. Appraisal -- market value standard -- exceptions.** (1) All taxable property must be  
15 appraised at 100% of its market value except as otherwise provided.

16 (2) (a) Market value is the value at which property would change hands between a willing buyer and a  
17 willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of  
18 relevant facts.

19 (b) If the department uses the cost approach as one approximation of market value, the department shall  
20 fully consider reduction in value caused by depreciation, whether through physical depreciation, functional  
21 obsolescence, or economic obsolescence.

22 (c) If the department uses the income approach as one approximation of market value and sufficient,  
23 relevant information on comparable sales and construction cost exists, the department shall rely upon the two  
24 methods that provide a similar market value as the better indicators of market value.

25 ~~(d) Except as provided in subsection (4), the market value of special mobile equipment and agricultural  
26 tools, implements, and machinery is the average wholesale value shown in national appraisal guides and  
27 manuals or the value before reconditioning and profit margin. The department shall prepare valuation schedules  
28 showing the average wholesale value when a national appraisal guide does not exist.~~

29 ~~\_\_\_\_\_ (3) In valuing class four residential and commercial property described in 15-6-134, the department shall  
30 conduct the appraisal following the appropriate uniform standards of professional appraisal practice for mass~~

1 appraisal promulgated by the appraisal standards board of the appraisal foundation. In valuing the property, the  
2 department shall use information available from any source considered reliable. Comparable properties used for  
3 valuation must represent similar properties within an acceptable proximity of the property being valued.

4 ~~(4)(3)~~ The department may not adopt a lower or different standard of value from market value in making  
5 the official assessment and appraisal of the value of property, except:

6 ~~———(a) the wholesale value for agricultural implements and machinery is the average wholesale value~~  
7 ~~category as shown in Guides 2000, Northwest Region Official Guide, published by the North American equipment~~  
8 ~~dealers association, St. Louis, Missouri. If the guide or the average wholesale value category is unavailable, the~~  
9 ~~department shall use a comparable publication or wholesale value category.~~

10 ~~———(b) for agricultural implements and machinery not listed in an official guide, the department shall prepare~~  
11 ~~a supplemental manual in which the values reflect the same depreciation as those found in the official guide;~~

12 ~~———(c) (i) for condominium property, the department shall establish the value as provided in subsection (5);~~  
13 ~~and~~

14 ~~———(ii) for a townhome or townhouse, as defined in 70-23-102, the department shall determine the value in~~  
15 ~~a manner established by the department by rule; and~~

16 ~~———(d) as otherwise authorized in Titles 15 and 61.~~

17 ~~———(5) (a) Subject to subsection (5)(c), if sufficient, relevant information on comparable sales is available,~~  
18 ~~the department shall use the sales comparison approach to appraise residential condominium units. Because~~  
19 ~~the undivided interest in common elements is included in the sales price of the condominium units, the~~  
20 ~~department is not required to separately allocate the value of the common elements to the individual units being~~  
21 ~~valued.~~

22 ~~———(b) Subject to subsection (5)(c), if sufficient, relevant information on income is made available to the~~  
23 ~~department, the department shall use the income approach to appraise commercial condominium units. Because~~  
24 ~~the undivided interest in common elements contributes directly to the income-producing capability of the individual~~  
25 ~~units, the department is not required to separately allocate the value of the common elements to the individual~~  
26 ~~units being valued.~~

27 ~~———(c) If sufficient, relevant information on comparable sales is not available for residential condominium~~  
28 ~~units or if sufficient, relevant information on income is not made available for commercial condominium units, the~~  
29 ~~department shall value condominiums using the cost approach. When using the cost approach, the department~~  
30 ~~shall determine the value of the entire condominium project and allocate a percentage of the total value to each~~

1 individual unit. The allocation is equal to the percentage of undivided interest in the common elements for the unit  
 2 as expressed in the declaration made pursuant to 70-23-403, regardless of whether the percentage expressed  
 3 in the declaration conforms to market value.

4 ~~(6)~~(4) For purposes of taxation, assessed value is the same as appraised value.

5 ~~(7)~~(5) The taxable value for all property is the market value multiplied by the tax rate for each class of  
 6 property.

7 ~~(8)~~(6) The market value of properties in 15-6-131, 15-6-132 through 15-6-134, 15-6-143, and 15-6-145  
 8 is as follows:

9 (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after  
 10 deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515,  
 11 15-23-516, 15-23-517, or 15-23-518.

12 (b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

13 ~~(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the~~  
 14 ~~lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as~~  
 15 ~~agricultural lands for tax purposes.~~

16 ~~——(d) Properties in 15-6-134, under class four, are assessed at 100% of market value.~~

17 ~~——(e) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the~~  
 18 ~~land when valued as forest land.~~

19 ~~(f)~~(c) Railroad transportation properties in 15-6-145 are assessed based on the valuation formula  
 20 described in 15-23-205.

21 ~~(9) Land and the improvements on the land are separately assessed when any of the following~~  
 22 ~~conditions occur:~~

23 ~~——(a) ownership of the improvements is different from ownership of the land;~~

24 ~~——(b) the taxpayer makes a written request; or~~

25 ~~——(c) the land is outside an incorporated city or town."~~

26

27 **Section 242.** Section 15-8-112, MCA, is amended to read:

28 **"15-8-112. Assessments to be made on classification and appraisal.** ~~(4)~~ The assessments of all  
 29 taxable lands, all taxable city and town lots, and all taxable improvements must be made on the classification and  
 30 appraisal as made or caused to be made by the department.

1           ~~(2) The percentage basis of assessed value as provided for in chapter 6, part 1, is determined and~~  
 2 ~~assigned by the department when it makes its annual assessment of the property that it is required to assess~~  
 3 ~~centrally. The department shall apportion the assessments to the various counties, and its determination is final~~  
 4 ~~except as to the right of review in the state tax appeal board or the proper court."~~

5

6           **Section 243.** Section 15-8-115, MCA, is amended to read:

7           **"15-8-115. Department to defend property tax appeals -- costs and judgments.** (1) Except as  
 8 provided in 15-8-202, the department is the party defendant in any proceeding before ~~a county tax appeal board,~~  
 9 the state tax appeal board; or a court of law that seeks to dispute or adjust an action of the department under  
 10 15-8-101 arising from the exercise of the department's duties as prescribed by law or administrative rule. ~~For the~~  
 11 ~~purposes of proceedings before county tax appeal boards, service on the department may be obtained by serving~~  
 12 ~~the person designated to receive service for the department.~~

13           (2) Costs, if any, must be assessed against the department and not against a local taxing unit.

14           (3) In a suit brought in a court of this state for the refund of taxes paid under protest in which the taxes  
 15 paid are held by the treasurer of a unit of local government in a protest fund, the court shall enter judgment,  
 16 exclusive of costs, against the treasurer if the court finds the taxes should be refunded."

17

18           **Section 244.** Section 15-8-301, MCA, is amended to read:

19           **"15-8-301. Statement -- what to contain.** (1) The department may require from a person a statement  
 20 under oath setting forth specifically all the taxable real and personal property owned by, in possession of, or under  
 21 the control of the person at midnight on January 1. The statement must be in writing, showing separately:

22           (a) all taxable property belonging to, claimed by, or in the possession or under the control or  
 23 management of the person;

24           (b) all taxable property belonging to, claimed by, or in the possession or under the control or  
 25 management of any firm of which the person is a member;

26           (c) all taxable property belonging to, claimed by, or in the possession or under the control or  
 27 management of any corporation of which the person is president, secretary, cashier, or managing agent;

28           (d) the county in which the taxable property is situated or in which the property is liable to taxation ~~and,~~  
 29 ~~if liable to taxation in the county in which the statement is made, also the city, town, school district, road district,~~  
 30 ~~or other revenue districts in which the property is situated;~~

- 1 (e) an exact description of all taxable lands, improvements, and personal property;
- 2 (f) all depots, shops, stations, buildings, and other structures erected on the space covered by the  
3 right-of-way and all other property owned by any person owning or operating any railroad within the county.

4 (2) The department shall notify ~~the~~ a centrally assessed taxpayer in the statement for reporting personal  
5 property owned by a business or used in a business that the statement is for reporting business equipment and  
6 other business personal property described in Title 15, chapter 6, part 1. ~~A taxpayer owning exempt business  
7 equipment is subject to limited reporting requirements; however, all new businesses shall report their class eight  
8 property, as defined in 15-6-138, so that the department can determine the market value of the property.~~ The  
9 department shall by rule develop reporting requirements for business equipment to limit the annual reporting of  
10 exempt business equipment to the extent feasible.

11 (3) Whenever one member of a firm or one of the proper officers of a corporation that is subject to central  
12 assessment has made a statement showing the property of the firm or corporation, another member of the firm  
13 or another officer is not required to include the property in that person's statement but the statement must show  
14 the name of the person or officer who made the statement in which the property is included.

15 (4) The fact that a statement is not required or that a person has not made a statement, under oath or  
16 otherwise, does not relieve the person's property from taxation."

17

18 **Section 245.** Section 15-8-307, MCA, is amended to read:

19 **"15-8-307. Land assessment.** (1) Except as provided in subsection (2), taxable land must be assessed  
20 in parcels or subdivisions not exceeding 640 acres, and tracts of taxable land containing more than 640 acres  
21 that have been sectionized by the United States government must be assessed by sections or fractions of  
22 sections.

23 (2) If the department receives the written consent of all persons with an ownership interest, the  
24 department may assess multiple parcels or tracts of taxable land with common ownership collectively as a single  
25 tract of land.

26 (3) The department shall itemize in the property tax record the description of each 640 acres of taxable  
27 land or less, the number of acres, the description, the value of the land, the value of improvements, and the total  
28 value. The property tax record for centrally assessed property must itemize the description of each town or city  
29 lot and the value of the lot and any improvements on the lot, except that a lot and improvements must be  
30 separately assessed when required under 15-8-111. ~~If all of the unimproved lots of the same value are located~~



1 in one block or are owned by the same party, the lots may be described and assessed in a single unit in the  
 2 manner prescribed for each lot. Each parcel and lot must be segregated in the property tax record to correlate  
 3 the description of the parcel or lot to the total value of the parcel or lot and any improvements on the parcel or  
 4 lot."

5

6 **Section 246.** Section 15-8-601, MCA, is amended to read:

7 **"15-8-601. Assessment revision -- conference for review.** (1) (a) Except as provided in subsection  
 8 ~~(1)(b)~~, whenever the department discovers that any taxable property of any person has in any year escaped  
 9 assessment, been erroneously assessed, or been omitted from taxation, the department may assess the property  
 10 provided that the property is under the ownership or control of the same person who owned or controlled it at the  
 11 time it escaped assessment, was erroneously assessed, or was omitted from taxation. All revised assessments  
 12 must be made within 10 years after the end of the calendar year in which the original assessment was or should  
 13 have been made.

14 ~~——(b)~~ Within the time limits set by 15-23-116, whenever the department discovers property subject to  
 15 assessment under Title 15, chapter 23, that has escaped assessment, been erroneously assessed, or been  
 16 omitted from taxation, the department may issue a revised assessment to the person, firm, or corporation who  
 17 owned the property at the time it escaped assessment, was erroneously assessed, or was omitted from taxation,  
 18 regardless of the ownership of the property at the time of the department's revised assessment.

19 ~~(c)(b)~~ If an erroneous assessment is due to a calculation error by the department, the department shall  
 20 revise the assessment of like properties that were also erroneously assessed using the same calculation.

21 (2) When the department proposes to revise the statement reported by the taxpayer under 15-8-301,  
 22 the action of the department is subject to the notice and conference provisions of this section. Revised  
 23 assessments of centrally assessed property ~~and industrial property that is assessed annually by the department~~  
 24 are subject to mediation pursuant to 15-1-212.

25 (3) (a) Notice of revised assessment pursuant to this section must be made by the department by  
 26 postpaid letter addressed to the person interested within 10 days after the revised assessment has been made.  
 27 ~~If the property is locally assessed, the notice must include the opportunity for a conference on the matter, at the~~  
 28 ~~request of the person interested, within 30 days after notice is given.~~

29 (b) An assessment revision review conference is not a contested case as defined in the Montana  
 30 Administrative Procedure Act. The department shall keep minutes in writing of each assessment revision review

1 conference, and the minutes are public records.

2 (c) Following an assessment revision review conference or expiration of the opportunity for a conference,  
3 the department shall order an assessment that it considers proper. ~~Any party to the conference aggrieved by the~~  
4 ~~action of the department or a taxpayer who does not request a conference may appeal to the county tax appeal~~  
5 ~~board within 30 days of receipt of the revised assessment or the department's assessment made pursuant to the~~  
6 ~~conference.~~

7 (4) The department shall enter in the property tax record all changes and corrections made by it."  
8

9 **Section 247.** Section 15-8-701, MCA, is amended to read:

10 **"15-8-701. Property tax record -- definition -- listing property in.** (1) Unless the context clearly  
11 indicates otherwise, the term "property tax record" means the record that is kept ~~in each county~~ by the department  
12 and that contains the information described in subsection (2). The term includes records referred to as an  
13 "assessment book" or "assessment roll" and, ~~in a county in which~~ if the property tax record is kept on a computer  
14 system, the information on the system analogous to the information described in subsection (2).

15 (2) The department shall prepare a property tax record with appropriate headings, in which must be listed  
16 all property within the state and in which must be specified, by an appropriate heading:

17 (a) the name of the person to whom the property is assessed;

18 (b) land by description sufficient to identify it, the locality, and the improvements on the land;

19 (c) all taxable personal property, showing the number, kind, amount, and quality; but a failure to  
20 enumerate in detail the personal property does not invalidate the assessment;

21 (d) the assessed value of real estate;

22 (e) the assessed value of improvements on land, except that land and improvements must be separately  
23 listed when required under 15-8-111;

24 (f) the assessed value of improvements on real estate assessed to persons other than the owners of the  
25 real estate. Taxable improvements owned by a person, located upon land exempt from taxation, must, as to the  
26 manner of assessment, be assessed as other real estate. A value may not be assessed against the exempt land,  
27 and the land may not be charged with and is not responsible for the assessment made against any taxable  
28 improvements located on the land.

29 (g) the assessed value of all taxable personal property;

30 ~~— (h) the school, road, and other revenue districts in which each piece of property assessed is situated;~~

- 1           ~~(h)~~(h) the total assessed value of all taxable property;
- 2           ~~(i)~~(i) the taxable value of all property;
- 3           ~~(j)~~(j) the taxes and fees assessed against the property; and
- 4           ~~(k)~~(k) the total of each type of tax, levy, and fee."

5

6           **Section 248.** Section 15-8-704, MCA, is amended to read:

7           **"15-8-704. Map book.** The department shall make maps showing public and private land for each county  
8 ~~and shall designate the person to whom the land is assessed."~~

9

10          **Section 249.** Section 15-8-711, MCA, is amended to read:

11          **"15-8-711. List of owners of multiple, undivided interests in parcel of land to county treasurer.**

12         (1) The department shall furnish to the county treasurer the names and, if available, the addresses of the owners  
13 of each multiple, undivided interest in a parcel of taxable land located within the county. The department shall  
14 inform the county treasurer that the list of names may not include every owner of the parcel of land.

15         (2) If a parcel of taxable land with undivided interests is located within the boundaries of a federally  
16 recognized Indian reservation, a copy of the notice of classification and appraisal shall be provided to the tribe  
17 or tribes governing the reservation. The department and the tribe may agree on a different procedure which  
18 provides the equivalent information to the tribal government."

19

20          **Section 250.** Section 15-9-103, MCA, is amended to read:

21          **"15-9-103. Department to use records in equalizing.** The department shall use the abstract and all  
22 other information it may gain from the records of the county clerk and recorder or elsewhere in equalizing the  
23 assessment of the property of each county and shall enter in the property tax record any taxable property that  
24 has not been assessed."

25

26          **Section 251.** Section 15-10-202, MCA, is amended to read:

27          **"15-10-202. Certification of taxable values.** (1) Subject to subsection (2), by the first Monday in August,  
28 the department shall certify to each ~~taxing authority~~ county the total taxable value of centrally assessed property  
29 within the ~~jurisdiction of the taxing authority~~ county. The department shall also send to each ~~taxing authority~~  
30 county a written statement of its best estimate of the total taxable value of newly taxable centrally assessed

1 property, as described in 15-10-420(3). Upon the request of a ~~taxing authority~~ county, the department shall  
 2 provide an estimate of the total taxable value within the jurisdiction of the taxing authority by the second Monday  
 3 in July.

4 (2) ~~For tax years beginning after December 31, 2000, if~~ If the ownership of centrally assessed property  
 5 has been transferred in whole or in part to a different owner and the transferred property has a market value of  
 6 \$1 million or more as determined by the department, the department shall determine separately the taxable value  
 7 of newly taxable property and the taxable value associated with reappraisal of centrally assessed property that  
 8 is transferred to a different owner. The department shall certify to each ~~taxing authority~~ county, at the time  
 9 specified in subsection (1), the taxable value of newly taxable property and the total taxable value of centrally  
 10 assessed property, exclusive of newly taxable property, that has been transferred to a different owner."  
 11

12 **Section 252.** Section 15-10-206, MCA, is amended to read:

13 **"15-10-206. Notification of decisions of tax appeal boards.** The department shall notify each ~~taxing~~  
 14 ~~authority~~ county of any change in the property tax record that results from actions by the state ~~or county~~ tax  
 15 ~~appeal boards~~ board."  
 16

17 **Section 253.** Section 15-10-305, MCA, is amended to read:

18 **"15-10-305. Clerk and recorder to report mill levy -- department to compute and enter taxes.** (1)

19 (a) ~~The county clerk and recorder shall by the second Monday in September or within 30 calendar days after~~  
 20 ~~receiving certified taxable values notify the department of the number of mills needed to be levied for each taxing~~  
 21 ~~jurisdiction in the county.~~ Except as provided in subsection (1)(b), the department shall compute the taxes by  
 22 multiplying the number of mills times the taxable value of the centrally assessed property to be taxed and shall  
 23 add any fees or assessments required to be levied against a person owning property. All taxes, fees, and  
 24 assessments must be itemized for the property listed in the property tax record.

25 (b) In conveyances that result in a land split, the taxes must be based on the property as assessed on  
 26 January 1 preceding the conveyance. The department is not required to include the name of the new owner in  
 27 the computation of the amount of taxes, fees, and assessments to be levied against property that is part of a land  
 28 conveyance if including the new owner's name would cause the department to violate the deadline provided in  
 29 subsection (2).

30 (2) The department shall complete the computation of the amount of taxes, fees, and assessments to

1 be levied against the centrally assessed property and shall notify the county clerk and recorder and the county  
 2 treasurer by the second Monday in October. ~~Notwithstanding the provisions of 15-10-321, if a county clerk and~~  
 3 ~~recorder fails to timely notify the department of the number of mills needed to be levied for each taxing jurisdiction~~  
 4 ~~in that county in accordance with subsection (1)(a), the department must have additional time to meet the~~  
 5 ~~notification requirement of this subsection (2) equal to the number of days that the notification required in~~  
 6 ~~subsection (1)(a) was received late by the department."~~

7

8 **Section 254.** Section 15-10-420, MCA, is amended to read:

9 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a  
 10 ~~governmental entity that~~ the state is authorized to impose ~~mills may impose~~ a mill levy sufficient to generate the  
 11 amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the  
 12 prior 3 years. The maximum number of mills that a ~~governmental entity~~ the state may impose is established by  
 13 calculating the number of mills required to generate the amount of property tax actually assessed in the  
 14 ~~governmental unit~~ state in the prior year based on the current year taxable value, less the current year's newly  
 15 taxable value, plus one-half of the average rate of inflation for the prior 3 years.

16 (b) ~~A governmental entity that~~ If the state does not impose the maximum number of mills authorized  
 17 under subsection (1)(a), it may carry forward the authority to impose the number of mills equal to the difference  
 18 between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The  
 19 mill authority carried forward may be imposed in a subsequent tax year.

20 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of  
 21 inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using  
 22 the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

23 (2) ~~A governmental entity~~ The state may apply the levy calculated pursuant to subsection (1)(a) ~~plus any~~  
 24 ~~additional levies authorized by the voters, as provided in 15-10-425,~~ to all centrally assessed property in the  
 25 ~~governmental unit~~ the state, including newly taxable centrally assessed property.

26 (3) ~~(a)~~ For purposes of this section, newly taxable centrally assessed property includes:

27 ~~— (i) annexation of real property and improvements into a taxing unit;~~

28 ~~— (ii) construction, expansion, or remodeling of improvements;~~

29 ~~— (iii) transfer of property into a taxing unit;~~

30 ~~— (iv) subdivision of real property; and~~

1 ~~\_\_\_\_\_ (v) transfer of property from tax-exempt to taxable status.~~

2 ~~\_\_\_\_\_ (b) Newly taxable property does not include an increase in value that arises because of an increase in~~  
 3 ~~the incremental value within a tax increment financing district.~~

4 ~~\_\_\_\_\_ (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the~~  
 5 ~~release of taxable value from the incremental taxable value of a tax increment financing district because of:~~

6 ~~\_\_\_\_\_ (i) a change in the boundary of a tax increment financing district;~~

7 ~~\_\_\_\_\_ (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or~~

8 ~~\_\_\_\_\_ (iii) the termination of a tax increment financing district.~~

9 ~~\_\_\_\_\_ (b) If a tax increment financing district terminates prior to the certification of taxable values as required~~  
 10 ~~in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment~~  
 11 ~~financing district terminates. If a tax increment financing district terminates after the certification of taxable values~~  
 12 ~~as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.~~

13 ~~\_\_\_\_\_ (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was~~  
 14 ~~constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current~~  
 15 ~~year market value of that property less the previous year market value of that property.~~

16 ~~\_\_\_\_\_ (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real~~  
 17 ~~property that results in the property being taxable as class four property under 15-6-134 or as nonqualified~~  
 18 ~~agricultural land as described in 15-6-133(1)(c).~~

19 ~~\_\_\_\_\_ (5) Subject to subsection (8), subsection (1)(a) does not apply to:~~

20 ~~\_\_\_\_\_ (a) school district levies established in Title 20; or~~

21 ~~\_\_\_\_\_ (b) a mill levy imposed for a newly created regional resource authority.~~

22 ~~\_\_\_\_\_ (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received~~  
 23 ~~under 15-6-131 and 15-6-132.~~

24 ~~\_\_\_\_\_ (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:~~

25 ~~\_\_\_\_\_ (a) may increase the number of mills to account for a decrease in reimbursements; and~~

26 ~~\_\_\_\_\_ (b) may not increase the number of mills to account for a loss of tax base because of legislative action~~  
 27 ~~that is reimbursed under the provisions of 15-1-121(7).~~

28 ~~(8)(4) The department shall calculate, on a statewide basis, the number of mills to be imposed for~~  
 29 ~~purposes of 15-10-108, 20-9-331, 20-9-333, 20-9-360, and 20-25-439 [section 37]. However, the number of mills~~  
 30 ~~calculated by the department may not exceed the mill levy limits limit established in those sections [section 37].~~

1 The mill calculation must be established in tenths of mills. If the mill levy calculation does not result in an even  
2 tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill.

3 ~~———— (9) (a) The provisions of subsection (1) do not prevent or restrict:~~

4 ~~———— (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;~~

5 ~~———— (ii) a levy to repay taxes paid under protest as provided in 15-1-402;~~

6 ~~———— (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;~~

7 ~~———— (iv) a levy for the support of a study commission under 7-3-184;~~

8 ~~———— (v) a levy for the support of a newly established regional resource authority;~~

9 ~~———— (vi) the portion that is the amount in excess of the base contribution of a governmental entity's property  
10 tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703; or~~

11 ~~———— (vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining  
12 county under 7-2-2807 upon relocation of a county boundary.~~

13 ~~———— (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes  
14 actually assessed in a subsequent year.~~

15 ~~———— (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,  
16 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport  
17 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating  
18 funds by a county or municipality during that time.~~

19 ~~(11)(5) The department may adopt rules to implement this section. The rules may include a method for  
20 calculating the percentage of change in valuation for purposes of determining the elimination of property, new  
21 improvements, or newly taxable value in a governmental unit the state."~~

22

23 **Section 255.** Section 15-15-101, MCA, is amended to read:

24 **"15-15-101. County tax appeal board -- meetings and compensation.** (1) The board of county  
25 commissioners of each county shall appoint a county tax appeal board, with a minimum of three members and  
26 with the members to serve staggered terms of 3 years each. The members of each county tax appeal board must  
27 be residents of the county in which they serve.

28 (2) (a) The members receive compensation as provided in subsection (2)(b) and travel expenses, as  
29 provided for in 2-18-501 through 2-18-503, only when the county tax appeal board meets to hear taxpayers'  
30 appeals from property tax assessments or when they are attending meetings called by the state tax appeal board.

1 Travel expenses and compensation must be paid from the appropriation to the state tax appeal board.

2 (b) (i) The daily compensation for a member is as follows:

3 (A) \$45 for 4 hours of work or less; and

4 (B) \$90 for more than 4 hours of work.

5 (ii) For the purpose of calculating work hours in this subsection (2)(b), work includes hearing tax appeals,  
6 deliberating with other board members, and attending meetings called by the state tax appeal board.

7 (3) Office space and equipment for the county tax appeal boards must be furnished by the county. All  
8 other incidental expenses must be paid from the appropriation of the state tax appeal board.

9 (4) The county tax appeal board shall hold an organizational meeting each year on the date of its first  
10 scheduled hearing, immediately before conducting the business for which the hearing was otherwise scheduled.  
11 At the organizational meeting, the members shall choose one member as the presiding officer of the board. The  
12 county tax appeal board shall continue in session from July 1 of the current tax year until December 31 of the  
13 current tax year to hear protests concerning assessments made by the department of justice until the business  
14 of hearing protests is disposed of and, as provided in 15-2-201, may meet after December 31.

15 (5) In counties that have appointed more than three members to the county tax appeal board, only three  
16 members shall hear each appeal. The presiding officer shall select the three members hearing each appeal.

17 (6) In connection with an appeal, the county tax appeal board may change any assessment or fix the  
18 assessment at some other level. Upon notification by the county tax appeal board, the county clerk and recorder  
19 shall publish a notice to taxpayers, giving the time the county tax appeal board will be in session to hear  
20 scheduled protests concerning assessments and the latest date the county tax appeal board may take  
21 applications for the hearings. The notice must be published in a newspaper if any is printed in the county or, if  
22 none, then in the manner that the county tax appeal board directs. The notice must be published by May 15 of  
23 the current tax year.

24 ~~(7) Challenges to a department rule governing the assessment of property or to an assessment~~  
25 ~~procedure apply only to the taxpayer bringing the challenge and may not apply to all similarly situated taxpayers~~  
26 ~~unless an action is brought in the district court as provided in 15-1-406."~~

27

28 **Section 256.** Section 15-15-104, MCA, is amended to read:

29 **"15-15-104. Appeal to state tax appeal board.** ~~(1) If the appearance provisions of 15-15-103(1) have~~  
30 ~~been complied with, a~~ A person or the department, on behalf of the state, or any municipal corporation aggrieved



1 by the action of any county tax appeal board may appeal to the state board under 15-2-301.

2 ~~———(2) If an appeal has been automatically granted by a county tax appeal board pursuant to 15-15-103(2);~~  
 3 ~~the department, on behalf of the state, or any municipal corporation aggrieved by the action may appeal to the~~  
 4 ~~state tax appeal board under 15-2-301. The time for filing an appeal commences on receipt by the department~~  
 5 ~~of the written notification required by 15-15-103(2)(b)."~~

6

7 **Section 257.** Section 15-16-102, MCA, is amended to read:

8 **"15-16-102. Time for payment -- penalty for delinquency.** Unless suspended or canceled under the  
 9 provisions of 10-1-606 or Title 15, chapter 24, part 17, all taxes levied and assessed in the state of Montana;  
 10 ~~except assessments made for special improvements in cities and towns payable under 15-16-103;~~ are payable  
 11 as follows:

12 (1) One-half of the taxes are payable on or before 5 p.m. on November 30 of each year or within 30 days  
 13 after the tax notice is postmarked, whichever is later, and one-half are payable on or before 5 p.m. on May 31  
 14 of each year.

15 (2) Unless one-half of the taxes are paid on or before 5 p.m. on November 30 of each year or within 30  
 16 days after the tax notice is postmarked, whichever is later, the amount payable is delinquent and draws interest  
 17 at the rate of 5/6 of 1% a month from and after the delinquency until paid and 2% must be added to the delinquent  
 18 taxes as a penalty.

19 (3) All taxes due and not paid on or before 5 p.m. on May 31 of each year are delinquent and draw  
 20 interest at the rate of 5/6 of 1% a month from and after the delinquency until paid, and 2% must be added to the  
 21 delinquent taxes as a penalty.

22 (4) ~~(a)~~ If the date on which taxes are due falls on a holiday or Saturday, taxes may be paid without  
 23 penalty or interest on or before 5 p.m. of the next business day in accordance with 1-1-307.

24 ~~(b) If taxes on property qualifying under the property tax assistance program provided for in 15-6-305~~  
 25 ~~are paid within 20 calendar days of the date on which the taxes are due, the taxes may be paid without penalty~~  
 26 ~~or interest. If a tax payment is made later than 20 days after the taxes were due, the penalty must be paid and~~  
 27 ~~interest accrues from the date on which the taxes were due.~~

28 (5) (a) A taxpayer may pay current year taxes without paying delinquent taxes. The county treasurer shall  
 29 accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more full tax  
 30 years if taxes for both halves of the current tax year have been paid. Payment of taxes for delinquent taxes must

1 be applied to the taxes that have been delinquent the longest. The payment of taxes for the current tax year is  
2 not a redemption of the property tax lien for any delinquent tax year.

3 (b) A payment by a co-owner of an undivided ownership interest that is subject to a separate assessment  
4 otherwise meeting the requirements of subsection (5)(a) is not a partial payment.

5 (6) The penalty and interest on delinquent assessment payments for specific parcels of land may be  
6 waived by resolution of the city council. A copy of the resolution must be certified to the county treasurer.

7 (7) If the department revises an assessment that results in an additional tax of \$5 or less, an additional  
8 tax is not owed and a new tax bill does not need to be prepared.

9 (8) The county treasurer may accept a partial payment of centrally assessed property taxes as provided  
10 in 76-3-207."

11

12 **Section 258.** Section 15-16-203, MCA, is amended to read:

13 **"15-16-203. (Temporary) Assessment of property previously exempt.** (1) Subject to 15-6-231(3) and  
14 ~~15-10-420~~, real property or improvements exempt from taxation under Title 15, chapter 6, that during a tax year  
15 become subject to taxation must be assessed and taxed from the date of change from a nontaxable status to a  
16 taxable status.

17 (2) As provided in subsection (3), the county treasurer shall adjust the tax that would have been due and  
18 payable for the current year on the property under 15-16-102 if the property was not exempt.

19 (3) To determine the amount of tax due for previously exempt property, the county treasurer shall multiply  
20 the amount of tax levied and assessed on the original taxable value of the property for the year by the ratio that  
21 the number of days in the year that the property will be in taxable status bears to 365.

22 (4) If the property has not been assessed and taxed during the taxable year because of exemption, the  
23 department shall prepare a special assessment for the property and the county treasurer shall determine the  
24 amount of taxes that would have been due under subsection (2).

25 (5) Upon determining the amount of tax due, the county treasurer shall notify the person to whom the  
26 tax is assessed, in the same manner as notification is provided under 15-16-101(2), of the amount due and the  
27 date or dates on which the taxes due are payable as provided in 15-16-102. (Terminates December 31,  
28 2021--sec. 8, Ch. 372, L. 2015.)

29 **15-16-203. (Effective January 1, 2022) Assessment of property previously exempt.** (1) Subject to  
30 ~~15-10-420, real~~ Real property or improvements exempt from taxation under Title 15, chapter 6, that during a tax

1 year become the property of a person subject to taxation must be assessed and taxed from the date of change  
2 from a nontaxable status to a taxable status.

3 (2) As provided in subsection (3), the county treasurer shall adjust the tax that would have been due and  
4 payable for the current year on the property under 15-16-102 if the property was not exempt.

5 (3) To determine the amount of tax due for previously exempt property, the county treasurer shall multiply  
6 the amount of tax levied and assessed on the original taxable value of the property for the year by the ratio that  
7 the number of days in the year that the property will be in taxable status bears to 365.

8 (4) If the property has not been assessed and taxed during the taxable year because of exemption, the  
9 department shall prepare a special assessment for the property and the county treasurer shall determine the  
10 amount of taxes that would have been due under subsection (2).

11 (5) Upon determining the amount of tax due, the county treasurer shall notify the person to whom the  
12 tax is assessed, in the same manner as notification is provided under 15-16-101(2), of the amount due and the  
13 date or dates on which the taxes due are payable as provided in 15-16-102."  
14

15 **Section 259.** Section 15-16-611, MCA, is amended to read:

16 **"15-16-611. Reduction of property tax for property destroyed by natural disaster -- proration of**  
17 **taxes on replaced property.** (1) The department shall, upon showing by a taxpayer that some or all of the  
18 improvements on the taxpayer's real property, that a trailer or mobile home, or that personal property taxed under  
19 Title 15, chapter 6, part 1, has been destroyed to such an extent that the improvements or personal property has  
20 been rendered unsuitable for its previous use by natural disaster, adjust the taxable value on the property,  
21 accounting for the destruction.

22 (2) The county treasurer shall adjust the tax due and payable for the current year on the property under  
23 15-16-102 or on personal property under 15-16-119 ~~or 15-24-202~~ as provided in subsection (3) of this section.

24 (3) To determine the amount of tax due for destroyed property, the county treasurer shall:

25 (a) multiply the amount of tax levied and assessed on the original taxable value of the property for the  
26 year by the ratio that the number of days in the year that the property existed before destruction bears to 365;  
27 and

28 (b) multiply the amount of tax levied and assessed on the adjusted taxable value of the property for the  
29 remainder of the year by the ratio that the number of days remaining in the year after the destruction of the  
30 property bears to 365.

1 (4) This section does not apply to delinquent taxes owed on the destroyed property for a year prior to  
2 the year in which the property was destroyed.

3 (5) A taxpayer receiving a reduction in taxes on personal property under this section shall notify the  
4 department if the taxpayer replaces the destroyed personal property in the same tax year that the personal  
5 property was destroyed. The tax on the personal property replacing the destroyed personal property must be  
6 prorated according to the ratio that the number of days remaining in the year after the property was replaced  
7 bears to 365. A taxpayer who fails to notify the department within 30 days from the date of the replacement of  
8 the personal property is subject to the penalty prescribed in 15-1-303.

9 (6) For the purposes of this section, "natural disaster" includes but is not limited to fire, flood, earthquake,  
10 or wind. A fire is considered a natural disaster regardless of the origin of the fire. However, if the taxpayer is  
11 convicted of arson for burning the property, property taxes may not be adjusted. If the taxes had already been  
12 adjusted prior to the conviction, the original amount must be collected."

13

14 **Section 260.** Section 15-16-613, MCA, is amended to read:

15 **"15-16-613. Refund of certain taxes paid on migratory property.** (1) Subject to the provisions of  
16 15-16-603 through 15-16-605 and upon proof that a property tax was paid in another state on the same property,  
17 a taxpayer whose property is assessed ~~under 15-24-303~~ for a period longer than the actual number of months  
18 that the property is located in the state is entitled to a refund, as provided in this section.

19 (2) To obtain a refund, a taxpayer shall file an application for refund with the board of county  
20 commissioners in the county where the property was originally taxed. If a taxpayer receives an order by the board  
21 of county commissioners pursuant to 15-16-603, the county shall make the refund within the first quarter of the  
22 following fiscal year. The application must be made on a form provided by the department and may require  
23 information as prescribed by rule of the department.

24 (3) The amount of the refund is the difference between the amount of tax paid ~~under 15-24-303~~ and the  
25 tax owed based upon the number of months the property was located in the state for the year. The refund may  
26 not exceed the amount of the tax paid.

27 (4) For the purposes of this section, "month" means any part of a calendar month."

28

29 **Section 261.** Section 15-23-107, MCA, is amended to read:

30 **"15-23-107. Amended assessment.** Whenever the valuation of centrally assessed property is revised

1 under 15-8-601 or 15-23-102, the department shall, within 15 days following the final decision or order, enter the  
 2 revision in the property tax record for each applicable county."

3

4 **Section 262.** Section 15-23-703, MCA, is amended to read:

5 **"15-23-703. Taxation of gross proceeds -- taxable value for nontax purposes.** (1) (a) The  
 6 department shall compute from the reported value of coal gross proceeds a tax roll that must be transmitted to  
 7 the county treasurer on or before September 15 of each year. The department may not levy or assess any mills  
 8 against coal gross proceeds but shall, ~~subject to subsection (1)(b) and~~ except as provided in subsection (1)(c)  
 9 (1)(b), levy a tax of 5% against the value of coal as provided in 15-23-701(4). The county treasurer shall give full  
 10 notice to each coal producer of the taxes due and shall collect the taxes.

11 ~~—— (b) If the county grants a tax abatement for production from a new or expanding underground mine as~~  
 12 ~~provided in 15-23-715, the department shall levy a tax at a rate that would, after providing for payment to the state~~  
 13 ~~of the amount attributable to all applicable state mill levies as if the tax rate were 5%, reduce the tax received by~~  
 14 ~~county taxing jurisdictions and any school district on the new or expanded production by the percentage amount~~  
 15 ~~of the tax abated by the county under 15-23-715.~~

16 ~~(c)~~(b) (i) For tax years beginning after December 31, 2011, the initial tax on coal mined from a new  
 17 underground coal mine is 2.5% against the value of coal as provided in 15-23-701(4) for the first 10 years of coal  
 18 production. After 10 years, coal production from the mine is taxed as provided in subsection (1)(a).

19 (ii) For tax years beginning on or after January 1, 2011, and ending December 31, 2020, the initial tax  
 20 rate under subsection ~~(1)(c)(i)~~ (1)(b)(i) applies to coal mined from an existing underground coal mine producing  
 21 coal from the mine as of December 31, 2010. For tax years beginning after December 31, 2020, coal production  
 22 is taxed as provided in subsection (1)(a).

23 (2) For all nontax purposes, the taxable value of the gross proceeds of coal is 45% of the contract sales  
 24 price as defined in 15-35-102.

25 ~~—— (3) (a) Except as provided in subsections (4) and (7) and subject to subsection (3)(b), coal gross~~  
 26 ~~proceeds taxes must be allocated to the state, county, and school districts in the same relative proportions as~~  
 27 ~~the taxes were distributed in fiscal year 1990.~~

28 ~~—— (b) The county treasurer shall multiply the coal gross proceeds taxes collected in the county under this~~  
 29 ~~part by the relative proportions determined for the state, county, and school districts under subsection (3)(a).~~

30 Those amounts must be distributed as follows:

- 1 ~~———(i) the state share must be distributed in the relative proportions required by levies for state purposes~~  
2 ~~in the same manner as property taxes were distributed in fiscal year 1990;~~
- 3 ~~———(ii) except as provided in subsection (5), the county share must be distributed in the relative proportions~~  
4 ~~required by levies for county purposes, other than an elementary school or high school, in the same manner as~~  
5 ~~property taxes were distributed in the previous fiscal year;~~
- 6 ~~———(iii) except as provided in subsection (6), the school districts' share must be distributed in the relative~~  
7 ~~proportions required by levies for school district purposes in the same manner as property taxes were distributed~~  
8 ~~in the previous fiscal year.~~
- 9 ~~———(4) If there is a distribution of coal gross proceeds from a new or expanding underground mine with a~~  
10 ~~tax abatement as provided under 15-23-715, the county treasurer shall distribute:~~
- 11 ~~———(a) the state's share of the coal gross proceeds determined under subsection (1)(b) in the relative~~  
12 ~~proportion required by the appropriate levies for state purposes; and~~
- 13 ~~———(b) the county's share and any school district's share of the coal gross proceeds determined under~~  
14 ~~subsection (1)(b) as provided in this section.~~
- 15 ~~———(5) The board of county commissioners of a county may direct the county treasurer to reallocate the~~  
16 ~~distribution of coal gross proceeds taxes that would have gone to a taxing unit, as provided in subsection (3)(b)(i);~~  
17 ~~to another taxing unit or taxing units, other than an elementary school or high school, within the county under the~~  
18 ~~following conditions:~~
- 19 ~~———(a) The county treasurer shall first allocate the coal gross proceeds taxes to the taxing units within the~~  
20 ~~county in the same proportion that all other property tax proceeds were distributed in the county in the previous~~  
21 ~~fiscal year.~~
- 22 ~~———(b) If the allocation in subsection (5)(a) exceeds the total budget of a taxing unit, the commissioners may~~  
23 ~~direct the county treasurer to reallocate the excess to any taxing unit within the county.~~
- 24 ~~———(6) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds~~  
25 ~~taxes distributed to the district by the county treasurer under the following conditions:~~
- 26 ~~———(a) The district shall first allocate the coal gross proceeds taxes to the budgeted funds of the district in~~  
27 ~~the same proportion that all other property tax proceeds were distributed in the district in the previous fiscal year.~~
- 28 ~~———(b) If the allocation under subsection (6)(a) exceeds the total budget for a fund, the trustees may~~  
29 ~~reallocate the excess to any budgeted fund of the school district.~~
- 30 ~~———(7) Except as provided in subsections (8) and (9), the county treasurer shall credit all taxes collected~~

1 under this part from coal mines that began production after December 31, 1988, in the relative proportions  
 2 required by the levies for state, county, and school district purposes in the same manner as property taxes were  
 3 distributed in the previous fiscal year.

4 ~~———(8) The board of county commissioners of a county may direct the county treasurer to reallocate the~~  
 5 ~~distribution of coal gross proceeds under subsection (7) in the same manner as provided in subsection (5).~~

6 ~~———(9) The board of trustees of an elementary or high school district may reallocate the coal gross proceeds~~  
 7 ~~taxes distributed to the district by the county treasurer under subsection (7) in the same manner as provided in~~  
 8 ~~subsection (6)."~~

9

10 **Section 263.** Section 15-23-807, MCA, is amended to read:

11 **"15-23-807. Assessment procedures.** The gross proceeds of metal mines shall be assessed under  
 12 the provisions of 15-23-101 through 15-23-104 and 15-23-107."

13

14 **Section 264.** Section 15-24-1209, MCA, is amended to read:

15 **"15-24-1209. Adjustment of taxes for formerly taxed property -- presumption of taxability.** (1) ~~If~~  
 16 ~~the department reduces the amount of taxable property owned by a person or entity because of a determination~~  
 17 ~~that the property consists of the bed of a navigable river or stream, the department shall, as applicable, reduce~~  
 18 ~~the amount of tract land that is taxable or grazing land that is taxable before reducing the amount of irrigated land~~  
 19 ~~or nonirrigated land that is taxable.~~

20 ~~———(2) In the absence of adjudication by a court of competent jurisdiction of the ownership of the bed of any~~  
 21 ~~river or stream, it is the policy of the state that the department shall assess all taxable land that is part of the bed~~  
 22 ~~and banks of a river or stream to the owner of record of the property.~~

23 ~~(3)(2)~~ The department shall notify landowners of their right to request and shall provide upon request  
 24 a revised assessment for tax year 2008 for the bed of any stream:

25 (a) not adjudicated to be navigable by a court of competent jurisdiction; or

26 (b) not determined navigable at the time of the original federal government surveys of the public land  
 27 as evidenced by the recorded and monumented surveys of the meander lines of the river."

28

29 **Section 265.** Section 15-24-1410, MCA, is amended to read:

30 **"15-24-1410. (Temporary) Manufacturer of ammunition components -- exemption from statewide**

1 **property taxes.** As provided in 30-20-204, property used in the manufacture of ammunition components is  
 2 exempt from the property taxes ~~levied for state educational purposes under 15-10-108, 20-9-331, 20-9-333,~~  
 3 ~~20-9-360, and 20-25-439.~~ The exemption must be administered and applied for as provided in Title 30, chapter  
 4 20, part 2. (Terminates December 31, 2024--sec. 16, Ch. 440, L. 2015.)"

5

6 **Section 266.** Section 15-24-3001, MCA, is amended to read:

7 **"15-24-3001. Electrical generation and transmission facility exemption -- definitions.** (1) (a) Except  
 8 as provided in subsections (1)(b) and (3), an electrical generation facility and related delivery facilities constructed  
 9 in the state of Montana after May 5, 2001, and before January 1, 2006, may be exempt from property taxation  
 10 for a 10-year period beginning on the date that an owner or operator of an electrical generation facility and related  
 11 delivery facilities commences to construct the facility as defined in 75-20-104(6)(a) and (6)(b). In order to be  
 12 exempt from property taxation, an owner and operator of an electrical generation facility and related delivery  
 13 facilities shall offer contracts to sell 50% of that facility's net generating output at a cost-based rate, which includes  
 14 a rate of return not to exceed 12%, to customers for a 20-year period from the date of the facility's completion.

15 (b) The property tax exemption allowed under subsection (1)(a) is limited to a 5-year period for  
 16 generation facilities powered by oil or gas turbines.

17 (2) To the extent that 50% of the net generating output of the facility is not contracted for delivery to  
 18 consumers for a contract term extending 5 years to 20 years from the completion of the facility, as determined  
 19 by the owner, surplus capacity must be offered on a declining contract term basis for the remainder of the contract  
 20 period at a cost-based rate that includes a rate of return not to exceed 12%. Surplus capacity that is not  
 21 contracted for in this fashion may be sold at market rates.

22 (3) (a) Except as provided in subsection (3)(c), if an owner or operator of property exempt from taxation  
 23 under subsection (1)(a) signs a contract to sell power as required in subsection (1) and then fails to perform the  
 24 contract during the first 10-year period, the 10-year property tax exemption in subsection (1) is void and the  
 25 property is subject to a rollback tax as provided in 15-24-3002.

26 (b) Except as provided in subsection (3)(c), if an owner or operator of property exempt from taxation  
 27 under subsection (1)(b) signs a contract to sell power as required in subsection (1) and then fails to perform the  
 28 contract during the first 5-year period, the 5-year property tax exemption in subsection (1) is void and the property  
 29 is subject to a rollback tax as provided in 15-24-3002.

30 (c) If an owner or operator fails to perform the contract due to earthquakes or other acts of God, theft,



1 sabotage, acts of war, other social instabilities, or equipment failure, the property tax exemption in subsection  
2 (1)(a) or (1)(b) is not void and the owner or operator is not subject to the rollback tax as provided in 15-24-3002.

3 (4) For the purposes of this section, the following definitions apply:

4 (a) (i) "Electrical generation facility" means any combination of a physically connected generator or  
5 generators, associated prime movers, and other associated property, including appurtenant land and  
6 improvements and personal property, that are normally operated together to produce 20 average megawatts or  
7 more of electric power. The term is limited to generating facilities that produce electricity from coal-fired steam  
8 turbines, oil or gas turbines, or turbine generators that are driven by falling water.

9 (ii) The term does not include:

10 (A) electrical generation facilities used for noncommercial purposes or exclusively for agricultural  
11 purposes; or

12 (B) a qualifying small power production facility, as that term is defined in 16 U.S.C. 796(17), that is owned  
13 and operated by a person not primarily engaged in the generation or sale of electricity other than electric power  
14 from a small power production facility ~~and that is classified under 15-6-134 and 15-6-138.~~

15 (b) "Related delivery facilities" means transmission facilities necessary to deliver the energy from the  
16 electrical generation facility to the existing network transmission system.

17 (c) "Surplus capacity" means that portion of the 50% of net generating output not contracted for use.

18 (5) The department shall appraise exempt electrical generation facilities for each year that the property  
19 is exempt and determine the taxable value of the property as if it were subject to property taxation."  
20

21 **Section 267.** Section 15-24-3006, MCA, is amended to read:

22 **"15-24-3006. Electrical energy generation impact fee reserve account.** (1) The governing body of  
23 a county receiving impact fees under 15-24-3004(2)(b) or 15-24-3005(4) shall establish an electrical energy  
24 generation impact fee reserve account to be used to hold the collections. ~~Money held in the account may not be  
25 considered as cash balance for the purpose of reducing mill levies.~~

26 (2) Money may be expended from the account for any purpose of an interlocal agreement provided for  
27 in 15-24-3004 or 15-24-3005. The county treasurer shall distribute money in the account to each local  
28 governmental unit according to the terms of the interlocal agreement.

29 (3) Money in the account must be invested as provided by law. Interest and income from the investment  
30 of the electrical energy generation impact fee reserve account must be credited to the account."

1

2           **Section 268.** Section 15-24-3007, MCA, is amended to read:

3           **"15-24-3007. Electrical generation impact fund.** (1) A local governmental unit, as defined in  
4 15-24-3005, and a school district that receives impact fees pursuant to 15-24-3004(2)(a), 15-24-3005(2), or  
5 15-24-3006 shall establish an electrical generation impact fund for the deposit of the fees. A local governmental  
6 unit or school district may retain the money in the fund for any time period considered appropriate by the  
7 governing body of the local governmental unit or school district. ~~Money retained in the fund may not be  
8 considered as fund balance for the purpose of reducing mill levies.~~

9           (2) Money may be expended from the fund for any purpose allowed by law.

10           (3) Money in the fund must be invested as provided by law. Interest and income earned on the  
11 investment of money in the fund must be credited to the fund.

12           (4) The fund must be financially administered as a nonbudgeted fund by a city, town, or county under  
13 the provisions of Title 7, chapter 6, part 40, or by a school district under the provisions of Title 20, chapter 9, part  
14 5."

15

16           **Section 269.** Section 15-39-110, MCA, is amended to read:

17           **"15-39-110. Distribution of taxes to guarantee account.** ~~(1) (a) For each semiannual period, the  
18 department shall determine the amount of tax, late payment interest, and penalties collected under this part from  
19 bentonite mines that produced bentonite before January 1, 2005. The tax is distributed as provided in subsections  
20 (2) through (9):~~

21 ~~—— (b) For each semiannual period, the department shall determine the amount of tax, late payment interest,  
22 and penalties collected under this part from bentonite mines that first began producing bentonite after December  
23 31, 2004. The tax is distributed as provided in subsection (10):~~

24 ~~—— (2) The percentage of the tax determined under subsection (1)(a) and specified in subsections (3)  
25 through (9) is allocated according to the following schedule:~~

26 ~~—— (a) 2.33% to the state special revenue fund to be appropriated to the Montana university system for the  
27 purposes of the state tax levy as provided in 15-10-108;~~

28 ~~—— (b) 18.14% to the state general fund to be appropriated for the purposes of the tax levies as provided  
29 in 20-9-331, 20-9-333, and 20-9-360;~~

30 ~~—— (c) 3.35% to Carbon County to be distributed in proportion to current fiscal year mill levies in the taxing~~

1 jurisdictions in which production occurs, except a distribution may not be made for county and state levies under  
2 15-10-108, 20-9-331, 20-9-333, and 20-9-360; and  
3 ~~———(d) 76.18% to Carter County to be distributed in proportion to current fiscal year mill levies in the taxing~~  
4 jurisdictions in which production occurs, except a distribution may not be made for county and state levies under  
5 15-10-108, 20-9-331, 20-9-333, and 20-9-360.  
6 ~~———(3) For the production of bentonite occurring after December 31, 2008, and before January 1, 2010, 60%~~  
7 ~~of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 40% must~~  
8 ~~be distributed as provided in subsection (10).~~  
9 ~~———(4) For the production of bentonite occurring after December 31, 2009, and before January 1, 2011, 50%~~  
10 ~~of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 50% must~~  
11 ~~be distributed as provided in subsection (10).~~  
12 ~~———(5) For the production of bentonite occurring after December 31, 2010, and before January 1, 2012, 40%~~  
13 ~~of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 60% must~~  
14 ~~be distributed as provided in subsection (10).~~  
15 ~~———(6) For the production of bentonite occurring after December 31, 2011, and before January 1, 2013, 30%~~  
16 ~~of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 70% must~~  
17 ~~be distributed as provided in subsection (10).~~  
18 ~~———(7) For the production of bentonite occurring after December 31, 2012, and before January 1, 2014, 20%~~  
19 ~~of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 80% must~~  
20 ~~be distributed as provided in subsection (10).~~  
21 ~~———(8) For the production of bentonite occurring after December 31, 2013, and before January 1, 2015, 10%~~  
22 ~~of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 90% must~~  
23 ~~be distributed as provided in subsection (10).~~  
24 ~~———(9) For the production of bentonite occurring in tax years beginning after December 31, 2014, 100% of~~  
25 ~~the tax determined under subsection (1)(a) must be distributed as provided in subsection (10).~~  
26 ~~———(10) For the production of bentonite, 100% of the tax determined under subsection (1)(b) and the~~  
27 ~~distribution percentages determined under subsections (3) through (9) are allocated according to the following~~  
28 ~~schedule:~~  
29 ~~———(a) 1.30% to the state special revenue fund to be appropriated to the Montana university system for the~~  
30 ~~purposes of the state tax levy as provided in 15-10-108;~~

1 ~~—— (b) 20.75% to the state general fund to be appropriated for the purposes of the tax levies as provided~~  
 2 ~~in 20-9-331, 20-9-333, and 20-9-360;~~

3 ~~—— (c) 77.95% to the county in which production occurred to be distributed in proportion to current fiscal year~~  
 4 ~~mill levies in the taxing jurisdictions in which production occurs, except a distribution may not be made for county~~  
 5 ~~and state levies under 15-10-108, 20-9-331, 20-9-333, and 20-9-360.~~

6 ~~—— (11) The department shall remit the amounts to be distributed in this section to the county treasurer by~~  
 7 ~~the following dates:~~

8 ~~—— (a) On or before October 1 of each year, the department shall remit the county's share of bentonite~~  
 9 ~~production tax payments received for the semiannual period ending June 30 of the current year to the county~~  
 10 ~~treasurer.~~

11 ~~—— (b) On or before April 1 of each year, the department shall remit the county's share of bentonite~~  
 12 ~~production tax payments received to the county treasurer for the semiannual period ending December 31 of the~~  
 13 ~~previous year.~~

14 ~~—— (12) (a) The department shall also provide to each county the amount of gross yield of value from~~  
 15 ~~bentonite, including royalties, for the previous calendar year. Thirty-three and one-third percent of the gross yield~~  
 16 ~~of value must be treated as taxable value for determining school district debt limits under 20-9-406.~~

17 ~~—— (b) The percentage amount of the gross yield of value determined under subsection (12)(a) must be~~  
 18 ~~treated as assessed value under 15-8-111 for the purposes of local government debt limits and other bonding~~  
 19 ~~provisions as provided by law.~~

20 ~~—— (13) The bentonite tax proceeds are statutorily appropriated, as provided in 17-7-502, to the department~~  
 21 ~~for distribution as provided in this section must be deposited in the guarantee account provided for in 20-9-622."~~

22

23 **Section 270.** Section 15-68-101, MCA, is amended to read:

24 **"15-68-101. Definitions.** For purposes of this chapter, unless the context requires otherwise, the  
 25 following definitions apply:

26 (1) (a) "Accommodations" means a building or structure containing individual sleeping rooms or suites  
 27 that provides overnight lodging facilities for periods of less than 30 days to the general public for compensation.

28 (b) ~~Accommodations~~ The term includes a facility represented to the public as a hotel, motel,  
 29 campground, resort, dormitory, condominium inn, dude ranch, guest ranch, hostel, public lodginghouse, or bed  
 30 and breakfast facility.

1 (c) The term does not include a health care facility, as defined in 50-5-101, ~~any facility owned by a~~  
2 ~~corporation organized under Title 35, chapter 2 or 3, that is used primarily by persons under 18 years of age for~~  
3 ~~camping purposes, any hotel, motel, hostel, public lodginghouse, or bed and breakfast facility whose average~~  
4 ~~daily accommodation charge for single occupancy does not exceed 60% of the amount authorized under~~  
5 ~~2-18-501 for the actual cost of lodging for travel within the state of Montana, or any other facility that is rented~~  
6 solely on a monthly basis or for a period of 30 days or more.

7 (2) ~~(a)~~ "Admission" means payment made for the privilege of being admitted to a facility, place, or event.

8 ~~(b) The term does not include payment for admittance to a movie theater or to a sporting event~~  
9 ~~sanctioned by a school district, college, or university.~~

10 (3) "Agreement" means the streamlined sales tax and use tax agreement provided for in [sections 17  
11 through 24].

12 (4) "Agricultural product" means property used or produced in the course of an agricultural or livestock  
13 business, including but not limited to crops, fiber commodities, seed legumes, seed grasses, seed grains, fruits  
14 and vegetables, sod, feed for livestock, semen, ova, embryos used in animal husbandry, roots, bulbs, soil  
15 conditioners and fertilizers, insecticides, insects used to control weeds or the population of other insects,  
16 fungicides, weedicides, and herbicides, and water for commercial irrigation.

17 (5) "Alcoholic beverages" means beverages that are suitable for human consumption and contain 1/2 of  
18 1% or more of alcohol by volume.

19 ~~(3)(6)~~ (a) "Base rental charge" means the following:

20 (i) charges for time of use of the rental vehicle and mileage, if applicable;

21 (ii) charges accepted by the renter for personal accident insurance;

22 (iii) charges for additional drivers or underage drivers; and

23 (iv) charges for child safety restraints, luggage racks, ski racks, or other accessory equipment for the  
24 rental vehicle.

25 (b) The term does not include:

26 (i) rental vehicle price discounts allowed and taken;

27 (ii) rental charges or other charges or fees imposed on the rental vehicle owner or operator for the  
28 privilege of operating as a concessionaire at an airport terminal building;

29 (iii) motor fuel;

30 (iv) intercity rental vehicle drop charges; or

1 (v) taxes imposed by the federal government or by state or local governments.

2 (7) "Camp" means a facility, place, or location in which persons are provided, for payment, instruction  
3 or recreation in conjunction with room and board for a limited period of time, typically measured in days or weeks.

4 ~~(4)(8)~~ (a) "Campground" means a place used for public camping where persons may camp, secure tents,  
5 or park individual recreational vehicles for camping and sleeping purposes.

6 (b) The term does not include that portion of a trailer court, trailer park, or mobile home park intended  
7 for occupancy by trailers or mobile homes for resident dwelling purposes for periods of 30 consecutive days or  
8 more.

9 (9) "Certified automated system" has the meaning provided in [section 18].

10 (10) "Certified service provider" has the meaning provided in [section 18].

11 (11) "Computer" means an electronic device that accepts information in a digital or similar form and  
12 manipulates it for a result based on a sequence of instructions.

13 (12) "Computer software" means a set of coded instructions designed to cause a computer or automatic  
14 data processing equipment to perform a task.

15 (13) "Delivery charges" means charges by the seller of personal property or services for preparation and  
16 delivery to a location designated by the purchaser of personal property or services, including but not limited to  
17 transportation, shipping, postage, handling, crating, and packing.

18 (14) "Dietary supplement" means any product, other than tobacco, intended to supplement the diet that:

19 (a) contains one or more of the following dietary ingredients:

20 (i) a vitamin;

21 (ii) a mineral;

22 (iii) an herb or other botanical;

23 (iv) an amino acid;

24 (v) a dietary substance for use by humans to supplement the diet by increasing the total dietary intake;

25 or

26 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient described in this  
27 subsection (14)(a):

28 (b) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form or, if not intended  
29 for ingestion in such a form, is not represented as conventional food and is not represented for use as a sole item  
30 of a meal or of the diet; and

1 (c) is required to be labeled as a dietary supplement, identifiable by the "supplement facts" box found  
2 on the label and as required pursuant to 21 CFR 101.36.

3 (15) "Drug" means a compound, substance, or preparation and any component of a compound,  
4 substance, or preparation, other than food and food ingredients, dietary supplements, or alcoholic beverages:

5 (a) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the  
6 United States, or official National Formulary and any supplement to them;

7 (b) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or

8 (c) intended to affect the structure or any function of the body.

9 (16) (a) "Durable medical equipment" means equipment, including repair and replacement parts for  
10 equipment, that:

11 (i) can withstand repeated use;

12 (ii) is primarily and customarily used to serve a medical purpose;

13 (iii) generally is not useful to a person in the absence of illness or injury; and

14 (iv) is not worn in or on the body.

15 (b) The term does not include mobility-enhancing equipment.

16 (17) "Electronic" means technology that relates to having electrical, digital, magnetic, wireless, optical,  
17 electromagnetic, or similar capabilities.

18 ~~(5)~~(18) "Engaging in business" means carrying on or causing to be carried on any activity with the  
19 purpose of receiving direct or indirect benefit.

20 (19) "Food and food ingredients" means any food or food product that is available for purchase under  
21 the federal supplemental nutrition assistance program provided for in 7 U.S.C. 2012.

22 (20) "Grooming and hygiene products" means soaps and cleaning solutions, shampoo, toothpaste,  
23 mouthwash, antiperspirants, and suntan lotions and sunscreens, regardless of whether the items meet the  
24 definition of over-the-counter drugs.

25 (21) "Guided recreation and sightseeing" means recreational activities or sightseeing in which a service  
26 provider, for payment, accompanies or provides direction or instruction to the purchaser.

27 ~~(6)~~(22) (a) "Lease", "leasing", or "rental" means any transfer of possession or control of tangible personal  
28 property for a fixed or indeterminate term for consideration. A lease or rental may include future options to  
29 purchase or extend.

30 (b) Lease or rental includes agreements covering motor vehicles and trailers when the amount of

1 consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the  
2 property, as defined in 26 U.S.C. 7701(h)(1).

3 (c) The term does not include:

4 (i) a transfer of possession or control of property under a security agreement or deferred payment plan  
5 that requires the transfer of title upon completion of the required payments;

6 (ii) a transfer of possession or control of property under an agreement that requires the transfer of title  
7 upon completion of required payments and payment of an option price that does not exceed the greater of \$100  
8 or 1% of the total required payments; or

9 (iii) providing tangible personal property with an operator if an operator is necessary for the equipment  
10 to perform as designed and not just to maintain, inspect, or set up the tangible personal property.

11 (d) This definition must be used for sales tax and use tax purposes regardless of whether a transaction  
12 is characterized as a lease or rental under generally accepted accounting principles, the Internal Revenue Code,  
13 the Montana Uniform Commercial Code, or other provisions of federal, state, or local law.

14 (e) This definition must be applied only prospectively from the date of adoption and has no retroactive  
15 impact on existing leases or rentals.

16 (23) "Livestock" has the meaning provided for in 15-1-101.

17 (24) "Livestock product" means property used or produced in the course of an agricultural or livestock  
18 business, including but not limited to livestock, live poultry, bees, domestic animals and wildlife in domestication  
19 or a captive environment, unprocessed agricultural products, hides, mohair, pelts, and wool.

20 (25) "Maintaining an office or other place of business" means:

21 (a) a person having or maintaining within this state, directly or by a subsidiary, an office, distribution  
22 house, sales house, warehouse, or place of business; or

23 (b) an agent operating within this state under the authority of the person or its subsidiary, whether the  
24 place of business or agent is located within the state permanently or temporarily or whether or not the person or  
25 its subsidiary is authorized to do business within this state.

26 (26) (a) "Manufacturing" means combining or processing components or materials, including the  
27 processing of ores in a mill, smelter, refinery, or reduction facility, to increase their value for sale in the ordinary  
28 course of business.

29 (b) The term does not include construction.

30 (27) (a) "Mobility-enhancing equipment" means equipment, including repair and replacement parts, that:



1 (i) is primarily and customarily used to provide or increase the ability to move from one place to another  
2 and that is appropriate for use either in a home or in a motor vehicle;

3 (ii) is not generally used by persons with normal mobility; and

4 (iii) does not include a motor vehicle or equipment on a motor vehicle normally provided by a motor  
5 vehicle manufacturer.

6 (b) The term does not include durable medical equipment.

7 ~~(7)~~(28) (a) "Motor vehicle" means a light vehicle as defined in 61-1-101, a motorcycle as defined in  
8 61-1-101, a motor-driven cycle as defined in 61-1-101, a quadricycle as defined in 61-1-101, a motorboat or a  
9 sailboat as defined in 23-2-502, or an off-highway vehicle as defined in 23-2-801 that:

10 (i) is rented for a period of not more than 30 days;

11 (ii) is rented without a driver, pilot, or operator; and

12 (iii) is designed to transport 15 or fewer passengers.

13 (b) ~~Motor vehicle~~ The term includes:

14 (i) a rental vehicle rented pursuant to a contract for insurance; and

15 (ii) a truck, trailer, or semitrailer that has a gross vehicle weight of less than 22,000 pounds, that is rented  
16 without a driver, and that is used in the transportation of personal property.

17 (c) The term does not include farm vehicles, machinery, or equipment.

18 (29) (a) "Over-the-counter drug" means a drug that contains a label that identifies the product as a drug,  
19 as required by 21 CFR 201.66.

20 (b) An over-the-counter drug label includes:

21 (i) a drug facts panel; or

22 (ii) a statement of the active ingredients with a list of those ingredients contained in the compound,  
23 substance, or preparation.

24 (c) The term does not include grooming and hygiene products.

25 ~~(8) "Permit" or "seller's permit" means a seller's permit as described in 15-68-401.~~

26 ~~(9)~~(30) "Person" means an individual, estate, trust, fiduciary, corporation, partnership, limited liability  
27 company, limited liability partnership, or any other legal entity.

28 (31) "Prepared food" means:

29 (a) food sold in a heated state or heated by the seller;

30 (b) two or more food ingredients mixed or combined by the seller for sale as a single item; or

1 (c) food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses,  
2 cups, napkins, or straws.

3 (32) "Prescription" means an order, formula, or recipe issued in any form of oral, written, electronic, or  
4 other means of transmission by a licensed practitioner as authorized by the laws of Montana.

5 (33) "Prosthetic device" means a replacement, corrective, or supportive device, including repair and  
6 replacement parts, worn on or in the body to:

7 (a) artificially replace a missing portion of the body;

8 (b) prevent or correct a physical deformity or malfunction; or

9 (c) support a weak or deformed portion of the body.

10 ~~(10)~~(34) "Purchaser" means a person to whom a sale of personal property is made or to whom a service  
11 is furnished.

12 (35) "Recreation fees" means money paid for participating in or observing sporting, athletic, sightseeing,  
13 or recreational activities.

14 ~~(11)~~(36) "Rental vehicle" means a motor vehicle that is used for or by a person other than the owner of  
15 the motor vehicle through an arrangement and for consideration.

16 ~~(12)~~(37) "Retail sale" means any sale, lease, or rental for any purpose other than for resale, sublease,  
17 or subrent.

18 ~~(13)~~(38) "Sale" or "selling" means the any transfer, exchange, or barter, conditional or otherwise, of  
19 property for consideration or the performance of a service for consideration.

20 ~~(14)~~(39) (a) "Sales price" applies to the measure subject to sales tax and means the total amount or  
21 consideration, including cash, credit, property, and services, for which personal property or services are sold,  
22 leased, or rented or valued in money, whether received in money or otherwise, without any deduction for the  
23 following:

24 (i) the seller's cost of the property sold;

25 (ii) the cost of materials used, labor or service costs, interest, losses, all costs of transportation to the  
26 seller, all taxes imposed on the seller, and any other expense of the seller;

27 (iii) charges by the seller for any services necessary to complete the sale, other than delivery and  
28 installation charges;

29 (iv) delivery charges;

30 (v) installation charges;

1 (vi) the value of exempt personal property given to the purchaser when taxable and exempt personal  
2 property have been bundled together and sold by the seller as a single product or piece of merchandise; and

3 (vii) credit for any trade-in.

4 ~~(b) The amount received for charges listed in subsections (14)(a)(iii) through (14)(a)(vii) are excluded~~  
5 ~~from the sales price if they are separately stated on the invoice, billing, or similar document given to the~~  
6 ~~purchaser.~~

7 ~~(e)(b)~~ The term does not include:

8 (i) discounts, including cash, term, or coupons that are not reimbursed by a third party that are allowed  
9 by a seller and taken by a purchaser on a sale;

10 (ii) interest, financing, and carrying charges from credit extended on the sale of personal property or  
11 services if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser;

12 or

13 (iii) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of  
14 sale, or similar document given to the purchaser.

15 ~~(d)(c)~~ In an exchange in which the money or other consideration received does not represent the value  
16 of the property or service exchanged, sales price means the reasonable value of the property or service  
17 exchanged.

18 ~~(e)(d)~~ When the sale of property or services is made under any type of charge or conditional or  
19 time-sales contract or the leasing of property is made under a leasing contract, the seller or lessor shall treat the  
20 sales price, excluding any type of time-price differential, under the contract as the sales price at the time of the  
21 sale.

22 ~~(15)(40)~~ "Sales tax" and "use tax" mean the applicable tax imposed by 15-68-102.

23 ~~(16)(41)~~ "Seller" means a person that makes sales, leases, or rentals of personal property or services.

24 ~~(17)(42)~~ (a) "Service" means an activity that is engaged in for another person for ~~consideration and that~~  
25 ~~is a fee, retainer, commission, or other monetary charge, which activities involve predominantly the performance~~  
26 ~~of a service as~~ distinguished from the sale or lease of property. Service includes but is not limited to:

27 (i) activities performed by a person for its members or shareholders;

28 (ii) admission;

29 (iii) camp tuition;

30 (iv) guided recreation and sightseeing;

- 1           (v) sporting, athletic, or recreational activities;  
2           (vi) recreation fees;  
3           (vii) rental or lease of sporting goods;  
4           (viii) refuse collection;  
5           (ix) telecommunications services; and  
6           (x) utility services.  
7           (b) A service is taxable even if it is provided by a government agency.  
8           ~~(b)~~(c) In determining what a service is, the intended use, principal objective, or ultimate objective of the  
9 contracting parties is irrelevant.  
10           (d) The term does not include services rendered by an employee for an employer or services exempt from  
11 tax under this chapter.  
12           (43) "Sightseeing" means engaging in a tour or trip for pleasure or culture.  
13           (44) "Sporting, athletic, or recreational activities" means activities commonly performed for pleasure,  
14 competition, or fitness purposes. The following list contains examples and is not an all-inclusive list:  
15           (a) horseback riding;  
16           (b) climbing, trekking, and mountaineering;  
17           (c) biking;  
18           (d) golfing;  
19           (e) baseball, football, hockey, volleyball, tennis, basketball, and soccer;  
20           (f) hunting and fishing;  
21           (g) boating, canoeing, jet skiing, rafting, kayaking, and parasailing;  
22           (h) camping and backpacking;  
23           (i) swimming and diving;  
24           (j) bowling and ice skating;  
25           (k) skiing, snowmobiling, snow boarding, and snowshoeing;  
26           (l) hang gliding and ballooning; and  
27           (m) motorcycling, four-wheeling, and riding all-terrain vehicles.  
28           (45) "Sporting goods" means items designed for human use and worn or used in conjunction with  
29 sporting, athletic, or recreational activities.  
30           (46) "Tangible personal property" means personal property that can be seen, weighed, measured, felt,

1 or touched or that is in any other manner perceptible to the senses. The term includes but is not limited to  
2 agricultural products, clothing, computer software, crops, dairy products, electricity, gas, livestock, livestock  
3 products, property used in manufacturing, property used in mining or processing of ores or petroleum, sporting  
4 goods, timber, steam, and water.

5 (47) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains  
6 tobacco.

7 ~~(48)~~(48) "Use" or "using" includes use, consumption, or storage, other than ~~storage for resale or for use~~  
8 solely outside this state, in the ordinary course of business."  
9

10 **Section 271.** Section 15-68-102, MCA, is amended to read:

11 **"15-68-102. Imposition and rate of sales tax and use tax -- exceptions -- tax holiday.** (1) A sales  
12 tax of the following percentages is imposed on sales of the following property or services:

13 (a) 3% on accommodations and campgrounds;

14 (b) 4% on the base rental charge for rental vehicles-;

15 (c) 2% on tangible personal property; and

16 (d) 2% on services.

17 (2) (a) The sales tax is imposed on the purchaser and must be collected by the seller and paid to the  
18 department by the seller. The seller holds all sales taxes collected in trust for the state. The sales tax must be  
19 applied to the sales price.

20 (b) A sale of property or services is taxable, even if the sale is made:

21 (i) for the purpose of manufacturing; or

22 (ii) to a purchaser that does not use the property or service in any manner other than holding it for sale  
23 or lease or selling or leasing it in the ordinary course of business.

24 (3) (a) For the privilege of using property or services within this state, there is imposed on the person  
25 using the following property or services a use tax equal to the following percentages of the value of the property  
26 or services:

27 (i) 3% on accommodations and campgrounds;

28 (ii) 4% on the base rental charge for rental vehicles-;

29 (iii) 2% on tangible personal property; and

30 (iv) 2% on services.

- 1 (b) The use tax is imposed on property or services that were:
- 2 (i) acquired outside this state as the result of a transaction that would have been subject to the sales tax  
3 had it occurred within this state;
- 4 (ii) acquired within the exterior boundaries of an Indian reservation within this state as a result of a  
5 transaction that would have been subject to the sales tax had it occurred outside the exterior boundaries of an  
6 Indian reservation within this state;
- 7 (iii) acquired as the result of a transaction that was not initially subject to the sales tax imposed by  
8 subsection (1) or the use tax imposed by subsection (3)(a) but ~~which transaction, that~~ because of the buyer's  
9 subsequent use of the property; is subject to the sales tax or use tax; or
- 10 (iv) rendered as the result of a transaction that was not initially subject to the sales tax or use tax but that  
11 because of the buyer's subsequent use of the services is subject to the sales tax or use tax.
- 12 (4) For purposes of this section, the value of property must be determined as of the time of acquisition,  
13 introduction into this state, or conversion to use, whichever is latest.
- 14 (5) The sale or use of property or services exempt or nontaxable under this chapter is exempt from the  
15 tax imposed in subsections (1) and (3).
- 16 (6) ~~Lodging facilities and campgrounds are exempt from the tax imposed in subsections (1)(a) and~~  
17 ~~(3)(a)(i) until October 1, 2003, for contracts entered into prior to April 30, 2003, that provide for a guaranteed~~  
18 ~~charge for accommodations or campgrounds~~ A sales tax is not imposed under subsections (1) for sales and  
19 services that occur from October 20 through November 20.
- 20 (7) If permitted by the agreement, the department may adopt rules that allow a seller to incorporate the  
21 rate of tax imposed under subsection (1) in the final sales price."

- 22
- 23 **Section 272.** Section 15-68-110, MCA, is amended to read:
- 24 **"15-68-110. Collection of sales tax and use tax -- listing of business locations and agents --**  
25 **severability.** (1) ~~A~~ Except when the purchaser has a direct payment permit as provided in [section 26], a person  
26 engaging in the business of selling property or services subject to taxation under this chapter shall collect the  
27 sales tax from the purchaser and pay the sales tax collected to the department.
- 28 (2) (a) A person who solicits or exploits the consumer market within this state by regularly and  
29 systematically performing an activity within this state and whose sales are not subject to the sales tax shall collect  
30 the use tax from the purchaser and pay the use tax collected to the department.

1           (b) For the purposes of this section, "activity" includes but is not limited to engaging in any of the  
2 following within this state:

3           (i) maintaining an office or other place of business that solicits orders through employees or independent  
4 contractors;

5           (ii) canvassing;

6           (iii) demonstrating;

7           (iv) collecting money;

8           (v) warehousing or storing merchandise;

9           (vi) delivering or distributing products as a consequence of an advertising or other sales program directed  
10 at potential customers;

11           (vii) to the extent permitted by federal law, soliciting orders for property by means of the internet,  
12 telecommunications, or a television shopping system or by providing telecommunications services that use toll  
13 or toll-free numbers and that are intended to be broadcast by cable television or other means to consumers within  
14 this state;

15           (viii) soliciting orders, pursuant to a contract with a broadcaster or publisher located within this state, for  
16 property by means of advertising that is disseminated primarily to consumers located within this state and only  
17 secondarily to bordering jurisdictions;

18           (ix) soliciting orders for property by mail through the distribution of catalogs, periodicals, advertising flyers,  
19 or other advertising;

20           (x) soliciting orders, pursuant to a contract with a cable television operator located within this state, for  
21 property by means of advertising transmitted or distributed over a cable television system within this state; or

22           (xi) participating in an act that benefits from banking, financing, debt collection, telecommunications, or  
23 marketing activities occurring within this state or that benefits from the location within this state of authorized  
24 installation, servicing, or repair facilities.

25           (3) Multistate registration pursuant to the agreement may not be used as a factor to determine whether  
26 the person is conducting an activity within the state subjecting the person to the sales tax or use tax.

27           ~~(2)~~(4) A person engaging in business within this state shall, before making any sales subject to this  
28 chapter, ~~obtain a seller's permit~~ register as a seller, as provided in 15-68-401, and at the time of making a sale,  
29 whether within or outside the state, collect the sales tax imposed by 15-68-102 from the purchaser and give to  
30 the purchaser a receipt, in the manner and form prescribed by rule, for the sales tax paid.

1           ~~(3)~~(5) The department may authorize the collection of the sales tax imposed by 15-68-102 by any retailer  
2 who does not maintain a place of business within this state but who, to the satisfaction of the department, is in  
3 compliance with the law. When authorized, the person shall collect the use tax upon all property and services  
4 that, to the person's knowledge, are for use within this state and subject to taxation under this chapter.

5           ~~(4)~~(6) All sales tax and use tax required to be collected and all sales tax and use tax collected by any  
6 person under this chapter constitute a debt owed to this state by the person required to collect the sales tax and  
7 use tax.

8           ~~(5)~~(7) A person engaging in business within this state that is subject to this chapter shall provide to the  
9 department:

10           (a) the names and addresses of all of the person's agents operating within this state; and

11           (b) the location of each of the person's distribution houses or offices, sales houses or offices, and other  
12 places of business within this state.

13           ~~(6)~~(8) If any application of this section is held invalid, the application to other situations or persons is not  
14 affected."

15

16           **Section 273.** Section 15-68-201, MCA, is amended to read:

17           **"15-68-201. Nontaxable transaction certificate -- requirements.** (1) A nontaxable transaction  
18 certificate executed by a buyer or lessee must be in the possession of the seller or lessor at the time that a  
19 nontaxable transaction occurs.

20           (2) A nontaxable transaction certificate must contain the information and be in the form prescribed by  
21 the department.

22           (3) Only a buyer or lessee who has registered with the department and whose seller's permit registration  
23 is valid may execute a nontaxable transaction certificate.

24           (4) If the seller or lessor accepts a nontaxable transaction certificate within the required time and believes  
25 in good faith that the buyer or lessee will employ the property or service transferred in a nontaxable manner, the  
26 properly executed nontaxable transaction certificate is considered conclusive evidence that the sale is  
27 nontaxable. If an incorrect claim was made with the intent to evade the payment of the sales tax, the purchaser  
28 is subject to the penalty provided in 15-68-410. If an incorrect claim was made in error, the purchaser is subject  
29 to payment of the sales tax or use tax."

30



1           **Section 274.** Section 15-68-202, MCA, is amended to read:

2           "**15-68-202. Nontaxable transaction certificate -- form.** (1) The department shall provide for a uniform  
3 nontaxable transaction certificate. An electronic or digitally usable version of a nontaxable transaction certificate  
4 may also be provided. A purchaser shall use the certificate ~~when purchasing goods or services for resale or for~~  
5 ~~other~~ nontaxable transactions.

6           (2) At a minimum, the certificate must provide:

7           (a) ~~the~~ a unique identification number of the seller's permit issued to the purchaser as provided in  
8 ~~15-68-404;~~

9           (b) ~~the general character of property or service sold by the purchaser in the regular course of business;~~  
10 nature of the exemption, such as the fact that:

11           ~~(c) the property or service purchased for resale;~~

12           (i) the purchaser is authorized to make direct payments; or

13           (ii) the purchaser is an entity exempt from payment of sales tax;

14           ~~(d)~~(c) the name and address of the purchaser; and

15           ~~(e)~~(d) if it is a paper certificate, a signature line for the purchaser.

16           (3) The department shall adopt rules to provide procedures for application for and provision of a  
17 certificate to a person engaging in business within this state ~~for renting accommodations and campgrounds prior~~  
18 ~~to June 1, 2003; [the effective date of this act] and renting vehicles prior to July 1, 2003.~~ The rules adopted by  
19 the department must ensure that each person that is engaging in business within this state ~~for renting~~  
20 ~~accommodations and campgrounds prior to June 1, 2003; [the effective date of this act] and renting vehicles prior~~  
21 ~~to July 1, 2003; that has applied in a timely fashion is issued a certificate for renting accommodations and~~  
22 ~~campgrounds prior to June 1, 2003, and renting vehicles prior to July 1, 2003 [the effective date of this act]."~~

23

24           **Section 275.** Section 15-68-206, MCA, is amended to read:

25           "**15-68-206. Exemption -- government agencies.** All sales by or uses by the United States or an  
26 agency or instrumentality of the United States or of this state, a political subdivision of this state, an Indian tribe,  
27 or a foreign government are exempt from the sales tax and use tax."

28

29           **Section 276.** Section 15-68-207, MCA, is amended to read:

30           "**15-68-207. Exemption -- isolated or occasional sale or lease of property.** The isolated or occasional

1 sale or lease of property by a person that is not regularly engaged in or that does not claim to be engaged in the  
 2 business of selling or leasing the same or a similar property is exempt from the sales tax and use tax. Occasional  
 3 sales include sales that are occasional but not continuous and that are made for the purpose of fundraising by  
 4 nonprofit organizations, including but not limited to youth clubs, service clubs, and fraternal organizations."

5

6 **Section 277.** Section 15-68-208, MCA, is amended to read:

7 **"15-68-208. Nontaxability -- sale of property for resale -- nontaxable transaction certificate.** The  
 8 sale of property is nontaxable if:

9 ———(1) the sale is made to a buyer who delivers a nontaxable transaction certificate to the seller;

10 ———(2) the buyer resells the property either by itself or in combination with other property; and

11 ———(3) the subsequent sale is in the ordinary course of business and the property will be subject to the sales  
 12 tax."

13

14 **Section 278.** Section 15-68-209, MCA, is amended to read:

15 **"15-68-209. Nontaxability -- sale of service for resale -- nontaxable transaction certificate.** The sale  
 16 of a service for resale is nontaxable if:

17 ———(1) the sale is made to a person who delivers a nontaxable transaction certificate;

18 ———(2) the buyer resells the service and separately states the value of the service purchased in the charge  
 19 for the service in the subsequent sale; and

20 ———(3) the subsequent sale is in the ordinary course of business and subject to the sales tax."

21

22 **Section 279.** Section 15-68-210, MCA, is amended to read:

23 **"15-68-210. Nontaxability -- lease for subsequent lease.** The lease of property is nontaxable if:

24 ———(1) the lease is made to a lessee who delivers a nontaxable transaction certificate; and

25 ———(2) the lessee does not use the property in any manner other than for subsequent lease in the ordinary  
 26 course of business."

27

28 **Section 280.** Section 15-68-401, MCA, is amended to read:

29 **"15-68-401. Seller's permit registration.** (1) A person that wishes to engage in business within this  
 30 state that is subject to this chapter shall obtain file with the department an application for a seller's permit

1 registration before engaging in business within this state.

2 (2) A person may apply for registration directly with the department or through the multistate central  
 3 registration system as provided in the agreement. Sellers registered through the multistate central registration  
 4 system agree to collect and remit sales taxes and use taxes for taxable Montana sales and to comply with audit  
 5 and compliance provisions established through the agreement.

6 ~~(2)~~(3) Upon an applicant's compliance with this chapter, the department shall issue to the applicant a  
 7 separate, numbered seller's permit registration for each location in which the applicant maintains an office or other  
 8 place of business within Montana. A permit registration is valid until revoked or suspended but is not assignable.  
 9 A permit registration is valid only for the person in whose name it is issued and for the transaction of business  
 10 at the place designated. The permit registration must be conspicuously displayed at all times at the place for  
 11 which it is issued.

12 ~~(3)~~(4) The department shall adopt rules to provide procedures for application applying for a seller's  
 13 registration and provision of a seller's permit to a person for registering sellers engaging in business within this  
 14 state that is subject to this chapter for ~~renting accommodations and campgrounds prior to June 1, 2003, and~~  
 15 ~~renting vehicles prior to July 1, 2003~~ [the applicability date of this section]. The rules adopted by the department  
 16 must ensure that each person engaging in business within this state for ~~renting accommodations and~~  
 17 ~~campgrounds prior to June 1, 2003, and renting vehicles prior to July 1, 2003,~~ [the effective date of this act] has  
 18 the opportunity to be registered ~~is issued a seller's permit for renting accommodations and campgrounds prior~~  
 19 ~~to June 1, 2003, and renting vehicles prior to July 1, 2003~~ [the effective date of this act]. The department may  
 20 adopt rules providing for seasonal permits registration."

21  
 22 **Section 281.** Section 15-68-402, MCA, is amended to read:

23 **"15-68-402. Permit application Application for seller's registration -- requirements -- place of**  
 24 **business -- form.** (1) (a) A person that wishes to engage in the business of making ~~retail~~ sales or providing  
 25 services in Montana that are subject to this chapter shall file with the department an application for a permit  
 26 seller's registration. If the person has more than one location in which the person maintains an office or other  
 27 place of business, an application may include multiple locations.

28 (b) An applicant who does not maintain an office or other place of business and who moves from place  
 29 to place is considered to have only one place of business and shall attach the permit seller's registration to the  
 30 applicant's cart, stand, truck, or other merchandising device.

1 (c) A vending machine operator who has more than one vending machine location is considered to have  
 2 only one place of business for the purposes of this section.

3 (2) Each person or class of persons required to file a return under this chapter, other than persons with  
 4 direct payment permits and certified service providers, is required to file an application for a permit seller's  
 5 registration.

6 (3) ~~Each~~ An application for a permit seller's registration ~~must~~ may be ~~on a~~ in either electronic or paper  
 7 form and must be prescribed by the department, ~~and~~ The application must meet the requirements of the multistate  
 8 central registration system under the agreement even if the applicant intends to make local retail sales only in  
 9 Montana. The form must set forth the name under which the applicant intends to transact business, the location  
 10 of the applicant's place or places of business, and other information that the department may require. The  
 11 application must be filed by the owner if the owner is a natural person or by a person authorized to sign the  
 12 application if the owner is a corporation, partnership, limited liability company, or ~~some~~ other business entity."  
 13

14 **Section 282.** Section 15-68-405, MCA, is amended to read:

15 **"15-68-405. Revocation or suspension of permit seller's registration -- appeal.** (1) Subject to the  
 16 provisions of subsection (2), the department may, for reasonable cause, revoke or suspend any permit  
 17 registration held by a person that fails to comply with the provisions of this chapter.

18 (2) The department shall provide dispute resolution on a proposed revocation or suspension pursuant  
 19 to 15-1-211.

20 (3) If a permit seller's registration is revoked, the department may not issue a new permit registration  
 21 except upon application accompanied by reasonable evidence of the intention of the applicant to comply with the  
 22 provisions of this chapter. The department may require security in addition to that authorized by 15-68-512 in an  
 23 amount reasonably necessary to ensure compliance with this chapter as a condition for the issuance of a new  
 24 permit registration to the applicant.

25 (4) A person aggrieved by the department's final decision to revoke a permit seller's registration, as  
 26 provided in subsection (1), may appeal the decision to the state tax appeal board within 30 days after the date  
 27 on which the department issued its final decision."  
 28

29 **Section 283.** Section 15-68-501, MCA, is amended to read:

30 **"15-68-501. Liability for payment of tax -- security for retailer without place of business -- penalty.**

1 (1) Liability for the payment of the sales tax and use tax is not extinguished until the taxes have been paid to the  
2 department.

3 (2) A retailer that does not maintain an office or other place of business within this state is liable for the  
4 sales tax or use tax in accordance with this chapter and may be required to furnish adequate security, as provided  
5 in 15-68-512, to ensure collection and payment of the taxes. When authorized and except as otherwise provided  
6 in this chapter, the retailer is liable for the taxes upon all property sold and services provided in this state in the  
7 same manner as a retailer who maintains an office or other place of business within this state. The seller's ~~permit~~  
8 registration provided for in 15-68-401 may be canceled at any time if the department considers the security  
9 inadequate or believes that the taxes can be collected more effectively in another manner.

10 (3) An agent, canvasser, or employee of a retailer doing business within this state may not sell, solicit  
11 orders for, or deliver any property or services within Montana unless the principal, employer, or retailer possesses  
12 a seller's ~~permit~~ registration issued by the department. If an agent, canvasser, or employee violates the provisions  
13 of this chapter, the person is subject to a fine of not more than \$100 for each separate transaction or event."  
14

15 **Section 284.** Section 15-68-502, MCA, is amended to read:

16 **"15-68-502. Returns -- payment -- authority of department.** ~~(1) Except as provided in subsection (2),~~  
17 ~~on or before the last day of the month following the calendar quarter in which the transaction subject to the tax~~  
18 ~~imposed by this chapter occurred, a return, on a form provided by the department, and payment of the tax for the~~  
19 ~~preceding quarter must be filed with the department.~~ Each person engaged in business within this state or using  
20 property or services within this state that are subject to tax under this chapter shall file a return. ~~A person making~~  
21 ~~retail sales at two or more places of business shall file a separate return for each separate place of business.~~  
22 Sellers that are registered under the agreement and that use either a certified automated system or a certified  
23 service provider, as defined in the agreement, are subject to the reporting and payment provisions of subsection  
24 (2). A person that has been issued a seasonal seller's registration shall file a return and pay the tax on the date  
25 or dates set by the department. All other sellers are subject to the reporting and payment provisions provided in  
26 subsection (3).

27 (2) (a) On or before the 20th day of each month, a return, in a form adopted by the department in  
28 conformance with the agreement, with a remittance of the tax owed for the preceding month, must be filed with  
29 the department. The filing and the remittance may be done electronically.

30 (b) The seller and any agent of the seller, for the purposes of reporting or paying the sales tax or use tax,

1 are subject to the audit and accountability provisions of the agreement.

2 ~~(2) A person who has been issued a seasonal seller's permit shall file a return and pay the tax on the~~  
3 ~~date or dates set by the department.~~

4 (3) (a) For the purposes of the sales tax or use tax, a return must be filed by:

5 (i) a ~~retailer~~ seller required to collect the tax; and

6 ~~(ii) a purchaser with a direct payment permit; and~~

7 ~~(iii)~~(iii) a person that:

8 (A) purchases any items ~~the~~ for which the items' storage, use, nonexempt sales to purchasers in the  
9 ordinary course of business, or other consumption ~~of which~~ is subject to the sales tax or use tax; and

10 (B) has not paid the tax to a ~~retailer~~ seller required to pay the tax.

11 (b) A return must be filed with and payment must be received by the department on or before the 20th  
12 day of each month for taxes owed for sales occurring during the preceding month. A seller that has a tax liability  
13 that averages less than \$100 a month may report and pay the tax quarterly and shall file the return with payment  
14 received by the department before the 20th day of the month after the end of each quarter.

15 (b) Each return must be authenticated by the person filing the return or by the person's agent authorized  
16 in writing to file the return.

17 (4) (a) A person required to collect and pay to the department the taxes imposed by this chapter shall  
18 keep records, render statements, make returns, and comply with the provisions of this chapter and the rules  
19 prescribed by the department. Each return or statement must include the information required by the rules of the  
20 department. The department shall comply with the provisions of the agreement in determining reports and records  
21 management requirements in reference to sellers that are registered under the agreement.

22 (b) For the purpose of determining compliance with the provisions of this chapter, the department is  
23 authorized to examine or cause to be examined any books, papers, records, or memoranda relevant to making  
24 a determination of the amount of tax due, whether the books, papers, records, or memoranda are the property  
25 of or in the possession of the person filing the return or another person. In determining compliance, the  
26 department may use statistical sampling and other sampling techniques consistent with generally accepted  
27 auditing standards. The department may also:

28 (i) require the attendance of a person having knowledge or information relevant to a return;

29 (ii) compel the production of books, papers, records, or memoranda by the person required to attend;

30 (iii) implement the provisions of 15-1-703 if the department determines that the collection of the tax is or

1 may be jeopardized because of delay;  
2 (iv) take testimony on matters material to the determination; and  
3 (v) administer oaths or affirmations.  
4 (5) Pursuant to rules established by the department, returns may be computer-generated and  
5 electronically filed."

6  
7 **Section 285.** Section 15-68-505, MCA, is amended to read:

8 **"15-68-505. Credit for taxes paid on worthless accounts -- taxes paid if account collected.** (1)  
9 Sales ~~taxes~~ tax paid by a person filing a return under 15-68-502 on sales found to be worthless and actually  
10 deducted by the person as a bad debt for federal income tax purposes may be credited on a subsequent payment  
11 of the tax.

12 (2) Bad debts may be deducted within 12 months after the month in which the bad debt has been  
13 charged off for federal income tax purposes. "Charged off for federal income tax purposes" includes the charging  
14 off of unpaid balances due on accounts as uncollectible or declaring as uncollectible such unpaid balance due  
15 on accounts in the case of a seller who is not required to file federal income tax returns.

16 (3) If an account is subsequently collected, the sales tax must be paid on the amount collected.

17 (4) A seller may obtain a refund of tax on any amount of bad debt that exceeds the amount of taxable  
18 sales within a 12-month period defined by that bad debt.

19 (5) For purposes of computing a bad debt deduction or reporting a payment received on a previously  
20 claimed bad debt, any payments made on a debt or account are applied first to interest, service charges, and any  
21 other charges and second to the price of the property or service and sales tax on the property or service,  
22 proportionally.

23 (6) If filing responsibilities have been assumed by a certified service provider, the certified service  
24 provider may claim any bad debt allowance on behalf of the seller.

25 (7) If the books and records of the seller claiming the bad debt allowance support an allocation of the bad  
26 debts among several states, the bad debts may be allocated among those states."

27  
28 **Section 286.** Section 15-68-510, MCA, is amended to read:

29 **"15-68-510. Vendor allowance.** (1) (a) A person filing a timely return under 15-68-502 may claim a  
30 ~~quarterly~~ vendor allowance for each permitted location in the amount of 5% of the tax determined to be payable

1 to the state, not to exceed ~~\$1,000 a quarter~~ \$350 a month for a person filing on a monthly basis.

2 ~~(2)(b)~~ The allowance may be deducted on the return.

3 ~~(3)(c)~~ A person that files a return or payment after the due date for the return or payment may not claim  
4 a vendor allowance.

5 (2) In lieu of the vendor allowance provided in subsection (1), certified service providers must receive  
6 a monetary allowance determined as provided in the agreement and the sellers using the certified service  
7 providers may not receive a vendor allowance. The vendor allowance must be funded entirely from sales tax  
8 proceeds collected by the sellers using the certified service providers.

9 (3) In addition to the vendor allowance provided in subsection (1), a registered seller using a certified  
10 automated system must receive a percentage of the tax determined to be payable to the state. The percentage  
11 must be determined as provided in the agreement."

12

13 **Section 287.** Section 15-68-520, MCA, is amended to read:

14 **"15-68-520. Limitations.** (1) Except in the case of a person that purposely or knowingly, as those terms  
15 are defined in 45-2-101, files a false or fraudulent return violating the provisions of this chapter, a deficiency may  
16 not be assessed or collected with respect to a ~~quarter~~ month for which a return is filed unless the notice of  
17 additional tax proposed to be assessed is mailed to or personally served upon the taxpayer within 5 years from  
18 the date that the return was filed. For purposes of this section, a return filed before the last day prescribed for  
19 filing is considered to be filed on the last day.

20 (2) If, before the expiration of the 5-year period prescribed in subsection (1) for assessment of the tax,  
21 the taxpayer consents in writing to an assessment after expiration of the 5-year period, a deficiency may be  
22 assessed at any time prior to the expiration of the period to which consent was given."

23

24 **Section 288.** Section 15-68-801, MCA, is amended to read:

25 **"15-68-801. Administration -- rules.** (1) The department shall:

26 ~~(1)(a)~~ administer and enforce the provisions of this chapter;

27 ~~(2)(b)~~ cause to be prepared and distributed forms and information that may be necessary to administer  
28 the provisions of this chapter; and

29 ~~(3)(c)~~ adopt rules that may be necessary or appropriate to administer and enforce the provisions of this  
30 chapter.



1           (2) In administering the provisions of this chapter, the department shall, when applicable and not in  
 2 conflict with Montana law, follow the provisions of the agreement adopted pursuant to [sections 17 through 24].  
 3 The department shall report to the revenue and transportation interim committee provided for in 5-5-227 on:  
 4           (a) the operation of the agreement and the benefits and costs to the state of the state's participation; and  
 5           (b) any changes to the agreement that require changes in Montana law for compliance with the  
 6 agreement."

7  
 8           **Section 289.** Section 15-68-820, MCA, is amended to read:

9           **"15-68-820. Sales tax and use tax proceeds.** (1) Except as provided in subsection (2), all money  
 10 collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by the department  
 11 ~~into the general fund~~ as follows:

12           (a) 70% in the state special revenue fund to the credit of the sales and use tax reimbursement account  
 13 provided in [section 2]; and

14           (b) 5% in the state special revenue fund to the credit of the critical needs assessment account provided  
 15 in [section 16];

16           (c) 5% in the state special revenue fund to the credit of the school infrastructure needs assessment  
 17 account provided in [section 53]; and

18           (d) the remainder to the general fund.

19           (2) Twenty-five percent of the revenue collected on the base rental charge for rental vehicles under  
 20 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited in the state special revenue fund to the credit of the  
 21 senior citizen and persons with disabilities transportation services account provided for in 7-14-112."

22

23           **Section 290.** Section 15-70-419, MCA, is amended to read:

24           **"15-70-419. Improperly imported fuel -- seizure.** (1) As used in this section, the following definitions  
 25 apply:

26           (a) "Conveyance" means a tank car, vehicle, or vessel that is used to transport fuel.

27           (b) "Department" means the department of transportation.

28           (c) "Peace officer" means an employee of the department of transportation designated or appointed as  
 29 a peace officer under 61-10-154 or 61-12-201.

30           (2) Pursuant to ~~61-12-206(5)~~ 61-12-206(4), a peace officer may:

1 (a) stop and search a conveyance in the state if the peace officer has reasonable cause to believe that  
2 the conveyance is being used to carry improperly imported fuel and is intentionally avoiding fuel tax  
3 responsibilities; and

4 (b) seize without a warrant imported fuel for which the distributor or transporter has not obtained a valid  
5 Montana gasoline or special fuel distributor license as required in 15-70-402.

6 (3) The peace officer shall obtain authorization from the director of the department of transportation or  
7 the director's designee before seizing fuel.

8 (4) Upon seizing the fuel that the peace officer believes to be improperly imported, the peace officer may:

9 (a) direct the rerouting or transfer of the fuel to a location designated by the department. The department  
10 shall reimburse the carrier for transportation costs from the point of seizure to the location designated by the  
11 department.

12 (b) unload the fuel; and

13 (c) take three samples of the fuel from the cargo tank for examination.

14 (5) Within 48 hours after seizure of the improperly imported fuel, the department shall issue a notice of  
15 right to file claim for the return of interest or title to the fuel. The notice must be issued to:

16 (a) the original owner of the fuel;

17 (b) the owner of the transportation company that conveyed the fuel; and

18 (c) any other interested party.

19 (6) The parties listed in subsections (5)(a) through (5)(c) may file a claim for the return of interest or title  
20 to the fuel within 30 days after the date of seizure. If a claim is filed for interest or title to the seized fuel, the  
21 department shall:

22 (a) provide the opportunity for a hearing;

23 (b) if requested, conduct the hearing within 5 days after receiving the claim;

24 (c) make a final determination of the party to take interest or title to the fuel within 2 working days after  
25 the hearing; and

26 (d) mail notice of the department's determination to interested parties.

27 (7) (a) The department may determine that the seized fuel be forfeited by the original owner and may:

28 (i) sell the fuel to the licensed Montana distributor predetermined through a bidding process established  
29 in department administrative rule; or

30 (ii) use the forfeited fuel for a public purpose determined by the department.

1 (b) The department shall issue a certificate of sale to the licensed distributor who purchases the seized  
2 fuel.

3 (c) The net proceeds from the sale of the fuel must be deposited in the general fund, less:

4 (i) the applicable taxes, fees, and penalties, which the department shall deposit in a highway revenue  
5 account in the state special revenue fund, as required in 15-70-101; and

6 (ii) the administrative costs incurred in conjunction with the seizure and disposal of the improperly  
7 imported fuel.

8 (8) If the department determines that the original owner of the fuel may reclaim interest or title to the fuel,  
9 the department may:

10 (a) return to the owner money, less tax and penalty, equal to the wholesale value of the fuel on the day  
11 of the seizure; or

12 (b) return the fuel.

13 (9) A person forfeits the interest, right, and title to improperly imported fuel if the person:

14 (a) fails to file a claim for the seized fuel within the time allowed in subsection (6); or

15 (b) is determined to be guilty of violating fuel tax laws.

16 (10) A person whose fuel is seized under this section is not relieved of any penalties imposed for illegal  
17 fuel importation in Title 15, chapter 70."

18

19 **Section 291.** Section 17-3-213, MCA, is amended to read:

20 **"17-3-213. Allocation of forest reserve funds and other federal funds -- options provided in federal**

21 **law.** (1) The board of county commissioners in each county shall decide among payment options provided in  
22 subsections (2) through (6), as provided in Public Law 106-393 and Public Law 110-343, to determine how the  
23 forest reserve funds, Public Law 106-393 funds, and Public Law 110-343 funds apportioned to each county must  
24 be distributed by the county treasurer pursuant to this section.

25 (2) If a board of county commissioners chooses to receive a payment that is 25% of the revenue derived  
26 from national forest system lands, as provided in 16 U.S.C. 500, all funds received must be distributed as  
27 provided in subsection (5).

28 (3) (a) Except as provided in subsection (4), if a county elects to receive the county's full payment under  
29 Public Law 106-393, a minimum of 80% up to a maximum of 85% of the county's full payment must be designated  
30 by the county for distribution as provided in subsection (5).

1 (b) The balance not distributed pursuant to subsection (3)(a) may be allocated by the county in  
2 accordance with Public Law 106-393.

3 (4) If a county's full payment under Public Law 106-393 is less than \$100,000, the county may elect to  
4 distribute up to 100% of the payment as provided in subsection (5).

5 (5) The total amount designated by a county in accordance with subsection (3)(a) or (4) must be  
6 distributed as follows:

7 (a) to the general road fund, 66 2/3% of the amount designated;

8 (b) to the ~~following countywide school levies~~ school districts of the county in proportion to each district's  
9 ANB, 33 1/3% of the amount designated:

10 ~~—— (i) county equalization for elementary schools provided for in 20-9-331;~~

11 ~~—— (ii) county equalization for high schools provided for in 20-9-333;~~

12 ~~—— (iii) the county transportation fund provided for in 20-10-146; and~~

13 ~~—— (iv) the elementary and high school district retirement fund obligations provided for in 20-9-501.~~

14 (6) The apportionment of money to the funds provided for under subsection (5)(b) must be ~~made by the~~  
15 ~~county superintendent based on the proportion that the mill levy of each fund bears to the total number of mills~~  
16 ~~for all the funds. Whenever the total amount of money available for apportionment under subsection (5)(b) is~~  
17 ~~greater than the total requirements of a levy, the excess money and any interest income must be retained in a~~  
18 ~~separate reserve fund, to be reapportioned in the ensuing school fiscal year to the levies designated in subsection~~  
19 ~~(5)(b) deposited in the district's local control and efficiency fund provided for in [section 38].~~

20 (7) In counties in which special road districts have been created according to law, the board of county  
21 commissioners shall distribute a proportionate share of the 66 2/3% distributed under subsection (5)(a) for the  
22 general road fund to the special road districts within the county based upon the percentage that the total area of  
23 the road district bears to the total area of the entire county.

24 (8) Except as provided in subsection (9), if a county elects to receive the county's full payment under  
25 Public Law 110-343, not less than 80% but not more than 85% of the funds must be expended in the same  
26 manner as provided in subsection (5). A county may reserve not more than 7% of the county's full payment for  
27 projects in accordance with Title III of section 601 of Public Law 110-343. The balance of the funds may be:

28 (a) reserved for projects in accordance with Title II of section 601 of Public Law 110-343; or

29 (b) returned to the United States.

30 (9) (a) If a county's full payment is more than \$100,000 but less than or equal to \$350,000, the county

1 may use all of the funds as provided in Title II or Title III of section 601 of Public Law 110-343 or return the funds  
2 to the United States.

3 (b) If a county's full payment is less than or equal to \$100,000, the county may elect to distribute up to  
4 100% of the payment as provided in subsection (5)."

5

6 **Section 292.** Section 17-3-1003, MCA, is amended to read:

7 **"17-3-1003. Support of state institutions.** (1) Except as provided in subsection (5), for the support and  
8 endowment of each state institution, there is annually and perpetually appropriated, after any deductions made  
9 under 77-1-109, the income from all permanent endowments for the institution and from all land grants as  
10 provided by law. All money received or collected in connection with permanent endowments by all higher  
11 educational institutions, reformatory, custodial and penal institutions, state hospitals, and sanitariums, for any  
12 purpose, except revenue pledged to secure the payment of principal and interest of obligations incurred for the  
13 purchase, construction, equipment, or improvement of facilities at units of the Montana university system and for  
14 the refunding of obligations or money that constitutes temporary deposits, all or part of which may be subject to  
15 withdrawal or repayment, must be paid to the state treasurer, who shall deposit the money to the credit of the  
16 proper fund.

17 (2) Except as provided in subsections (1), (3), and (5), all money received from the investment of grants  
18 of a state institution and all money received from the leasing of lands granted to a state institution must be  
19 deposited with the state treasurer of Montana for each institution, to the credit of the state special revenue fund.

20 (3) Except as provided in 77-1-109 and subsection (4) of this section, all money received from the sale  
21 of timber from lands granted to a state institution must be deposited to the credit of the permanent trust fund for  
22 the support of the institution.

23 (4) The board of regents shall designate, at least once a biennium, whether the timber sale proceeds  
24 from Montana university system lands must be distributed to the beneficiaries or placed in the permanent fund.

25 (5) Except as provided in 77-1-109, income received from certain lands and riverbeds pursuant to  
26 77-1-103(4) or 77-4-208 must be deposited as follows:

27 ~~\_\_\_\_\_ (a) from July 1, 2011, through June 30, 2014, to in the guarantee account provided for in 20-9-622; and~~

28 ~~\_\_\_\_\_ (b) on or after July 1, 2014, to the school facility and technology account provided for in 20-9-516."~~

29

30 **Section 293.** Section 17-7-301, MCA, is amended to read:

1           **"17-7-301. Authorization to expend during first year of biennium from appropriation for second**  
2 **year -- proposed supplemental appropriation defined -- limit on second-year expenditures.** (1) An agency  
3 may make expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year  
4 of the biennium if authorized by the general appropriations act. An agency that is not authorized in the general  
5 appropriations act to make first-year expenditures may be granted spending authorization by the approving  
6 authority upon submission and approval of a proposed supplemental appropriation to the approving authority.  
7 The proposal submitted to the approving authority must include a plan for reducing expenditures in the second  
8 year of the biennium that allows the agency to contain expenditures within appropriations. If the approving  
9 authority finds that, due to an unforeseen and unanticipated emergency, the amount actually appropriated for the  
10 first fiscal year of the biennium with all other income will be insufficient for the operation and maintenance of the  
11 agency during the year for which the appropriation was made, the approving authority shall, after careful study  
12 and examination of the request and upon review of the recommendation for executive branch proposals by the  
13 budget director, submit the proposed supplemental appropriation to the legislative fiscal analyst.

14           (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed  
15 supplemental appropriation is:

16           (a) due to an unforeseen and unanticipated emergency for fire suppression;

17           (b) requested by the superintendent of public instruction, in accordance with the provisions of 20-9-351,  
18 and is to complete the state's funding of ~~guaranteed tax base aid~~ BASE aid as provided in 20-9-306,  
19 transportation aid as provided in [section 39], retirement aid as provided in 20-9-501, or equalization local control  
20 aid as provided in [section 38] to elementary and secondary schools for the current biennium; or

21           (c) requested by the attorney general and:

22           (i) is to pay the costs associated with litigation in which the department of justice is required to provide  
23 representation to the state of Montana; or

24           (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of justice is  
25 responsible for confinement of an arrested person in a detention center.

26           (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311, the  
27 approving authority may authorize an expenditure during the first fiscal year of the biennium to be made from the  
28 appropriation for the second fiscal year of the biennium. Except as provided in subsection (2), the approving  
29 authority shall require the agency to implement the plan for reducing expenditures in the second year of the  
30 biennium that contains agency expenditures within appropriations.

1 (4) The agency may expend the amount authorized by the approving authority only for the purposes  
2 specified in the authorization.

3 (5) The approving authority shall report to the next legislature in a special section of the budget the  
4 amounts expended as a result of all authorizations granted by the approving authority and shall request that any  
5 necessary supplemental appropriation bills be passed.

6 (6) As used in this part, "proposed supplemental appropriation" means an application for authorization  
7 to make expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year  
8 of the biennium.

9 (7) (a) Except as provided in subsections (2) and (7)(b), an agency may not make expenditures in the  
10 second year of the biennium that, if carried on for the full year, will require a deficiency appropriation, commonly  
11 referred to as a "supplemental appropriation".

12 (b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures in  
13 the second year of the biennium that contains agency expenditures within appropriations. The approving authority  
14 is responsible for ensuring the implementation of the plan. If, in the second year of a biennium, mandated  
15 expenditures that are required by state or federal law will cause an agency to exceed appropriations or available  
16 funds, the agency shall reduce all nonmandated expenditures pursuant to the plan in order to reduce to the  
17 greatest extent possible the expenditures in excess of appropriations or funding. An agency may not transfer  
18 funds between fund types in order to implement a plan."

19

20 **Section 294.** Section 17-7-502, MCA, is amended to read:

21 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
22 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the  
23 need for a biennial legislative appropriation or budget amendment.

24 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both  
25 of the following provisions:

26 (a) The law containing the statutory authority must be listed in subsection (3).

27 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory  
28 appropriation is made as provided in this section.

29 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;  
30 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312;

1 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; ~~45-39-110~~; 15-65-121; [section 2];  
 2 15-70-101; 15-70-433; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101;  
 3 17-7-215; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305;  
 4 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-517; 20-9-520; 20-9-534; 20-9-622; 20-9-905;  
 5 20-26-617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612;  
 6 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101;  
 7 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-1304; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415;  
 8 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222;  
 9 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;  
 10 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

11 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
 12 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
 13 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana  
 14 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state  
 15 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory  
 16 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion  
 17 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded  
 18 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and  
 19 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.  
 20 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under  
 21 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion  
 22 of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004  
 23 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30,  
 24 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017;  
 25 pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency;  
 26 pursuant to sec. 5, Ch. 244, L. 2013, the inclusion of 22-1-327 terminates July 1, 2017; pursuant to sec. 27, Ch.  
 27 285, L. 2015, and sec. 1, Ch. 292, L. 2015, the inclusion of 53-9-113 terminates June 30, 2021; pursuant to sec.  
 28 6, Ch. 291, L. 2015, the inclusion of 50-1-115 terminates June 30, 2021; pursuant to sec. 28, Ch. 368, L. 2015,  
 29 the inclusion of 53-6-1304 terminates June 30, 2019; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of  
 30 85-25-102 is effective on occurrence of contingency; pursuant to sec. 5, Ch. 422, L. 2015, the inclusion of



1 17-7-215 terminates June 30, 2021; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117  
 2 terminates June 30, 2025; pursuant to sec. 10, Ch. 427, L. 2015, the inclusion of 37-50-209 terminates  
 3 September 30, 2019; and pursuant to sec. 33, Ch. 457, L. 2015, the inclusion of 20-9-905 terminates December  
 4 31, 2023.)"

5

6 **Section 295.** Section 19-3-204, MCA, is amended to read:

7 **"19-3-204. ~~Tax levy~~ Funding to meet employer's obligations.** (1) If the required contributions to the  
 8 retirement system exceed the funds available to a contracting employer from general revenue sources, the  
 9 contracting employer may budget, ~~levy, and collect annually a special tax upon the assessable property of the~~  
 10 ~~contracting employer in the number of cents per \$100 of assessable property as is sufficient to raise the amount~~  
 11 ~~estimated by the legislative body to be required to provide sufficient revenue to meet the obligation of the~~  
 12 ~~contracting employer to the retirement system. The rate of taxation may be in addition to the annual rate of~~  
 13 ~~taxation allowed by law to be levied by the contracting employer~~ and request funding from the critical needs  
 14 assessment commission as provided in [section 11].

15 (2) A person who is a member or designated beneficiary of the retirement system because of the  
 16 participation of the contracting employer may maintain the appropriate action or proceeding to require the  
 17 contracting employer to budget, ~~levy, and collect the special tax~~ and request funding authorized in subsection  
 18 (1)."

19

20 **Section 296.** Section 19-7-404, MCA, is amended to read:

21 **"19-7-404. Employer contributions.** (1) Each employer shall pay 9.535% of the compensation paid to  
 22 all of the employer's employees plus any additional contribution under subsection (3), except for those employees  
 23 properly excluded from membership.

24 (2) If the required contribution to the retirement system exceeds the funds available to a county from  
 25 general revenue sources, a county may, ~~subject to 15-10-420, budget, levy, and collect annually a tax on the~~  
 26 ~~taxable value of all taxable property within the county~~ request funding from the critical needs assessment  
 27 commission as provided in [section 11] that is sufficient to raise the amount of revenue needed to meet the  
 28 county's obligation.

29 (3) Subject to subsection (4), each employer shall contribute to the system an additional employer  
 30 contribution equal to 0.58% of the compensation paid to all of the employer's employees, except for those

1 employees properly excluded from membership.

2 (4) (a) The board shall periodically review the additional employer contribution provided for under  
3 subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule  
4 set by the board for payment of the system's unfunded liabilities.

5 (b) The employer contribution required under subsection (3) terminates on July 1 following the board's  
6 receipt of the system's actuarial valuation if:

7 (i) the actuarial valuation determines that the period required to amortize the system's unfunded  
8 liabilities, including adjustments made for any benefit enhancements enacted by the legislature after the valuation,  
9 is less than 25 years; and

10 (ii) terminating the additional employer contribution would not cause the amortization period as of the  
11 most recent actuarial valuation to exceed 25 years."

12

13 **Section 297.** Section 19-18-501, MCA, is amended to read:

14 **"19-18-501. Contributions to fund.** The disability and pension fund consists of:

15 (1) all bequests, fees, gifts, emoluments, donations, or money from other sources given or paid to the  
16 fund, except as otherwise designated by the donor;

17 (2) a monthly contribution to the fund by each paid or part-paid member of the association amounting  
18 to 6% of the member's regular monthly salary;

19 ~~(3) the proceeds of the tax levy provided for in 19-18-504;~~

20 ~~(4)(3)~~ all money received from the state, including those payments provided for in 19-18-512; and

21 ~~(5)(4)~~ all interest and other income earned from the investment of the fund."

22

23 **Section 298.** Section 19-18-504, MCA, is amended to read:

24 **"19-18-504. ~~Special tax levy for fund required~~ Required funding.** (1) Whenever the fund contains  
25 an amount that is less than the minimum amount required to keep the fund soundly funded pursuant to  
26 19-18-503, the city or town council shall, ~~subject to 15-10-420, levy an annual tax on the taxable value of all~~  
27 ~~taxable property within the city or town~~ utilize sales and use tax revenue allocated under [section 1] and revenue  
28 received based on a supplemental funding request to the critical needs assessment commission as provided in  
29 [section 11].

30 ~~(2) When the fund contains an amount that is less than 0.52% but more than 0.21% of the total assessed~~

1 ~~value of all taxable property within the city or town, the city or town council may, if authorized by the voters as~~  
 2 ~~provided in 15-10-425, levy an annual tax.~~

3 ~~(3)(2)~~ All revenue ~~from the tax~~ received must be deposited in the fund."  
 4

5 **Section 299.** Section 19-19-301, MCA, is amended to read:

6 **"19-19-301. City's contribution to fund.** Each city, other than one of the first or second class, that has  
 7 a police retirement fund and that did not elect to join the statewide police reserve fund provided for in Chapter  
 8 335, Laws of 1974, and has not elected to participate in the plan under 19-9-207 shall deposit in its fund monthly  
 9 an amount equal to 11% of the total salaries for the preceding month paid to active police officers of the city,  
 10 exclusive of overtime and payments in lieu of sick leave and annual leave. If the demand against a city for  
 11 deposits in its fund cannot be met, the city, ~~subject to 15-10-420,~~ may ~~impose an additional levy~~ request funding  
 12 from the critical needs assessment commission as provided in [section 11] in an amount that is sufficient to meet  
 13 the demand."  
 14

15 **Section 300.** Section 20-1-101, MCA, is amended to read:

16 **"20-1-101. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following  
 17 definitions apply:

18 (1) "Accreditation standards" means the body of administrative rules governing standards such as:

- 19 (a) school leadership;
- 20 (b) educational opportunity;
- 21 (c) academic requirements;
- 22 (d) program area standards;
- 23 (e) content and performance standards;
- 24 (f) school facilities and records;
- 25 (g) student assessment; and
- 26 (h) general provisions.

27 (2) "Aggregate hours" means the hours of pupil instruction for which a school course or program is  
 28 offered or for which a pupil is enrolled.

29 (3) "Agricultural experiment station" means the agricultural experiment station established at Montana  
 30 state university-Bozeman.

1 (4) "At-risk student" means any student who is affected by environmental conditions that negatively  
2 impact the student's educational performance or threaten a student's likelihood of promotion or graduation.

3 (5) "Average number belonging" or "ANB" means the average number of regularly enrolled, full-time  
4 pupils physically attending or receiving educational services at an offsite instructional setting from the public  
5 schools of a district.

6 (6) "Board of public education" means the board created by Article X, section 9, subsection (3), of the  
7 Montana constitution and 2-15-1507.

8 (7) "Board of regents" means the board of regents of higher education created by Article X, section 9,  
9 subsection (2), of the Montana constitution and 2-15-1505.

10 (8) "Commissioner" means the commissioner of higher education created by Article X, section 9,  
11 subsection (2), of the Montana constitution and 2-15-1506.

12 (9) "County superintendent" means the county government official who is the school officer of the county.

13 (10) "District superintendent" means a person who holds a valid class 3 Montana teacher certificate with  
14 a superintendent's endorsement that has been issued by the superintendent of public instruction under the  
15 provisions of this title and the policies adopted by the board of public education and who has been employed by  
16 a district as a district superintendent.

17 (11) (a) "Educational program" means a set of educational offerings designed to meet the program area  
18 standards contained in the accreditation standards.

19 (b) The term does not include an educational program or programs used in 20-4-121 and 20-25-803.

20 (12) "K-12 career and vocational/technical education" means organized educational activities that have  
21 been approved by the office of public instruction and that:

22 (a) offer a sequence of courses that provide a pupil with the academic and technical knowledge and skills  
23 that the pupil needs to prepare for further education and for careers in the current or emerging employment  
24 sectors; and

25 (b) include competency-based applied learning that contributes to the academic knowledge, higher-order  
26 reasoning and problem-solving skills, work attitudes, general employability skills, technical skills, and  
27 occupation-specific skills of the pupil.

28 (13) (a) "Minimum aggregate hours" means the minimum hours of pupil instruction that must be  
29 conducted during the school fiscal year in accordance with 20-1-301 and includes passing time between classes.

30 (b) The term does not include lunch time and periods of unstructured recess.

1 (14) "Offsite instructional setting" means an instructional setting at a location, separate from a main  
2 school site, where a school district provides for the delivery of instruction to a student who is enrolled in the  
3 district.

4 (15) "Principal" means a person who holds a valid class 3 Montana teacher certificate with an applicable  
5 principal's endorsement that has been issued by the superintendent of public instruction under the provisions of  
6 this title and the policies adopted by the board of public education and who has been employed by a district as  
7 a principal. For the purposes of this title, any reference to a teacher must be construed as including a principal.

8 (16) "Pupil" means a child who is 6 years of age or older on or before September 10 of the year in which  
9 the child is to enroll or has been enrolled by special permission of the board of trustees under 20-5-101(3) but  
10 who has not yet reached 19 years of age and who is enrolled in a school established and maintained under the  
11 laws of the state at public expense. For purposes of calculating the average number belonging pursuant to  
12 20-9-311, the definition of pupil includes a person who has not yet reached 19 years of age by September 10 of  
13 the year and is enrolled under 20-5-101(3) in a school established and maintained under the laws of the state  
14 at public expense.

15 (17) "Pupil instruction" means the conduct of organized instruction of pupils enrolled in public schools  
16 while under the supervision of a teacher.

17 (18) "Qualified and effective teacher or administrator" means an educator who is licensed and endorsed  
18 in the areas in which the educator teaches, specializes, or serves in an administrative capacity as established  
19 by the board of public education.

20 (19) "Regents" means the board of regents of higher education.

21 (20) "Regular school election" or "trustee election" means the election for school board members held  
22 on the day established in 20-20-105(4).

23 (21) "School election" means a regular school election or any election conducted by a district or  
24 community college district for authorizing taxation, authorizing the issuance of bonds by an elementary, high  
25 school, or K-12 district, or accepting or rejecting any proposition that may be presented to the electorate for  
26 decision in accordance with the provisions of this title.

27 (22) "School food services" means a service of providing food for the pupils of a district on a nonprofit  
28 basis and includes any food service financially assisted through funds or commodities provided by the United  
29 States government.

30 (23) "Special school election" means an election held on a day other than the day of the regular school

1 election, primary election, or general election.

2 (24) "State board of education" means the board composed of the board of public education and the  
3 board of regents as specified in Article X, section 9, subsection (1), of the Montana constitution.

4 (25) "State university" means Montana state university-Bozeman.

5 (26) "Student with limited English proficiency" means any student:

6 (a) (i) who was not born in the United States or whose native language is a language other than English;

7 (ii) who is an American Indian and who comes from an environment in which a language other than  
8 English has had a significant impact on the individual's level of English proficiency; or

9 (iii) who is migratory, whose native language is a language other than English, and who comes from an  
10 environment in which a language other than English is dominant; and

11 (b) whose difficulties in speaking, reading, writing, or understanding the English language may be  
12 sufficient to deny the student:

13 (i) the ability to meet the state's proficiency assessments;

14 (ii) the ability to successfully achieve in classrooms where the language of instruction is English; or

15 (iii) the opportunity to participate fully in society.

16 (27) "Superintendent of public instruction" means that state government official designated as a member  
17 of the executive branch by the Montana constitution.

18 (28) "System" means the Montana university system.

19 (29) "Teacher" means a person, except a district superintendent, who holds a valid Montana teacher  
20 certificate that has been issued by the superintendent of public instruction under the provisions of this title and  
21 the policies adopted by the board of public education and who is employed by a district as a member of its  
22 instructional, supervisory, or administrative staff. This definition of a teacher includes a person for whom an  
23 emergency authorization of employment has been issued under the provisions of 20-4-111.

24 (30) "Textbook" means a book or manual used as a principal source of study material for a given class  
25 or group of students.

26 (31) "Textbook dealer" means a party, company, corporation, or other organization selling, offering to sell,  
27 or offering for adoption textbooks to districts in the state.

28 (32) "Trustees" means the governing board of a district.

29 (33) "University" means the university of Montana-Missoula.

30 (34) "Vocational-technical education" means vocational-technical education of vocational-technical

1 students that is conducted by a unit of the Montana university system, a community college, or a tribally controlled  
2 community college, as designated by the board of regents."

3

4 **Section 301.** Section 20-1-208, MCA, is amended to read:

5 **"20-1-208. Educational impact statements.** (1) When a county superintendent of schools finds that  
6 a person intends to construct or locate a major industrial facility, ~~as defined in 20-9-407,~~ or intends to open a new  
7 strip mine, as defined by 82-4-103, within the county, the superintendent may require such person to file with the  
8 county an educational impact statement. An educational impact statement is a report estimating the increased  
9 demands on public schools in the county as a consequence of the major industrial facility or strip mine. The  
10 statement shall indicate:

11 ~~(1)(a)~~ (a) the number of persons to be employed during the construction or preparation and during the  
12 operation of the major industrial facility or strip mine and their anticipated residential distribution;

13 ~~(2)(b)~~ (b) the number and anticipated distribution of persons employed in providing goods and services to  
14 the persons enumerated in the preceding category;

15 ~~(3)(c)~~ (c) the number of school-age children anticipated to be living with the persons enumerated in the  
16 preceding categories; and

17 ~~(4)(d)~~ (d) the time periods covered by each preceding estimate.

18 (2) A major industrial facility is a facility whose construction or operation will increase the population of  
19 the district, imposing a significant burden upon the resources of the district and requiring construction of new  
20 school facilities. A significant burden is an increase in ANB of at least 20% in a single year."

21

22 **Section 302.** Section 20-3-301, MCA, is amended to read:

23 **"20-3-301. Election and term of office.** (1) Every trustee position prescribed by this title is subject to  
24 election. Except as provided in 20-3-313, a school trustee election must be held annually on the regular school  
25 election day established in 20-20-105~~(1)~~.

26 (2) The term of office for each position must be 3 years unless it is otherwise specifically prescribed by  
27 this title.

28 (3) The board of trustees must be composed of the number of trustee positions prescribed for a district  
29 by 20-3-341 and 20-3-351. When exercising the power and performing the duties of trustees, the members shall  
30 act collectively and only at a regular or a properly called special meeting.

1 (4) The number of trustee positions in a district must vary in accordance with 20-3-341 and 20-3-351  
2 according to the type of district."

3

4 **Section 303.** Section 20-3-106, MCA, is amended to read:

5 **"20-3-106. Supervision of schools -- powers and duties.** The superintendent of public instruction has  
6 the general supervision of the public schools and districts of the state and shall perform the following duties or  
7 acts in implementing and enforcing the provisions of this title:

8 (1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the  
9 provisions of 20-3-362;

10 (2) issue, renew, or deny teacher certification and emergency authorizations of employment;

11 (3) negotiate reciprocal tuition agreements with other states in accordance with the provisions of  
12 20-5-314;

13 (4) approve or disapprove the opening or reopening of a school in accordance with the provisions of  
14 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

15 (5) approve or disapprove school isolation within the limitations prescribed by 20-9-302;

16 (6) generally supervise the school budgeting procedures prescribed by law in accordance with the  
17 provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of 20-9-103 ~~and~~  
18 ~~20-9-506~~;

19 (7) establish a system of communication for calculating joint district revenue in accordance with the  
20 provisions of 20-9-151;

21 (8) approve or disapprove the adoption of a district's budget amendment resolution under the conditions  
22 prescribed in 20-9-163 and adopt rules for an application for additional direct state aid for a budget amendment  
23 in accordance with the approval and disbursement provisions of 20-9-166;

24 (9) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);

25 (10) prescribe and furnish the annual report forms to enable the districts to report to the county  
26 superintendent in accordance with the provisions of 20-9-213(6) and the annual report forms to enable the county  
27 superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;

28 (11) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance  
29 with the provisions of 20-9-313 and 20-9-314;

30 (12) distribute BASE aid and special education allowable cost payments in support of the BASE funding



1 program in accordance with the provisions of ~~20-9-331, 20-9-333, 20-9-342, 20-9-346, and 20-9-347,~~ and  
2 ~~20-9-366 through 20-9-369;~~

3 (13) provide for the uniform and equal provision of transportation by performing the duties prescribed by  
4 the provisions of 20-10-112;

5 (14) request, accept, deposit, and expend federal money in accordance with the provisions of 20-9-603;

6 (15) authorize the use of federal money for the support of an interlocal cooperative agreement in  
7 accordance with the provisions of 20-9-703 and 20-9-704;

8 (16) prescribe the form and contents of and approve or disapprove interstate contracts in accordance  
9 with the provisions of 20-9-705;

10 (17) recommend standards of accreditation for all schools to the board of public education in accordance  
11 with the provisions of 20-7-101;

12 (18) evaluate compliance with the accreditation standards and recommend accreditation status of every  
13 school to the board of public education in accordance with the provisions of 20-7-102;

14 (19) collect and maintain a file of curriculum guides and assist schools with instructional programs in  
15 accordance with the provisions of 20-7-113 and 20-7-114;

16 (20) establish and maintain a library of visual, aural, and other educational media in accordance with the  
17 provisions of 20-7-201;

18 (21) license textbook dealers and initiate prosecution of textbook dealers violating the law in accordance  
19 with the provisions of the textbooks part of this title;

20 (22) as the governing agent and executive officer of the state of Montana for K-12 career and  
21 vocational/technical education, adopt the policies prescribed by and in accordance with the provisions of  
22 20-7-301;

23 (23) supervise and coordinate the conduct of special education in the state in accordance with the  
24 provisions of 20-7-403;

25 (24) administer the traffic education program in accordance with the provisions of 20-7-502;

26 (25) administer the school food services program in accordance with the provisions of 20-10-201 through  
27 20-10-203;

28 (26) review school building plans and specifications in accordance with the provisions of 20-6-622;

29 (27) provide schools with information and technical assistance for compliance with the student  
30 assessment rules provided for in 20-2-121 and collect and summarize the results of the student assessment for

1 the board of public education and the legislature;

2 (28) upon request and in compliance with confidentiality requirements of state and federal law, disclose  
3 to interested parties all school district student assessment data for a test required by the board of public  
4 education; and

5 ~~(29) administer the distribution of guaranteed tax base aid in accordance with 20-9-366 through 20-9-369;~~

6 ~~and~~

7 ~~(30)(29)~~ perform any other duty prescribed from time to time by this title, any other act of the legislature,  
8 or the policies of the board of public education."  
9

10 **Section 304.** Section 20-3-205, MCA, is amended to read:

11 **"20-3-205. Powers and duties.** (1) The county superintendent has general supervision of the schools  
12 of the county within the limitations prescribed by this title and shall perform the following duties or acts:

13 (a) determine, establish, and reestablish trustee nominating districts in accordance with the provisions  
14 of 20-3-352, 20-3-353, and 20-3-354;

15 (b) administer and file the oaths of members of the boards of trustees of the districts in the county in  
16 accordance with the provisions of 20-3-307;

17 (c) register the teacher or specialist certificates or emergency authorization of employment of any person  
18 employed in the county as a teacher, specialist, principal, or district superintendent in accordance with the  
19 provisions of 20-4-202;

20 (d) file a copy of the audit report for a district in accordance with the provisions of 20-9-203;

21 (e) classify districts in accordance with the provisions of 20-6-201 and 20-6-301;

22 (f) keep a transcript of the district boundaries of the county;

23 (g) fulfill all responsibilities assigned under the provisions of this title regulating the organization,  
24 alteration, or abandonment of districts;

25 (h) act on any unification proposition and, if approved, establish additional trustee nominating districts  
26 in accordance with 20-6-312 and 20-6-313;

27 (i) estimate the average number belonging (ANB) of an opening school in accordance with the provisions  
28 of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

29 (j) process and, when required, act on school isolation applications in accordance with the provisions  
30 of 20-9-302;

1           (k) complete the budgets, ~~compute the budgeted revenue and tax levies,~~ file final budgets and budget  
 2 amendments, and fulfill other responsibilities assigned under the provisions of this title;(l) monthly, unless  
 3 otherwise provided by law, order the county treasurer to apportion state money, county school money, and any  
 4 other school money subject to apportionment in accordance with the provisions of 20-9-212; or 20-9-347;  
 5 ~~20-10-145, or 20-10-146;~~

6           (m) act on any request to transfer average number belonging (ANB) in accordance with the provisions  
 7 of 20-9-313(1)(c);

8           ~~(n) calculate the estimated budgeted general fund sources of revenue in accordance with the general  
 9 fund revenue provisions of the general fund part of this title;~~

10           ~~(o) compute the revenue and compute the district and county levy requirements for each fund included  
 11 in each district's final budget and report the computations to the board of county commissioners in accordance  
 12 with the provisions of the general fund, transportation, bonds, and other school funds parts of this title;~~

13           ~~(p)(n)~~ file and forward bus driver certifications; and transportation contracts, ~~and state transportation  
 14 reimbursement claims~~ in accordance with the provisions of 20-10-103; and 20-10-143; ~~or 20-10-145;~~

15           ~~(q)(o)~~ for districts that do not employ a district superintendent or principal, recommend library book and  
 16 textbook selections in accordance with the provisions of 20-7-204 or 20-7-602;

17           ~~(r)(p)~~ notify the superintendent of public instruction of a textbook dealer's activities when required under  
 18 the provisions of 20-7-605 and otherwise comply with the textbook dealer provisions of this title;

19           ~~(s)(q)~~ act on district requests to allocate federal money for indigent children for school food services in  
 20 accordance with the provisions of 20-10-205;

21           ~~(t)(r)~~ perform any other duty prescribed from time to time by this title, any other act of the legislature, the  
 22 policies of the board of public education, the policies of the board of regents relating to community college  
 23 districts, or the rules of the superintendent of public instruction;

24           ~~(u)(s)~~ administer the oath of office to trustees without the receipt of pay for administering the oath;

25           ~~(v)(t)~~ keep a record of official acts, preserve all reports submitted to the superintendent under the  
 26 provisions of this title, preserve all books and instructional equipment or supplies, keep all documents applicable  
 27 to the administration of the office, and surrender all records, books, supplies, and equipment to the next  
 28 superintendent;

29           ~~(w)(u)~~ within 90 days after the close of the school fiscal year, publish an annual report in the county  
 30 newspaper stating the following financial information for the school fiscal year just ended for each district of the

1 county:

- 2 (i) the total of the cash balances of all funds maintained by the district at the beginning of the year;  
 3 (ii) the total receipts that were realized in each fund maintained by the district;  
 4 (iii) the total expenditures that were made from each fund maintained by the district; and  
 5 (iv) the total of the cash balances of all funds maintained by the district at the end of the school fiscal  
 6 year; and

7 ~~(x)~~(v) hold meetings for the members of the trustees from time to time at which matters for the good of  
 8 the districts must be discussed.

9 (2) (a) When a district in one county annexes a district in another county, the county superintendent of  
 10 the county where the annexing district is located shall perform the duties required by this section.

11 (b) When two or more districts in more than one county consolidate, the duties required by this section  
 12 must be performed by the county superintendent designated in the same manner as other county officials in  
 13 20-9-202."  
 14

15 **Section 305.** Section 20-3-209, MCA, is amended to read:

16 **"20-3-209. Annual report.** The county superintendent of each county shall submit an annual report to  
 17 the superintendent of public instruction on or before September 15. The report must be completed on the forms  
 18 supplied by the superintendent of public instruction and must include:

- 19 (1) the final budget information for each district of the county, as prescribed by 20-9-134(1);  
 20 ~~(2) the revenue amounts used to establish the levy requirements for the county school fund supporting~~  
 21 ~~school district transportation schedules, as prescribed by 20-10-146, and for the county school funds supporting~~  
 22 ~~elementary and high school district retirement obligations, as prescribed by 20-9-501;~~

23 ~~(3)~~(2) the financial activities of each district of the county for the immediately preceding school fiscal year  
 24 as provided by the trustees' annual report to the county superintendent under the provisions of 20-9-213(6); and

25 ~~(4)~~(3) any other information that may be requested by the superintendent of public instruction that is  
 26 within the superintendent's authority prescribed by this title."  
 27

28 **Section 306.** Section 20-3-324, MCA, is amended to read:

29 **"20-3-324. Powers and duties.** As prescribed elsewhere in this title, the trustees of each district shall:

- 30 (1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district

1 superintendent, the county high school principal, or other principal as the board considers necessary, accepting  
2 or rejecting any recommendation as the trustees in their sole discretion determine, in accordance with the  
3 provisions of Title 20, chapter 4;

4 (2) employ and dismiss administrative personnel, clerks, secretaries, teacher's aides, custodians,  
5 maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel considered  
6 necessary to carry out the various services of the district;

7 (3) administer the attendance and tuition provisions and govern the pupils of the district in accordance  
8 with the provisions of the pupils chapter of this title;

9 (4) call, conduct, and certify the elections of the district in accordance with the provisions of the school  
10 elections chapter of this title;

11 (5) participate in the teachers' retirement system of the state of Montana in accordance with the  
12 provisions of the teachers' retirement system chapter of Title 19;

13 (6) participate in district boundary change actions in accordance with the provisions of the school districts  
14 chapter of this title;

15 (7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the  
16 provisions of the school organization part of this title;

17 (8) adopt and administer the annual budget or a budget amendment of the district in accordance with  
18 the provisions of the school budget system part of this title;

19 (9) conduct the fiscal business of the district in accordance with the provisions of the school financial  
20 administration part of this title;

21 (10) establish the ANB, ~~BASE budget levy, over-BASE budget levy, additional levy,~~ operating reserve,  
22 and state impact aid amounts for the general fund of the district in accordance with the provisions of the general  
23 fund part of this title;

24 (11) establish, maintain, budget, and finance the transportation program of the district in accordance with  
25 the provisions of the transportation parts of this title;

26 (12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions  
27 of the bonds parts of this title;

28 (13) when applicable, establish, financially administer, and budget for the tuition fund, retirement fund,  
29 building reserve fund, adult education fund, nonoperating fund, school food services fund, miscellaneous  
30 programs fund, building fund, lease or rental agreement fund, traffic education fund, impact aid fund, interlocal

- 1 cooperative fund, and other funds as authorized by the state superintendent of public instruction in accordance  
2 with the provisions of the other school funds parts of this title;
- 3 (14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises in  
4 accordance with the provisions of the miscellaneous financial parts of this title;
- 5 (15) hold in trust, acquire, and dispose of the real and personal property of the district in accordance with  
6 the provisions of the school sites and facilities part of this title;
- 7 (16) operate the schools of the district in accordance with the provisions of the school calendar part of  
8 this title;
- 9 (17) set the length of the school term, school day, and school week in accordance with 20-1-302;
- 10 (18) establish and maintain the instructional services of the schools of the district in accordance with the  
11 provisions of the instructional services, textbooks, K-12 career and vocational/technical education, and special  
12 education parts of this title;
- 13 (19) establish and maintain the school food services of the district in accordance with the provisions of  
14 the school food services parts of this title;
- 15 (20) make reports from time to time as the county superintendent, superintendent of public instruction,  
16 and board of public education may require;
- 17 (21) retain, when considered advisable, a physician or registered nurse to inspect the sanitary conditions  
18 of the school or the general health conditions of each pupil and, upon request, make available to any parent or  
19 guardian any medical reports or health records maintained by the district pertaining to the child;
- 20 (22) for each member of the trustees, visit each school of the district not less than once each school fiscal  
21 year to examine its management, conditions, and needs, except that trustees from a first-class school district may  
22 share the responsibility for visiting each school in the district;
- 23 (23) procure and display outside daily in suitable weather on school days at each school of the district  
24 an American flag that measures not less than 4 feet by 6 feet;
- 25 (24) provide that an American flag manufactured in the United States that measures approximately 3 feet  
26 by 5 feet be prominently displayed in each classroom in each school of the district no later than the beginning  
27 of the school year starting after July 1, 2014, except in a classroom in which the flag may get soiled. Districts are  
28 encouraged to work with civic groups to acquire flags through donation, and this requirement is waived if the flags  
29 are not provided by a civic group.
- 30 (25) for grades 7 through 12, provide that legible copies of the United States constitution, the United

1 States bill of rights, and the Montana constitution printed in the United States or in electronic form are readily  
2 available in every classroom no later than the beginning of the school year starting after July 1, 2014. Districts  
3 are encouraged to work with civic groups to acquire the documents through donation, and this requirement is  
4 waived if the documents are not provided by a civic group.

5 (26) adopt and administer a district policy on assessment for placement of any child who enrolls in a  
6 school of the district from a nonpublic school that is not accredited, as required in 20-5-110;

7 (27) upon request and in compliance with confidentiality requirements of state and federal law, disclose  
8 to interested parties school district student assessment data for any test required by the board of public  
9 education;

10 (28) consider and may enter into an interlocal agreement with a postsecondary institution, as defined in  
11 20-9-706, that authorizes 11th and 12th grade students to obtain credits through classes available only at a  
12 postsecondary institution;

13 (29) approve or disapprove the conduct of school on a Saturday in accordance with the provisions of  
14 20-1-303;

15 (30) consider and, if advisable for a high school or K-12 district, establish a student financial institution,  
16 as defined in 32-1-115; and

17 (31) perform any other duty and enforce any other requirements for the government of the schools  
18 prescribed by this title, the policies of the board of public education, or the rules of the superintendent of public  
19 instruction."

20

21 **Section 307.** Section 20-3-352, MCA, is amended to read:

22 **"20-3-352. Request and determination of number of high school district additional trustee**  
23 **positions -- nonvoting trustee.** (1) As provided in 20-3-351(1)(b), a high school district, except a county high  
24 school district, may have additional trustee positions when the trustees of a majority of the elementary districts  
25 with territory located in the high school district, but without equitable representation on the high school district  
26 trustees under the provision of 20-3-351(1)(a), request the establishment of additional trustee positions under  
27 the provisions of subsection (2) or when the electors approve an alternative method of electing members of the  
28 board of trustees under the provisions of subsection (3).

29 (2) A request for additional trustee positions must be made to the county superintendent by a resolution  
30 of the trustees of each elementary district. When a resolution has been received from a majority of the elementary

1 districts without representation on the high school district trustees, the county superintendent shall determine the  
2 number of additional trustee positions for the affected high school district in accordance with the following  
3 procedure:

4 (a) The ~~taxable valuation~~ population of the elementary district that has its trustees placed on the high  
5 school trustees must be divided by the number of positions on the trustees of the elementary district to determine  
6 the ~~taxable valuation~~ population per trustee position.

7 (b) The ~~taxable valuation~~ population used for the calculation in subsection (2)(a) must be subtracted from  
8 the ~~taxable valuation~~ population of the high school district to determine the ~~taxable valuation~~ population of the  
9 territory of the high school district without representation on the high school district trustees.

10 (c) The ~~taxable valuation~~ population determined in subsection (2)(b) must be divided by the ~~taxable~~  
11 ~~valuation~~ population per trustee position calculated in subsection (2)(a). The resulting quotient must be rounded  
12 off to the nearest whole number, except that when the quotient is less than 0.5, at least one nonvoting trustee  
13 position must be established for the territory without representation on the high school district board of trustees  
14 under the provision of 20-3-351(1)(a).

15 (d) Except for a nonvoting trustee position, the number determined in subsection (2)(c) must be the  
16 number of additional trustee positions, except that the number of additional trustee positions may not exceed four  
17 in a first- or second-class high school district or two in a third-class high school district except when two-thirds  
18 or more of the high school enrollment of the high school district and two-thirds or more of the ~~taxable valuation~~  
19 population of the high school district are located outside of the elementary district that has its trustees placed on  
20 the high school district trustees. When this situation exists, three additional trustees must be elected from the  
21 elementary school districts in which the high school is not located and one additional trustee must be elected at  
22 large in the high school district.

23 (e) An additional trustee may serve as the presiding officer of the board of trustees of an elementary  
24 district in accordance with 20-3-321(3).

25 (3) (a) If more than half of the electors of the high school district reside outside the territory of the  
26 elementary school district in which the high school district buildings are located, at least 10% of the electors of  
27 the high school district who are qualified to vote under the provisions of 20-20-301 may petition the county  
28 superintendent, requesting an election to consider a proposition on the question of establishing one of the  
29 following alternative methods of electing the members of the high school district board of trustees:

30 (i) one trustee must be elected from each elementary school district with territory included in the high



1 school district and two or three trustees must be elected at large in the high school district, whichever number  
2 results in an odd number of members on the board of trustees; or

3 (ii) the county superintendent shall establish four trustee nominating districts within the high school district  
4 but outside the territory of the elementary school district in which the high school buildings are located. One  
5 trustee must be elected from each trustee nominating district and three trustees must be elected from the  
6 elementary district in which the high school buildings are located, for a total of seven trustees on the high school  
7 district board of trustees. Trustees elected from the elementary district in which the high school buildings are  
8 located shall serve on both the high school district board of trustees and on the elementary school district board  
9 of trustees.

10 (b) (i) When the county superintendent receives a valid petition, the county superintendent shall order  
11 the trustees of the high school district to conduct an election on the next regular school election day on the  
12 proposition allowed under the provisions of subsection (3)(a).

13 (ii) If the electors of the district approve a proposition to establish the alternative method of electing the  
14 high school district board of trustees, the county superintendent shall order that the members of the board of  
15 trustees be elected according to subsection (3)(a) at the next regular school election.

16 (c) Whenever the trustees are elected at one regular election under subsection (3)(b), the members who  
17 are elected shall draw by lot to determine their terms of office. The terms of office by trustee position must be  
18 divided as equally as practicable among 1-year, 2-year, and 3-year terms.

19 (d) A petition to call an election for the purposes of subsection (3) may not be submitted to the county  
20 superintendent more than one time in each 5-year period."

21

22 **Section 308.** Section 20-3-354, MCA, is amended to read:

23 **"20-3-354. Redetermination of additional trustee positions and subsequent adjustments.**

24 ~~Whenever there is a revision of the taxable valuation of the high school district or the elementary districts within~~  
25 ~~the high school district or there is a reclassification of the elementary district that has its trustees placed on the~~  
26 high school district board of trustees, the county superintendent shall redetermine the number of additional trustee  
27 positions for the high school district in accordance with 20-3-352. If there is a change in the allowable number  
28 of additional trustee positions, the county superintendent shall reestablish the trustee nominating districts in  
29 accordance with 20-3-353. If the number of additional trustee positions is less than the previous number of  
30 positions, the county superintendent shall designate which present additional positions are to terminate upon the

1 order reestablishing the trustee nominating districts. If the number of additional trustee positions is more than the  
2 previous number of positions, the additional trustee positions must be filled in the manner prescribed under the  
3 provisions of 20-3-309. Each additional trustee position filled by appointment under this section is subject to  
4 election at the next regular school election."

5

6 **Section 309.** Section 20-3-363, MCA, is amended to read:

7 **"20-3-363. Multidistrict agreements -- fund transfers.** (1) The boards of trustees of any two or more  
8 school districts may enter into a multidistrict agreement to create a multidistrict cooperative to perform any  
9 services, activities, and undertakings of the participating districts and to provide for the joint funding and operation  
10 and maintenance of all participating districts upon the terms and conditions as may be mutually agreed to by the  
11 districts subject to the conditions of this section. An agreement must include provisions for dissolution of the  
12 cooperative, including the conditions under which dissolution may occur and the disposition of any remaining  
13 funds that had been transferred to an interlocal cooperative fund in support of the cooperative. An agreement  
14 must be approved by the boards of trustees of all participating districts and must include a provision specifying  
15 terms upon which a district may exit the multidistrict cooperative. The agreement may be for a period of up to 3  
16 years.

17 (2) All expenditures in support of the multidistrict agreement may be made from the interlocal cooperative  
18 fund as specified in 20-9-703 and 20-9-704. Each participating district of the multidistrict cooperative may transfer  
19 funds into the interlocal cooperative fund from the district's general fund, budgeted funds other than the retirement  
20 fund or debt service fund, or nonbudgeted funds other than the compensated absence liability fund. Transfers  
21 to the interlocal cooperative fund from each participating school district's general fund are limited to an amount  
22 not to exceed the direct state aid in support of the respective school district's general fund. Transfers from the  
23 retirement fund and debt service fund are prohibited. Transfers may not be made with funds restricted by federal  
24 law unless the transfer is in compliance with any restrictions or conditions imposed by federal law.

25 (3) Expenditures from the interlocal cooperative fund under this section are limited to those expenditures  
26 that are permitted by law and that are within the final budget for the budgeted fund from which the transfer was  
27 made.

28 (4) The intent of this section is to increase the flexibility and efficiency of school districts ~~without an~~  
29 ~~increase in local taxes. In furtherance of this intent, if transfers of funds are made from any school district fund~~  
30 ~~supported by a nonvoted levy, the district may not increase its nonvoted levy for the purpose of restoring the~~

1 ~~amount of funds transferred.~~

2 (5) As used in this title, "multidistrict cooperative" means a public entity created by two or more school  
3 districts executing a multidistrict agreement under this section or any school district or other public entity  
4 participating in an interlocal cooperative agreement under the provisions of Title 20, chapter 9, part 7, as either  
5 a coordinating or a cooperating agency."

6

7 **Section 310.** Section 20-5-320, MCA, is amended to read:

8 **"20-5-320. Attendance with discretionary approval.** (1) A child may be enrolled in and attend a school  
9 in a Montana school district that is outside of the child's district of residence or a public school in a district of  
10 another state or province that is adjacent to the county of the child's residence, subject to discretionary approval  
11 by the trustees of the resident district and the district of choice. If the trustees grant discretionary approval of the  
12 child's attendance in a school of the district, the parent or guardian may be charged tuition and may be charged  
13 for transportation.

14 (2) (a) Whenever a parent or guardian of a child wishes to have the child attend a school under the  
15 provisions of this section, the parent or guardian shall apply to the trustees of the district where the child wishes  
16 to attend. The application must be made on an out-of-district attendance agreement form supplied by the district  
17 and developed by the superintendent of public instruction.

18 (b) The attendance agreement must set forth the financial obligations, if any, ~~for tuition and~~ for costs  
19 incurred for transporting the child under Title 20, chapter 10.

20 ~~(c) (i) The trustees of the district of choice may waive any or all of the tuition rate. The trustees of the~~  
21 ~~district of choice may waive the tuition for all students whose tuition is required to be paid by one type of entity~~  
22 ~~and may charge tuition for all students whose tuition is required to be paid by another type of entity. However,~~  
23 ~~any waiver of tuition must be applied equally to all students whose tuition is paid by the same type of entity.~~

24 ~~—— (ii) As used in this subsection (2)(c), "entity" means a parent or guardian or the trustees of the district of~~  
25 ~~residence.~~

26 (3) An out-of-district attendance agreement approved under this section requires that the parent or  
27 guardian initiate the request for an out-of-district attendance agreement and that the trustees of ~~both the district~~  
28 ~~of residence and~~ the district of choice approve the agreement.

29 ~~(4) If the trustees of the district of choice waive tuition, approval of the resident district trustees is not~~  
30 ~~required.~~

1           ~~(5)(4)~~ The trustees of a school district may approve or disapprove the out-of-district attendance  
 2 agreement consistent with this part and the policy adopted by the local board of trustees for out-of-district  
 3 attendance agreements.

4           ~~(6)~~ The approval of an out-of-district attendance agreement by the applicable approval agents or as the  
 5 result of an appeal must authorize the child named in the agreement to enroll in and attend the school named  
 6 in the agreement for the designated school year.

7           ~~(7)(5)~~ The trustees of the district where the child wishes to attend have the discretion to approve any  
 8 attendance agreement.

9           ~~(8)(6)~~ This section does not preclude the trustees of a district from approving an attendance agreement  
 10 for educational program offerings not provided by the resident district, such as the kindergarten or grades 7 and  
 11 8 programs, if the trustees of both districts agree to the terms and conditions for attendance and any tuition and  
 12 transportation requirement. For purposes of this subsection, the trustees of the resident district shall initiate the  
 13 out-of-district agreement.

14           ~~(9)(7)~~ ~~(a)~~ A provision of this title may not be construed to deny a parent or guardian the right to send a  
 15 child, at personal expense, to any school of a district other than the resident district when the trustees of the  
 16 district of choice have approved an out-of-district attendance agreement and the parent or guardian has agreed  
 17 to pay the tuition as prescribed by 20-5-323. However, under this subsection (9), the tuition rate must be reduced  
 18 by the amount that the parent or guardian of the child paid in district property taxes during the immediately  
 19 preceding school fiscal year for the benefit and support of the district in which the child will attend school.

20           ~~(b)~~ For the purposes of this section, "parent or guardian" includes an individual shareholder of a domestic  
 21 corporation as defined in 35-1-113 whose shares are 95% held by related family members to the sixth degree  
 22 of consanguinity or by marriage to the sixth degree of affinity.

23           ~~(c)~~ The tax amount to be credited to reduce any tuition charge to a parent or guardian under subsection  
 24 ~~(9)(a)~~ is determined in the following manner:

25           ~~———(i)~~ determine the percentage of the total shares of the corporation held by the shareholder parent or  
 26 parents or guardian;

27           ~~———(ii)~~ determine the portion of property taxes paid in the preceding school fiscal year by the corporation,  
 28 parent, or guardian for the benefit and support of the district in which the child will attend school.

29           ~~———(d)~~ The percentage of total shares as determined in subsection ~~(9)(c)(i)~~ is the percentage of taxes paid  
 30 as determined in subsection ~~(9)(c)(ii)~~ that is to be credited to reduce the tuition charge.

1           ~~(10)~~(8) As used in 20-5-320 through ~~20-5-324~~ 20-5-323, the term "guardian" means the guardian of a  
 2 minor as provided in Title 72, chapter 5, part 2."

3

4           **Section 311.** Section 20-5-321, MCA, is amended to read:

5           **"20-5-321. Attendance with mandatory approval -- tuition and transportation.** (1) An out-of-district  
 6 attendance agreement that allows a child to enroll in and attend a school in a Montana school district that is  
 7 outside of the child's district of residence or in a public school district of a state or province that is adjacent to the  
 8 county of the child's residence is mandatory whenever:

9           (a) the child resides closer to the school that the child wishes to attend and more than 3 miles from the  
 10 school the child would attend in the resident district and the resident district does not provide transportation;

11           (b) (i) the child resides in a location where, because of geographic conditions between the child's home  
 12 and the school that the child would attend within the district of residence, it is impractical to attend school in the  
 13 district of residence, as determined by the county transportation committee based on the following criteria:

14           (A) the length of time that is in excess of the 1-hour limit for each bus trip for an elementary child as  
 15 authorized under 20-10-121;

16           (B) whether distance traveled is greater than 40 miles one way from the child's home to school on a dirt  
 17 road or greater than a total of 60 miles one way from the child's home to school in the district of residence over  
 18 the shortest passable route; or

19           (C) whether the condition of the road or existence of a geographic barrier, such as a river or mountain  
 20 pass, causes a hazard that prohibits safe travel between the home and school.

21           (ii) The decision of the county transportation committee is subject to appeal to the superintendent of  
 22 public instruction, as provided in 20-3-107, ~~but the decision must be considered as final for the purpose of the~~  
 23 ~~payment of tuition under 20-5-324(5)(a)(ii) until a decision is issued by the superintendent of public instruction.~~

24 The superintendent of public instruction may review and rule upon a decision of the county transportation  
 25 committee without an appeal being filed.

26           (c) the child is a member of a family that is required to send another child outside of the elementary  
 27 district to attend high school and the child of elementary age may more conveniently attend an elementary school  
 28 where the high school is located, provided that the child resides more than 3 miles from an elementary school  
 29 in the resident district or that the parent is required to move to the elementary district where the high school is  
 30 located to enroll another child in high school. A child enrolled in an elementary school pursuant to this subsection

1 (1)(c) may continue to attend the elementary school after the other child has left the high school.

2 (d) the child is under the protective care of a state agency or has been adjudicated to be a youth in need  
3 of intervention or a delinquent youth, as defined in 41-5-103; or

4 (e) the child is required to attend school outside of the district of residence as the result of a placement  
5 in foster care or a group home licensed by the state.

6 (2) (a) Whenever a parent or guardian of a child, an agency of the state, or a court wishes to have a child  
7 attend a school under the provisions of this section, the parent or guardian, agency, or court shall complete an  
8 out-of-district attendance agreement in consultation with an appropriate official of the district that the child will  
9 attend.

10 (b) The attendance agreement must set forth the financial obligations, if any, for costs incurred for tuition  
11 and transportation as provided in 20-5-323 and Title 20, chapter 10.

12 ~~(c) (i) The trustees of the district of choice may waive any or all of the tuition rate. The trustees of the~~  
13 ~~district of choice may waive the tuition for all students whose tuition is required to be paid by one type of entity~~  
14 ~~and may charge tuition for all students whose tuition is required to be paid by another type of entity. However,~~  
15 ~~any waiver of tuition must be applied equally to all students whose tuition is paid by the same type of entity.~~

16 ~~———— (ii) As used in this subsection (2)(c), "entity" means a parent, a guardian, the trustees of the district of~~  
17 ~~residence, or a state agency.~~

18 (3) Except as provided in subsection (4), the trustees of the resident district and the trustees of the  
19 district of attendance shall approve the out-of-district attendance agreement. The trustees of the district of  
20 attendance shall:

21 (a) notify the county superintendent of schools of the county of the child's residence of the approval of  
22 the agreement within 10 days; and

23 (b) submit the agreement for a student attending under the provisions of subsection (1)(d) or (1)(e) to  
24 the superintendent of public instruction for approval for payment under ~~20-5-324~~ 20-5-323.

25 (4) Unless the child is a child with a disability who resides in the district, the trustees of the district where  
26 the school to be attended is located may disapprove an out-of-district attendance agreement whenever they find  
27 that, because of insufficient room and overcrowding, the accreditation of the school would be adversely affected  
28 by the acceptance of the child."

29

30 **Section 312.** Section 20-5-322, MCA, is amended to read:

1           **"20-5-322. Residency determination -- notification -- appeal for attendance agreement.** (1) In  
 2 considering an out-of-district attendance agreement, except as provided in 20-9-707, the trustees shall determine  
 3 the child's district of residence on the basis of the provisions of 1-1-215.

4           (2) Within 10 days of the initial application for an agreement, the trustees of the district of choice shall  
 5 notify the parent or guardian of the child and the trustees of the district of residence involved in the out-of-district  
 6 attendance agreement of the anticipated date for approval or disapproval of the agreement.

7           (3) Within 10 days of approval or disapproval of an out-of-district attendance agreement, the trustees  
 8 shall provide copies of the approved or disapproved attendance agreement to the parent or guardian and to the  
 9 child's district of residence.

10           (4) Within 15 days of receipt of an approved out-of-district attendance agreement, the trustees of the  
 11 district of residence shall approve or disapprove the agreement under the provisions of this part and forward the  
 12 completed agreement to the county superintendent of schools of the county of residence, the trustees of the  
 13 district of choice, and the parent or guardian.

14           (5) If an out-of-district attendance agreement is disapproved or no action is taken, the parent may appeal  
 15 the disapproval or lack of action to the county superintendent and, subsequently, to the superintendent of public  
 16 instruction under the provisions for the appeal of controversies in this title.

17           ~~(6) For purposes of payment under 20-5-324(2), a nonresident student who becomes a resident by~~  
 18 ~~reaching 18 years of age during the school year may continue to have tuition paid on the student's behalf for the~~  
 19 ~~duration of the student's enrollment in the district for that school year."~~

20

21           **Section 313.** Section 20-5-323, MCA, is amended to read:

22           **"20-5-323. Tuition and transportation rates.** ~~(1) Except as provided in subsections (2) through (5),~~  
 23 ~~whenever a child has approval to attend a school outside of the child's district of residence under the provisions~~  
 24 ~~of 20-5-320 or 20-5-321, the rate of tuition charged for a Montana resident student may not exceed 20% of the~~  
 25 ~~per-ANB maximum rate established in 20-9-306 for the year of attendance.~~

26           ~~(2) The tuition for a child with a disability must be determined under rules adopted by the superintendent~~  
 27 ~~of public instruction for the calculation of tuition for special education pupils.~~

28           ~~(3) The tuition rate for out-of-district placement pursuant to 20-5-321(1)(d) and (1)(e) for a student~~  
 29 ~~without disabilities who requires a program with costs that exceed the average district costs must be determined~~  
 30 ~~as the actual individual costs of providing that program according to the following:~~

1 ~~\_\_\_\_\_ (a) the district of attendance and the district, person, or entity responsible for the tuition payments shall~~  
 2 ~~approve an agreement with the district of attendance for the tuition cost;~~

3 ~~\_\_\_\_\_ (b) for a Montana resident student, 80% of the maximum per-ANB rate established in 20-9-306, received~~  
 4 ~~in the year for which the tuition charges are calculated, must be subtracted from the per-student program costs~~  
 5 ~~for a Montana resident student; and~~

6 ~~\_\_\_\_\_ (c) the maximum tuition rate paid to a district under this section may not exceed \$2,500 per ANB.~~

7 ~~(4)(1)~~ When a child attends a public school of another state or province, the amount of daily tuition may  
 8 not be greater than the average annual cost for each student in the child's district of residence. This calculation  
 9 for tuition purposes is determined by totaling all of the expenditures for all of the district budgeted funds for the  
 10 preceding school fiscal year and dividing that amount by the October 1 enrollment in the preceding school fiscal  
 11 year. For the purposes of this subsection, the following do not apply:

- 12 (a) placement of a child with a disability pursuant to Title 20, chapter 7, part 4;
- 13 (b) placement made in a state or province with a reciprocal tuition agreement pursuant to 20-5-314;
- 14 (c) an order issued under Title 40, chapter 4, part 2; or
- 15 (d) out-of-state placement by a state agency.

16 ~~(5)(2)~~ When a child is placed by a state agency in an out-of-state residential facility, the state agency  
 17 making the placement is responsible for the education costs resulting from the placement.

18 ~~(6)(3)~~ The amount, if any, charged for transportation may not exceed the lesser of the average  
 19 transportation cost for each student in the child's district of residence or 35 cents a mile. The average  
 20 expenditures for the district transportation fund for the preceding school fiscal year must be calculated by dividing  
 21 the transportation fund expenditures by the October 1 enrollment for the preceding fiscal year."

22

23 **Section 314.** Section 20-6-101, MCA, is amended to read:

24 **"20-6-101. Definition of elementary and high school districts.** (1) As used in this title, ~~except as~~  
 25 ~~defined in 20-9-402 for bonding purposes or~~ unless the context clearly indicates otherwise, the term "district"  
 26 means the territory, regardless of county boundaries, organized under the provisions of this title to provide public  
 27 educational services under the jurisdiction of the trustees prescribed by this title. High school districts may  
 28 encompass all or parts of the territory of one or more elementary districts.

29 (2) (a) An elementary district is a district organized for the purpose of providing public education for all  
 30 grades up to and including grade 8 and for preschool programs and kindergartens. An elementary district may



1 be inactive if the district attaches to a high school district under the provisions of 20-6-701 to form a K-12 school  
2 district.

3 (b) A high school district is a district organized for the purpose of providing those public educational  
4 services authorized by this title for all grades beyond grade 8, including postsecondary programs, except those  
5 programs administered by community college districts or the Montana university system. A high school district  
6 with an attached elementary district may provide the educational services for an elementary district through the  
7 procedures established in 20-6-701 through 20-6-703.

8 (3) An elementary district is known as "District No....., ..... County" and a high school district, except  
9 a high school district where a county high school is operated, is known as "High School District No....., .....  
10 County". A district is a body corporate and, as a body corporate, may sue and be sued, contract and be  
11 contracted with, and acquire, hold, use, and dispose of real or personal property for school purposes, within the  
12 limitations prescribed by law. Unless the context clearly indicates otherwise, the trustees of elementary districts  
13 and high school districts have the same types of powers, duties, and responsibilities authorized and imposed by  
14 the laws of Montana.

15 (4) As used in this title, unless the context clearly indicates otherwise, a county high school is a high  
16 school district that has not unified with an elementary district under 20-6-312."

17

18 **Section 315.** Section 20-6-105, MCA, is amended to read:

19 **"20-6-105. Transfer of territory from one district to another -- hearing on effects of proposed**  
20 **transfer -- burden of proof -- standard of proof -- appeal to district court.** (1) (a) Except as provided in  
21 20-6-214, 20-6-215, 20-6-308, 20-6-322, and subsections (1)(b) and (1)(c) of this section, a petition to transfer  
22 territory from one school district to another may be presented to the county superintendent if:

23 (i) the petition is signed by 60% of the registered electors qualified to vote at general elections in the  
24 territory proposed for transfer;

25 (ii) the territory to be transferred is contiguous to the district to which it is to be attached, ~~includes taxable~~  
26 ~~property,~~ and has school-age children living in it;

27 (iii) the territory to be transferred is not located within 3 miles, over the shortest practicable route, of an  
28 operating school in the district from which it is to be transferred; and

29 (iv) the board of trustees of the school district that would receive the territory has approved the proposed  
30 transfer by a resolution adopted by a majority of the members of the board of trustees at a meeting for which

1 proper notice was given.

2 (b) A petition to transfer territory to or from a K-12 district may not be presented to a county  
3 superintendent unless both school boards and the county superintendents have agreed in writing.

4 (c) Registered voters within the exterior boundaries of school districts that consolidated during the years  
5 2004 to 2008 may petition for changes in their boundaries under the law in effect on July 1, 2005.

6 (2) Once a petition to transfer territory has been filed, an additional petition to transfer that territory may  
7 not be filed for 4 years unless the county superintendents have agreed in writing.

8 (3) The petition for a transfer of territory must be delivered to the county superintendent and must:

9 (a) provide a legal description of the territory that is requested to be transferred and a description of the  
10 district to which the territory is to be transferred;

11 (b) state the reasons why the transfer is requested; and

12 (c) state the number of school-age children residing in the territory.

13 (4) If both the trustees of the receiving and transferring school districts have approved the proposed  
14 territory transfer in writing, the county superintendent shall grant the transfer.

15 (5) For any petition that meets the criteria specified in subsection (1) and contains the information  
16 required by subsection (3) but that has not been approved in writing by the board of trustees of the school district  
17 that would transfer the territory, the county superintendent shall:

18 (a) not more than 40 days after receipt of the petition, set a place, date, and time for a hearing to  
19 consider the petition; and

20 (b) give notice of the place, date, and time of the hearing. The notice must be posted in the districts  
21 affected by the petition for the transfer of territory in the manner prescribed in this title for notices for school  
22 elections, with at least one notice posted in the territory to be transferred. Notice must also be delivered to the  
23 board of trustees of the school district from which the territory is to be transferred.

24 (6) The county superintendent shall conduct a hearing as scheduled, and any resident, taxpayer, or  
25 representative of the receiving or transferring district must, upon request, be heard. At the hearing, the petitioners  
26 have the initial burden of presenting evidence on the proposed transfer's effect on:

27 (a) the educational opportunity for the students in the receiving and transferring districts, including but  
28 not limited to:

29 (i) class size;

30 (ii) ability to maintain demographic diversity;

- 1 (iii) local control;
- 2 (iv) parental involvement; and
- 3 (v) the capability of the receiving district to provide educational services;
- 4 (b) student transportation, including but not limited to:
- 5 (i) safety;
- 6 (ii) cost; and
- 7 (iii) travel time of students; and
- 8 (c) the economic viability of the proposed new districts, ~~including but not limited to:~~
- 9 ~~—— (i) the existence of a significant burden on the taxpayers of the district from which the territory will be~~
- 10 ~~transferred;~~
- 11 ~~—— (ii) the significance of any loss in state funding for the students in both the receiving and transferring~~
- 12 ~~districts;~~
- 13 ~~—— (iii) the viability of the future bonding capacity of the receiving and transferring districts, including but not~~
- 14 ~~limited to the ability of the receiving district and the transferring district to meet minimum bonding requirements;~~
- 15 ~~—— (iv) the ability of the receiving district and the transferring district to maintain sufficient reserves; and~~
- 16 ~~(v) the cumulative effect of other transfers of territory out of the district in the previous 8 years on the~~
- 17 ~~taxable value of the district from which the territory is to be transferred. In cases where the cumulative effect of~~
- 18 ~~other transfers of territory out of the district in the previous 8 years is equal to or greater than 25% of the district's~~
- 19 ~~taxable value, the following additional factors must be considered and weighed in the decision:~~
- 20 ~~—— (A) the district's rate of passage of discretionary levies placed before the voters over the previous 8 years;~~
- 21 ~~—— (B) the district's reduction or elimination of instructional staff or programs over the previous 8 years; and~~
- 22 ~~—— (C) any increase in district taxes over the previous 8 years and the likely increase in district taxes if the~~
- 23 ~~transfer is granted.~~
- 24 (7) After receiving evidence from both the proponents and opponents of the proposed territory transfer
- 25 on the effects described in subsection (6), the county superintendent shall, within 30 days after the hearing, issue
- 26 findings of fact, conclusions of law, and an order.
- 27 (8) If, based on a preponderance of the evidence, the county superintendent determines that the
- 28 evidence on the effects described in subsection (6) supports a conclusion that a transfer of the territory is in the
- 29 best and collective interest of students in the receiving and transferring districts and does not negatively impact
- 30 the ability of the districts to serve those students, the county superintendent shall grant the transfer. If the county

1 superintendent determines that, based on a preponderance of the evidence presented at the hearing, a transfer  
2 of the territory is not in the best and collective interest of students in the receiving and transferring districts and  
3 will negatively impact the ability of the districts to serve those students, the county superintendent shall deny the  
4 territory transfer.

5 (9) The decision of the county superintendent is final 30 days after the date of the decision unless it is  
6 appealed to the district court by a resident, taxpayer, or representative of either district affected by the petitioned  
7 territory transfer. The county superintendent's decision must be upheld unless the court finds that the county  
8 superintendent's decision constituted an abuse of discretion under this section.

9 (10) Whenever a petition to transfer territory from one district to another district creates a joint district or  
10 affects the boundary of an existing joint district, the petition to transfer territory must be delivered to the county  
11 superintendent of the county in which the territory proposed to be transferred is located. The county  
12 superintendent shall notify any other county superintendents of counties with districts affected by the petition, and  
13 the duties prescribed in this section for the county superintendent must be performed jointly. If the number of  
14 county superintendents involved is an even number, the county superintendents shall jointly appoint an additional  
15 county superintendent from an unaffected county to join them in conducting the hearing required in subsection  
16 (6) and in issuing the decision required in subsection (8). The decision issued under subsection (8) must be made  
17 by a majority of the county superintendents.

18 (11) A petition seeking to transfer territory out of or into a K-12 district must propose the transfer of  
19 territory for both elementary and high school purposes. In the case of a proposed transfer out of or into a K-12  
20 district, a petition that fails to propose the transfer of territory for both elementary and high school purposes is  
21 invalid for the purposes of this section."

22

23 **Section 316.** Section 20-6-326, MCA, is amended to read:

24 **"20-6-326. Procedure for creation of high school district solely for expansion into K-12 school**  
25 **district -- trustee resolution.** (1) An existing elementary district may create a high school district solely for the  
26 purpose of expanding an elementary district into a K-12 district only if:

27 (a) the nearest elementary school building is located at a distance of at least 40 miles from the nearest  
28 accessible high school;

29 (b) the trip from the nearest elementary school building to the nearest accessible high school is 60  
30 minutes or more over the shortest passable route;

1 (c) periodically during the school year, the condition of the road makes it impractical to attend the nearest  
2 accessible high school; and

3 (d) at least 50 high school students reside in the elementary district; and

4 (e) the ~~taxable valuation and~~ boundaries of the combining elementary and high school district are the  
5 same.

6 (2) The creation of a new high school district may be requested by the trustees of an existing elementary  
7 district through passage of a resolution that includes the information outlined in 20-6-105(3) and requests the  
8 county superintendent to order an election to allow the electors of the elementary district to consider the  
9 proposition to create a high school district solely for the purpose of expanding the elementary school district into  
10 a K-12 district. ~~Approval of the proposition results in a tax levy for payments as provided in subsection (6)(b).~~

11 (3) If the proposition for the expansion and the transition levy provided for in 20-9-502(6) is approved  
12 by the electors of the elementary district and the trustees issue a certificate of election as provided in 20-20-416,  
13 the county superintendent shall order the creation of the high school district and oversee the expansion of the  
14 high school district into a K-12 district pursuant to 20-6-701.

15 (4) The county superintendent shall send a copy of the order to the board of county commissioners and  
16 to the trustees of the districts affected by the creation of the district.

17 (5) If a new district is created, the effective date of its creation is the following July 1. The trustees of the  
18 elementary district must be designated as the trustees of the new K-12 district.

19 (6) Until the first school fiscal year in which the new K-12 district enrolls high school students in all  
20 grades, the existing high school district shall provide high school instruction to students residing in the newly  
21 created K-12 district ~~with the K-12 district paying the existing high school district:~~

22 ~~—— (a) tuition and transportation charged pursuant to the provisions of 20-5-320 and 20-5-321; and~~

23 ~~—— (b) an amount equal to the BASE general fund mills for the existing high school district assessed against~~  
24 ~~the taxable valuation in the new K-12 district and funded using a building reserve fund levy for transition costs~~  
25 ~~as provided in 20-9-502. The payment to the existing high school district must be deposited in the district general~~  
26 ~~fund and used to reduce the BASE budget levy.~~

27 (7) If bonded indebtedness has been approved by the voters of the existing high school district prior to  
28 April 12, 2007, but the bonds have not been sold prior to the creation of the new K-12 district, then the future  
29 indebtedness of those bonds when those bonds are sold must be paid ~~by levies on the original territory~~ as  
30 provided for in [section 54].

1 (8) If the K-12 school district does not open and operate a high school within 3 years after the effective  
 2 date of the creation of the new district, the order of the county superintendent creating a new district under this  
 3 section is void, the new district ceases to exist, and the trustees of the new district have no capacity to act. Those  
 4 trustees retain authority as trustees of the elementary district."

5

6 **Section 317.** Section 20-6-413, MCA, is amended to read:

7 **"20-6-413. Cash disposition when district ceases to exist -- ~~special levy for tuition debt.~~** Whenever  
 8 a district ceases to exist in any manner prescribed in this title, except when districts are consolidated, the cash  
 9 on hand to the credit of the funds of the district and the debts of the former district must be allocated in the  
 10 following manner:

11 (1) Any cash to the credit of the district must be used to pay any debts of the district, ~~including bonded~~  
 12 ~~indebtedness, except that any cash available in the debt service fund must be used first to pay bond interest and~~  
 13 ~~all outstanding bonds.~~

14 (2) If any cash remains to the credit of the district after paying its debts, the cash must be transferred  
 15 by the county treasurer to the credit of the district or districts assuming its territory. When the territory is assumed  
 16 by more than one district, the remaining cash must be prorated between the districts on the basis of the ~~taxable~~  
 17 ~~value~~ population of the territory assumed by each district as determined by the county superintendent.

18 ~~(3) If any tuition debt remains as an obligation of the district, the tuition debt is the obligation of the~~  
 19 ~~taxable property of the discontinued district, except when the tuition debt has been assumed by the consolidated~~  
 20 ~~or annexing district. The tuition debt must be financed by a mill levy on the property of the discontinued district~~  
 21 ~~and paid from these proceeds by the county superintendent.~~

22 ~~(4)~~(3) If any debts, other than bonded indebtedness and tuition, remain as an obligation of the district  
 23 after the cash has been utilized under the provisions of subsection (1), the debts must be assigned in the same  
 24 manner prescribed for the transfer of cash under subsection (2)."

25

26 **Section 318.** Section 20-6-422, MCA, is amended to read:

27 **"20-6-422. District annexation.** (1) As used in this section, the following definitions apply:

28 (a) "Annexing district" means the district to which another district is being attached through an annexation  
 29 procedure.

30 (b) "District to be annexed" means the district that is being attached to another district through an

1 annexation procedure.

2 (2) A district may be annexed to a contiguous district when one of the conditions of 20-6-421 is met in  
3 accordance with ~~the following procedure:~~

4 ~~——(a) this subsection.~~ An annexation proposition may be introduced in the district to be annexed by either  
5 of the two following methods:

6 ~~(i)(a)~~ the trustees may pass a resolution requesting the county superintendent of the county where the  
7 district is located to order an election to consider an annexation proposition for their district; or

8 ~~(ii)(b)~~ not less than 20% of the electors of the district who are qualified to vote under the provisions of  
9 20-20-301 may petition the county superintendent of the county where the district is located requesting an  
10 election to consider an annexation proposition for their district.

11 ~~(b) The resolution or petition must state whether the annexation is to be made with or without the joint  
12 assumption of bonded indebtedness of the annexing district by the district to be annexed and the annexing  
13 district.~~

14 (3) Before ordering an election on the proposition, the county superintendent of the county where the  
15 district to be annexed is located must first receive from the trustees of the annexing district a resolution giving the  
16 county superintendent the authority to annex the district. ~~The resolution must state whether the annexation is to  
17 be made with or without the joint assumption of bonded indebtedness of the annexing district by the district to be  
18 annexed and the annexing district. The resolution from the annexing district and the resolution or petition from  
19 the district to be annexed must agree on whether or not there will be joint assumption of bonded indebtedness.  
20 Without agreement, the annexation proposition may not be considered further.~~

21 (4) When the county superintendent of the county where the district to be annexed is located has  
22 received the resolution authorizing the annexation from the annexing district and the resolution or valid petition  
23 from the district to be annexed, the county superintendent shall, within 10 days and as provided by 20-20-201,  
24 order the trustees of the district to be annexed to call an annexation election.

25 (5) The district to be annexed shall call and conduct an election in the manner prescribed in this title for  
26 school elections and subject to ~~subsections (6) and (7)~~ subsection (6). Any elector qualified to vote under the  
27 provisions of 20-20-301 may vote.

28 (6) ~~(a) If the district to be annexed is to jointly assume the bonded indebtedness of the annexing district,  
29 the ballots must read, after stating the annexation proposition, "FOR annexation with assumption of bonded  
30 indebtedness" and "AGAINST annexation with assumption of bonded indebtedness".~~

1 ~~\_\_\_\_\_~~(b) When the trustees in the district conducting the election canvass the vote under the provisions of  
2 20-20-415, they shall determine the number of votes "FOR" and "AGAINST" the proposition.

3 ~~\_\_\_\_\_~~(c) The proposition is approved in the district if a majority of those voting approve the proposition.

4 ~~(7) If the district to be annexed is not to jointly assume the bonded indebtedness of the annexing district,~~  
5 ~~the ballots must read, after stating the annexation proposition, "FOR annexation without assumption of bonded~~  
6 ~~indebtedness" and "AGAINST annexation without assumption of bonded indebtedness". The annexation~~  
7 ~~proposition is approved by a district if a majority of those voting in a district approve the proposition.~~

8 ~~(8)(7)~~ After the county superintendent of the county where the district to be annexed is located has  
9 received the election certification provided for in 20-20-416 from the trustees of the district conducting the  
10 annexation election and if the annexation proposition has been approved by the election, the county  
11 superintendent shall order the annexation of the territory of the district voting on the proposition to the district that  
12 has authorized the annexation to its territory effective July 1. The order must be issued within 10 days after the  
13 receipt of the election certificate. ~~For annexation with joint assumption of bonded indebtedness, the order must~~  
14 ~~specify that there will be joint assumption of the bonded indebtedness of the annexing district by the owners of~~  
15 ~~all taxable real and personal property in the territory of the district to be annexed.~~ The county superintendent of  
16 the county where the district to be annexed is located shall send a copy of the order to the board of county  
17 commissioners of each county involved in the annexation order and to the trustees of the districts involved in the  
18 annexation order.

19 ~~(9)(8)~~ If the annexation proposition is disapproved in the district to be annexed, the annexation  
20 proposition fails and the county superintendent of the county where the district to be annexed is located shall  
21 notify each district of the disapproval of the annexation proposition."  
22

23 **Section 319.** Section 20-6-423, MCA, is amended to read:

24 **"20-6-423. District consolidation.** (1) Any two or more contiguous elementary school districts may  
25 consolidate to organize an elementary district. Any two or more contiguous high school districts may be  
26 consolidated to organize a high school district. Any two or more contiguous K-12 school districts may be  
27 consolidated to organize a K-12 school district. The consolidation must be conducted as provided in this section.

28 (2) ~~(a)~~ A consolidation proposition may be introduced, individually, in each of the districts by either of the  
29 two following methods:

30 ~~(i)~~(a) the trustees may pass a resolution requesting the county superintendent of the county where the



1 district is located to order an election to consider a consolidation proposition involving their district; or  
 2 ~~(ii)(b)~~ not less than 20% of the electors of an individual district who are qualified to vote under the  
 3 provisions of 20-20-301 may petition the county superintendent of the county where the district is located  
 4 requesting an election to consider a consolidation proposition involving their district.

5 ~~(b) The resolution or petition must state whether the consolidation is to be made with or without the joint  
 6 assumption of the bonded indebtedness of each district by all districts included in the consolidation. The  
 7 resolution or petition from each district must agree on whether or not there will be joint assumption of bonded  
 8 indebtedness. Without agreement, the consolidation proposition may not be considered further.~~

9 (3) When a county superintendent has received a resolution or a valid petition from each of the districts  
 10 included in the consolidation proposition, the county superintendent shall, within 10 days after the receipt of the  
 11 last resolution or petition and as provided by 20-20-201, order the trustees of each district included in the  
 12 consolidation proposition to call a consolidation election to be held no later than December 31 preceding the  
 13 school year in which the consolidation is to become effective. If the districts involved in the consolidation  
 14 proposition are located in more than one county, the county superintendents in both counties shall jointly order  
 15 the district to call a consolidation election.

16 (4) Each district, individually, shall call and conduct an election in the manner prescribed in this title for  
 17 school elections and subject to additional requirements of ~~subsections (5) and (6)~~ subsection (5). Any elector  
 18 qualified to vote under the provisions of 20-20-301 may vote.

19 (5) ~~(a) If the districts to be consolidated are to jointly assume the bonded indebtedness of each district  
 20 involved in the consolidation, the ballots must read, after stating the consolidation proposition, "FOR consolidation  
 21 with assumption of bonded indebtedness" and "AGAINST consolidation with assumption of bonded  
 22 indebtedness".~~

23 ~~————(b) When the trustees in each district conducting an election canvass the vote under the provisions of  
 24 20-20-415, they shall determine the number of votes "FOR" and "AGAINST" the proposition.~~

25 ~~————(c) The proposition is approved in the district if a majority of those voting approve the proposition.~~

26 ~~(6) If the districts to be consolidated are not to jointly assume the bonded indebtedness of each district  
 27 involved in the consolidation, the ballots must read, after stating the consolidation proposition, "FOR consolidation  
 28 without assumption of bonded indebtedness" and "AGAINST consolidation without assumption of bonded  
 29 indebtedness". The consolidation proposition is approved by a district if a majority of those voting in a district  
 30 approve the proposition. Otherwise it is disapproved.~~

1           ~~(7)~~(6) (a) After the county superintendent of each county where a district involved in the consolidation  
 2 proposition is located has received the election certification provided for in 20-20-416 from the trustees of each  
 3 district included in a consolidation proposition, the appropriate county superintendent shall determine if the  
 4 consolidation proposition has been approved in each district. If each district has approved the consolidation  
 5 proposition, each county superintendent shall, within 10 days after the receipt of the last election certificate, order  
 6 the consolidation of the districts effective July 1 of the ensuing school fiscal year. The order must:

7           ~~(i)~~ for consolidation with the joint assumption of bonded indebtedness, specify that there will be joint  
 8 assumption of bonded indebtedness between the owners of all taxable real and personal property in each district  
 9 forming the consolidated district;

10           ~~(ii)~~(i) specify the number of the consolidated district; and

11           ~~(iii)~~(ii) establish an interim board of trustees for the consolidated district as provided in 20-6-424. The  
 12 trustees shall serve until their successors are elected at the next succeeding regular school election and qualified.

13           (b) Each county superintendent shall send a copy of the order to the board of county commissioners of  
 14 each county where a district involved in the consolidation proposition is located and to the trustees of each district  
 15 incorporated in the consolidation order.

16           ~~(8)~~(7) If any district included in the consolidation proposition disapproves the consolidation proposition,  
 17 the consolidation of all districts fails and the appropriate county superintendent shall notify each district of the  
 18 disapproval of the consolidation proposition."

19

20           **Section 320.** Section 20-6-424, MCA, is amended to read:

21           **"20-6-424. Interim governance of consolidated district.** (1) Upon passage of a consolidation  
 22 proposition under the provisions of 20-6-423, an interim board of trustees made up of all of the members of the  
 23 boards of trustees of the districts that consolidated shall serve as the trustees for the consolidated district from  
 24 the date of the consolidation order until the newly elected board of the consolidated district is organized under  
 25 20-3-321. The interim board of trustees shall elect a presiding officer from among its members.

26           (2) The trustees of each district incorporated in the consolidation order shall continue to perform those  
 27 duties related to the operation of their individual districts until the effective date of the consolidation. The interim  
 28 board of trustees shall perform those duties related to the formation of and transition to the consolidated district,  
 29 including ~~but not limited to:~~

30           ~~(a)~~ calling an election of the new board of trustees for the consolidated district to be held on the regular

1 election day preceding the effective date of the consolidation; and  
 2 ~~—— (b) if necessary, calling an election under 20-9-353 for the ensuing budget year of the consolidated~~  
 3 ~~district.~~

4 (3) At the next regular school election following the consolidation election, trustees for the consolidated  
 5 district must be elected in accordance with the election provisions of Title 13 and Title 20. The term of office is  
 6 3 years, except that the initial terms of the newly elected trustees must be selected by lot in order to comply with  
 7 the provisions of 20-3-302.

8 (4) The interim board of trustees must be dissolved upon the organization of the newly elected trustees  
 9 pursuant to 20-3-321."

10  
 11 **Section 321.** Section 20-6-503, MCA, is amended to read:

12 **"20-6-503. Opening or reopening of a high school.** (1) The trustees of any high school district may  
 13 open or reopen a high school of the district or a branch of a high school of the district when such opening or  
 14 reopening has been approved by the superintendent of public instruction; except when a county high school is  
 15 discontinued by a unification action, the trustees may establish, by resolution, a high school to be operated by  
 16 the high school district without further action or approval. When the trustees of a high school district resolve to  
 17 open or reopen a high school, they shall apply to the superintendent of public instruction for approval to open or  
 18 reopen such school by June 1 before the school fiscal year in which they intend to open or reopen the high  
 19 school. Such application shall state:

- 20 (a) their reasons why the high school should be opened or reopened;  
 21 (b) the probable enrollment of such high school;  
 22 (c) the distance and road conditions of the route to neighboring high schools;  
 23 ~~(d) the taxable value of the district;~~  
 24 ~~(e)~~(d) the building and equipment facilities available for such high school;  
 25 ~~(f)~~(e) the planned course of instruction for such high school;  
 26 ~~(g)~~(f) the planned methods of complying with high school standards of accreditation; and  
 27 ~~(h)~~(g) any other information that may be required by the superintendent of public instruction.

28 (2) The superintendent of public instruction shall investigate the application for the opening or reopening  
 29 of a high school and shall approve or disapprove the opening of the high school before the fourth Monday of June  
 30 preceding the first year of intended operation. If the opening is approved, the high school district trustees may

1 open such high school.

2 (3) Whenever the opening or reopening of a high school is approved for the ensuing school fiscal year,  
3 the county superintendent shall estimate the average number belonging (ANB) after investigating the probable  
4 enrollment for the high school. The ANB determined by the county superintendent shall be used for budgeting  
5 and BASE funding program purposes.

6 (4) Nothing herein contained shall be construed so as to preclude the trustees of a high school district  
7 from establishing more than one high school in the district."  
8

9 **Section 322.** Section 20-6-603, MCA, is amended to read:

10 **"20-6-603. Trustees' authority to acquire or dispose of sites and buildings -- when election**  
11 **required.** (1) The trustees of a district may purchase, build, exchange, or otherwise acquire, sell, or dispose of  
12 sites and buildings of the district. Action may not be taken by the trustees without the approval of the qualified  
13 electors of the district at an election called for the purpose of approval unless:

14 ~~(a) a bond issue has been authorized for the purpose of constructing, purchasing, or acquiring the site~~  
15 ~~or building;~~

16 ~~—— (b) an additional levy under the provisions of 20-9-353 has been approved for the purpose of~~  
17 ~~constructing, purchasing, or acquiring the site or building;~~

18 ~~(c)(a)~~ the cost of constructing, purchasing, or acquiring the site or building is financed without exceeding  
19 the maximum general fund budget amount for the district and, in the case of a site purchase, the site has been  
20 approved under the provisions of 20-6-621; or

21 ~~(d)(b)~~ money is otherwise available under the provisions of this title and the ballot for the site approval  
22 for the building incorporated a description of the building to be located on the site.

23 (2) Except for land that is granted to or held by the state in trust or land acquired by conditional deed  
24 under the provisions of 20-6-605, the trustees may, upon approval by the electorate, accept as partial or total  
25 consideration for the exchange of the land a binding written agreement by a public or private entity seeking the  
26 exchange to use the property to provide a service that benefits the school district. The deed for the exchange of  
27 land must contain reversionary clauses that allow for the return of the land to school district ownership if the  
28 binding written agreement is not complied with.

29 (3) When an election is conducted under the provisions of this section, it must be called under the  
30 provisions of 20-20-201 and must be conducted in the manner prescribed by this title for school elections. An

1 elector qualified to vote under the provisions of 20-20-301 may vote in the election. If a majority of those electors  
2 voting at the election approve the proposed action, the trustees may take the proposed action."

3

4 **Section 323.** Section 20-6-621, MCA, is amended to read:

5 **"20-6-621. Selection of school sites -- approval election.** (1) (a) Except as provided in subsection  
6 (1)(b), the trustees of a district may select the sites for school buildings or for other school purposes, but the  
7 selection must first be approved by the qualified electors of the district before a contract for the purchase of a site  
8 is entered into by the trustees.

9 (b) The trustees may purchase or otherwise acquire property contiguous to an existing site that is in use  
10 for school purposes without a site approval election. The trustees may take an option on a site prior to the site  
11 approval election.

12 (2) The election for the approval of a site must be called under the provisions of 20-20-201 and must be  
13 conducted in the manner prescribed by this title for school elections. An elector who may vote at a school site  
14 election is qualified to vote under the provisions of 20-20-301. If a majority of those voting at the election approve  
15 the site selection, the trustees may purchase the site. ~~A site approval election is not required when the site was~~  
16 ~~specifically identified in an election at which an additional levy or the issuance of bonds was approved for the~~  
17 ~~purchase of the site.~~

18 (3) Any site for a school building or other building of the district that is selected or purchased by the  
19 trustees must:

20 (a) be in a place that is convenient, accessible, and suitable;

21 (b) comply with the minimum size and other requirements prescribed by the department of public health  
22 and human services; and

23 (c) comply with the statewide building regulations, if any, promulgated by the department of labor and  
24 industry."

25

26 **Section 324.** Section 20-6-702, MCA, is amended to read:

27 **"20-6-702. Funding for K-12 school districts.** (1) Notwithstanding the provisions of subsections (2)  
28 through (6), a K-12 school district formed under the provisions of 20-6-701 is subject to the provisions of law for  
29 high school districts.

30 (2) The number of elected trustees of the K-12 school district must be based on the classification of the

1 attached elementary district under the provisions of 20-3-341 and 20-3-351.

2 (3) Calculations ~~for the following of ANB must be in accordance with the provisions of 20-9-311 and~~ must  
3 be made separately for the elementary school program and the high school program of a K-12 school district ~~for~~  
4 purposes of determining:

5 (a) the total per-ANB entitlements;

6 (b) the basic entitlements; and

7 (c) the local control payment as provided in [section 38].;

8 ~~—— (a) the calculation of ANB for purposes of determining the total per-ANB entitlements must be in~~  
9 ~~accordance with the provisions of 20-9-311;~~

10 ~~(b) the basic county tax for elementary equalization and revenue for the elementary BASE funding~~  
11 ~~program for the district must be determined in accordance with the provisions of 20-9-331, and the basic county~~  
12 ~~tax for high school equalization and revenue for the high school BASE funding program for the district must be~~  
13 ~~determined in accordance with 20-9-333; and~~

14 ~~—— (c) the guaranteed tax base aid for BASE funding program purposes for a K-12 school district must be~~  
15 ~~calculated separately, using each district's guaranteed tax base ratio, as defined in 20-9-366. The BASE budget~~  
16 ~~levy to be levied for the K-12 school district must be prorated based on the ratio of the BASE funding program~~  
17 ~~amounts for elementary school programs to the BASE funding program amounts for high school programs.~~

18 ~~(4) The retirement obligation and eligibility for retirement guaranteed tax base aid for a K-12 school~~  
19 ~~district must be calculated and funded as a high school district retirement obligation under the provisions of~~  
20 ~~20-9-501.~~

21 ~~(5)(4)~~ For the purposes of budgeting for a K-12 school district, the trustees shall adopt a single fund for  
22 any of the budgeted or nonbudgeted funds described in 20-9-201 for the costs of operating all grades and  
23 programs of the district.

24 ~~(6) Tuition for attendance in the K-12 school district must be determined separately for high school pupils~~  
25 ~~and for elementary pupils under the provisions of 20-5-320 through 20-5-324, except that the actual expenditures~~  
26 ~~used for calculations in 20-5-323 must be based on an amount prorated between the elementary and high school~~  
27 ~~programs in the appropriate funds of each district in the year prior to the attachment of the districts."~~

28

29 **Section 325.** Section 20-6-704, MCA, is amended to read:

30 **"20-6-704. Dissolution of K-12 school district.** (1) Except as provided in subsection (2), in order to

1 dissolve a K-12 district under the provisions of this section, the trustees of a district shall submit for approval to  
2 the electors of the K-12 district a proposition dissolving the K-12 district for the purpose of annexing or  
3 consolidating the K-12 district's elementary or high school program with a contiguous school district or districts  
4 in an ensuing school fiscal year under the provisions of 20-6-422 or 20-6-423.

5 (2) If the trustees of the school district determine that the creation or continuation of the K-12 district has  
6 resulted in or will result in the loss of federal funding for the elementary or high school programs and that it is in  
7 the best interest of the district to dissolve into the original elementary district and high school district that existed  
8 prior to the formation of the K-12 district, the trustees may dissolve the district under the following procedure:

9 (a) The trustees of the district shall pass a resolution requesting the county superintendent to order a  
10 dissolution of the district.

11 (b) When the county superintendent receives the resolution from the district, the county superintendent  
12 shall, within 10 days, order the dissolution of the K-12 district into the original elementary district and high school  
13 district, to take effect on July 1 of the ensuing school fiscal year. Within 30 days of the order, the county  
14 superintendent shall send a copy of the order to the board of county commissioners, the trustees of the district,  
15 and the superintendent of public instruction.

16 (3) If the entire territory of the dissolving K-12 district will be annexed to or consolidated with a contiguous  
17 district or districts, the resolution or petition required in subsection (1) or (2) must contain a description of the  
18 manner in which the real and personal property and funds of the district are to be apportioned in the dissolution  
19 of the district and the subsequent annexation to or consolidation with one or more other districts. If a portion of  
20 the dissolving K-12 district will not be annexed or consolidated with another district or districts, the resolution or  
21 petition must contain a description of the manner in which the property, funds, and financial obligations, ~~including~~  
22 ~~bonded indebtedness~~, of the K-12 district are to be apportioned to the district or districts whose territory is not  
23 annexed to or consolidated with another district.

24 (4) After the county superintendent receives the certificate of election provided for in 20-20-416 from the  
25 trustees of the K-12 district and from each district included in a consolidation proposition, the county  
26 superintendent shall determine whether the dissolution and annexation or consolidation proposition or  
27 propositions have been approved. If the K-12 district has approved the dissolution proposition and each district  
28 involved in a consolidation has approved the consolidation proposition, the county superintendent shall, within  
29 10 days after the receipt of the election certificate, order the dissolution of the K-12 district into the original  
30 elementary district and high school district, to take effect on July 1 of the ensuing school fiscal year. Within 30

1 days of the order, the county superintendent shall send a copy of the dissolution order to the board of county  
 2 commissioners, the trustees of the district included in the dissolution order, and the superintendent of public  
 3 instruction.

4 (5) Whenever a K-12 district is dissolved, the following provisions apply:

5 (a) The trustees of the district whose territory is not annexed or consolidated upon dissolution of the K-12  
 6 district are responsible for the execution of remaining financial obligations of the K-12 district and for the  
 7 apportionment between the elementary and high school programs of any obligations not identified in the  
 8 resolution required under subsection (3).

9 (b) The provisions of 20-6-410 apply for tenure teachers in the dissolution of a K-12 district.

10 (c) For purposes of applying the budget limitation provisions of 20-9-308, the budget of a K-12 district  
 11 during its last year of operations as a K-12 district will be prorated based on rules promulgated by the  
 12 superintendent of public instruction."

13

14 **Section 326.** Section 20-7-102, MCA, is amended to read:

15 **"20-7-102. Accreditation of schools.** (1) The conditions under which each elementary school, each  
 16 middle school, each junior high school, 7th and 8th grades funded at high school rates, and each high school  
 17 operates must be reviewed by the superintendent of public instruction to determine compliance with the standards  
 18 of accreditation. The accreditation status of each school must then be established by the board of public  
 19 education upon the recommendation of the superintendent of public instruction. Notification of the accreditation  
 20 status for the applicable school year or years must be given to each district by the superintendent of public  
 21 instruction.

22 (2) A school may be accredited for a period consisting of 1, 2, 3, 4, or 5 school years, except that  
 23 multiyear accreditation may be granted only to schools that are in compliance with 20-4-101.

24 (3) A nonpublic school may, through its governing body, request that the board of public education  
 25 accredit the school. Nonpublic schools may be accredited in the same manner as provided in subsection (1).

26 (4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary school  
 27 district or K-12 district elementary program whose 7th and 8th grades are funded as provided in  
 28 20-9-306~~(15)~~(10)(c)(ii)."

29

30 **Section 327.** Section 20-7-420, MCA, is amended to read:



1           **"20-7-420. Residency requirements -- financial responsibility for special education.** (1) Except for  
2 a pupil attending the Montana youth challenge program or a job corps program pursuant to 20-9-707, a child's  
3 district of residence for special education purposes must be determined in accordance with the provisions of  
4 1-1-215.

5           (2) The superintendent of public instruction is financially responsible for tuition and transportation as  
6 established under 20-5-323 and ~~20-5-324~~ for a child with a disability, as defined in 20-7-401, who attends school  
7 outside the district and county of residence because the student has been placed in a foster care or group home  
8 licensed by the state. The superintendent of public instruction is not financially responsible for tuition and  
9 transportation for a child who is placed by a state agency in an out-of-state public school or an out-of-state private  
10 residential facility.

11           (3) If an eligible child, as defined in 20-7-436, is receiving inpatient treatment in an in-state residential  
12 treatment facility or children's psychiatric hospital, as defined in 20-7-436, and the educational services are  
13 provided by a public school district under the provisions of 20-7-411 or 20-7-435, the superintendent of public  
14 instruction shall reimburse the district providing the services for the negotiated amount, as established pursuant  
15 to 20-7-435(5), that represents the district's costs of providing education and related services. Payments must  
16 be made from funds appropriated for this purpose. If the negotiated amount exceeds the daily membership rate  
17 under 20-7-435(3) and any per-ANB amount of direct state aid, the superintendent of public instruction shall pay  
18 the remaining balance from available funds. However, the amount spent from available funds for this purpose  
19 may not exceed \$500,000 during a biennium.

20           (4) A state agency that makes a placement of a child with a disability is responsible for the financial costs  
21 of room and board and the treatment of the child. The state agency that makes an out-of-state placement of a  
22 child with a disability is responsible for the education fees required to provide a free appropriate public education  
23 that complies with the requirements of Title 20, chapter 7, part 4."  
24

25           **Section 328.** Section 20-9-104, MCA, is amended to read:

26           **"20-9-104. (Temporary) General fund operating reserve.** (1) At the end of each school fiscal year, the  
27 trustees of each district shall designate the portion of the general fund end-of-the-year fund balance that is to be  
28 earmarked as operating reserve for the purpose of paying general fund warrants issued by the district from July  
29 1 to November 30 of the ensuing school fiscal year. Except as provided in ~~subsections (6) and (7)~~ subsection (3),  
30 the amount of the general fund balance that is earmarked as operating reserve may not exceed 10% of the final

1 general fund budget for the ensuing school fiscal year.

2 ~~(2) The amount held as operating reserve may not be used for property tax reduction in the manner~~  
3 ~~permitted by 20-9-141(1)(b) for other receipts:~~

4 ~~———(3) Excess reserves as provided in subsection (6) may be appropriated to reduce the BASE budget levy;~~  
5 ~~the over-BASE budget levy, or the additional levy provided by 20-9-353.~~

6 ~~(4)(2) Except as provided in subsection (9), any Any portion of the general fund end-of-the-year fund~~  
7 ~~balance, including any portion attributable to a tax increment remitted under 7-15-4291, that is not reserved under~~  
8 ~~subsection (2) or reappropriated under subsection (3) is fund balance reappropriated and must be used for~~  
9 ~~property tax reduction as provided in 20-9-141(1)(b) up to an amount not exceeding 15% of a school district's~~  
10 ~~maximum general fund budget.~~

11 ~~———(5) Except as provided in subsection (9), any unreserved fund balance in excess of 15% of a school~~  
12 ~~district's maximum general fund budget (1) must be remitted to the state and allocated as follows:~~

13 ~~———(a) 70% of the excess amount must be remitted to the state to be deposited in the guarantee account~~  
14 ~~provided for in 20-9-622; and~~

15 ~~———(b) 30% of the excess amount must be remitted to the school facility and technology account.~~

16 ~~(6) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal~~  
17 ~~to or less than the unused balance of any amount:~~

18 ~~———(a) received in settlement of tax payments protested in a prior school fiscal year;~~

19 ~~———(b) received in taxes from a prior school fiscal year as a result of a tax audit by the department of~~  
20 ~~revenue or its agents; or~~

21 ~~———(c) received in delinquent taxes from a prior school fiscal year.~~

22 ~~(7)(3) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve~~  
23 ~~is \$10,000 or less.~~

24 ~~(8)(4) Any amounts remitted to the state under subsection (5) (2) are not considered expenditures to be~~  
25 ~~applied against budget authority.~~

26 ~~(9) Any portion of a tax increment remitted under 7-15-4291 and deposited in the district's general fund~~  
27 ~~is not subject to the:~~

28 ~~———(a) 15% fund balance limit provided for in subsection (4); or~~

29 ~~———(b) provisions of subsection (5): (Terminates June 30, 2020--sec. 38, Ch. 400, L. 2013.)~~

30 **20-9-104. (Effective July 1, 2020) General fund operating reserve.** (1) At the end of each school fiscal

1 year, the trustees of each district shall designate the portion of the general fund end-of-the-year fund balance that  
 2 is to be earmarked as operating reserve for the purpose of paying general fund warrants issued by the district  
 3 from July 1 to November 30 of the ensuing school fiscal year. Except as provided in ~~subsections (6) and (7)~~  
 4 subsection (3), the amount of the general fund balance that is earmarked as operating reserve may not exceed  
 5 10% of the final general fund budget for the ensuing school fiscal year.

6 ~~(2) The amount held as operating reserve may not be used for property tax reduction in the manner~~  
 7 ~~permitted by 20-9-141(1)(b) for other receipts.~~

8 ~~————(3) Excess reserves as provided in subsection (6) may be appropriated to reduce the BASE budget levy,~~  
 9 ~~the over-BASE budget levy, or the additional levy provided by 20-9-353.~~

10 ~~(4)(2) Any portion of the general fund end-of-the-year fund balance that is not reserved under subsection~~  
 11 ~~(2) or reappropriated under subsection (3), including any portion attributable to a tax increment remitted under~~  
 12 ~~7-15-4291, is fund balance reappropriated and must be used for property tax reduction as provided in~~  
 13 ~~20-9-141(1)(b).~~

14 ~~————(5) Except as provided in subsection (9), any unreserved fund balance in excess of 15% of a school~~  
 15 ~~district's maximum general fund budget (1) must be remitted to the state and allocated as follows:~~

16 ~~————(a) 70% of the excess amount must be remitted to the state to be deposited in the guarantee account~~  
 17 ~~provided for in 20-9-622; and~~

18 ~~————(b) 30% of the excess amount must be remitted to the school facility and technology account.~~

19 ~~(6) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal~~  
 20 ~~to or less than the unused balance of any amount:~~

21 ~~————(a) received in settlement of tax payments protested in a prior school fiscal year;~~

22 ~~————(b) received in taxes from a prior school fiscal year as a result of a tax audit by the department of~~  
 23 ~~revenue or its agents; or~~

24 ~~————(c) received in delinquent taxes from a prior school fiscal year.~~

25 ~~(7)(3) The limitation of subsection (1) does not apply when the amount earmarked as operating reserve~~  
 26 ~~is \$10,000 or less.~~

27 ~~(8)(4) Any amounts remitted to the state under subsection (5) (2) are not considered expenditures to be~~  
 28 ~~applied against budget authority.~~

29 ~~(9) Any portion of a tax increment remitted under 7-15-4291 and deposited in the district's general fund~~  
 30 ~~is not subject to the provisions of subsection (5)."~~

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**Section 329.** Section 20-9-131, MCA, is amended to read:

**"20-9-131. Final budget meeting.** (1) On or before August 20, on the date and at the time and place stated in the notice published pursuant to 20-9-115, the trustees of each district shall meet to consider all budget information and any attachments required by law.

(2) The trustees may continue the meeting from day to day but shall adopt the final budget for the district and determine the amounts to be raised by tax levies for the district not later than August 25 and before the computation of the general fund net levy requirement by the county superintendent and the fixing of the tax levies for each district. Any taxpayer in resident of the district may attend any portion of the trustees' meeting and be heard on the budget of the district or on any item or amount contained in the budget.

(3) Upon final approval, the trustees shall deliver the adopted budget, including the amounts to be raised by tax levies, to the county superintendent of schools within 3 days."

**Section 330.** Section 20-9-151, MCA, is amended to read:

**"20-9-151. Budgeting procedure for joint districts.** (4) The trustees of a joint district shall adopt a budget according to the school budgeting laws and send a copy of the budget to the county superintendent of each county in which a part of the joint district is located. After approval by the trustees of the joint district, the final budgets of joint districts must be filed in the office of the county superintendent of each county in which a part of a joint district is located.

~~(2) The county superintendents receiving the budget of a joint district shall jointly compute the estimated budget revenue and determine the number of mills that need to be levied in the joint district for each fund for which a levy is to be made. The superintendent of public instruction shall establish a communication procedure to facilitate the joint estimation of revenue and determination of the tax levies.~~

~~(3) After determining, in accordance with law, the number of mills that need to be levied for each fund included on the final budget of the joint district, a joint statement of the required mill levies must be prepared and signed by the county superintendents involved in the computation. A copy of the statement must be delivered to the board of county commissioners of each county in which a part of the joint district is located by the later of the first Tuesday in September or within 30 calendar days after receiving certified taxable values."~~

**Section 331.** Section 20-9-161, MCA, is amended to read:

1           **"20-9-161. Definition of budget amendment for budgeting purposes.** As used in this title, unless the  
 2 context clearly indicates otherwise, the term "budget amendment" for the purpose of school budgeting means  
 3 an amendment to an adopted budget of the district for the following reasons:

4           (1) an increase in the enrollment of an elementary or high school district that is beyond what could  
 5 reasonably have been anticipated at the time of the adoption of the budget for the current school fiscal year  
 6 whenever, because of the enrollment increase, the district's budget for any or all of the regularly budgeted funds  
 7 does not provide sufficient financing to properly maintain and support the district for the entire current school fiscal  
 8 year;

9           (2) the destruction or impairment of any school property necessary to the maintenance of the school,  
 10 by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit for its present  
 11 school use;

12           (3) a judgment for damages against the district issued by a court after the adoption of the budget for the  
 13 current year;

14           (4) an enactment of legislation after the adoption of the budget for the current year that imposes an  
 15 additional financial obligation on the district;

16           ~~(5) the receipt of:~~

17 ~~—— (a) a settlement of taxes protested in a prior school fiscal year;~~

18 ~~—— (b) taxes from a prior school fiscal year as the result of a tax audit by the department of revenue or its~~  
 19 ~~agents;~~

20 ~~—— (c) delinquent taxes from a prior school fiscal year; and~~

21 ~~—— (d) a determination by the trustees that it is necessary to expend all or a portion of the taxes received~~  
 22 ~~under subsection (5)(a), (5)(b), or (5)(c) for a project or projects that were deferred from a previous budget of the~~  
 23 ~~district; or~~

24           ~~(6)(5)~~ any other unforeseen need of the district that cannot be postponed until the next school year  
 25 without dire consequences affecting:

26           (a) the safety of the students and district employees; or

27           (b) the educational functions of the district. Any budget amendment adopted pursuant to this subsection  
 28 (6)(b) that in combination with other budget amendments within the same school fiscal year exceeds 10% of the  
 29 district's adopted general fund budget must be reported by the school district to the education and local  
 30 government interim committee and the board of public education with an explanation of why the budget

1 amendment is necessary."

2

3 **Section 332.** Section 20-9-168, MCA, is amended to read:

4 **"20-9-168. Emergency budget amendment ~~tax levy request~~.** When a budget amendment has been  
5 adopted by the board of trustees under 20-9-161(2) and a district does not have sufficient funds, including  
6 insurance proceeds and reserves, to finance the budget amendment, the district may ~~levy a tax in the ensuing~~  
7 ~~school year~~ request funding from the school infrastructure needs assessment commission pursuant to [section  
8 48] to fund the expenditures authorized by the budget amendment. The amount ~~levied~~ requested may not exceed  
9 the unfunded amount of the budget amendment."

10

11 **Section 333.** Section 20-9-208, MCA, is amended to read:

12 **"20-9-208. Transfers among appropriation items of fund -- transfers from fund to fund. (1)**  
13 Whenever it appears to the trustees of a district that the appropriated amount of an item of a budgeted fund of  
14 the final budget or a budget amendment is in excess of the amount actually required during the school fiscal year  
15 for the appropriation item, the trustees may transfer any of the excess appropriation amount to any other  
16 appropriation item of the same budgeted fund.

17 (2) Unless otherwise restricted by a specific provision in this title, transfers may be made between  
18 different funds of the same district or between the final budget and a budget amendment under one of the  
19 following circumstances:

20 (a) (i) Except as provided in subsections (2)(a)(ii) through (2)(a)(iv), transfers may be made from one  
21 budgeted fund to another budgeted fund or between the final budget and a budget amendment for a budgeted  
22 fund whenever the trustees determine, in their discretion, that the transfer of funds is necessary to improve the  
23 efficiency of spending within the district or when an action of the trustees results in savings in one budgeted fund  
24 that can be put to more efficient use in another budgeted fund. Transfers may not be made with funds approved  
25 by the voters ~~or with funds raised by a nonvoted levy~~ unless:

26 (A) the transfer is within or directly related to the purposes for which the funds were raised and the  
27 trustees hold a properly noticed hearing to accept public comment on the transfer; or

28 (B) the transfer is approved by the qualified electors of the district in an election called for the purpose  
29 of approving the transfer, in which case the funds may be spent for the purpose approved on the ballot.

30 (ii) Unless otherwise authorized by a specific provision in this title, transfers from the general fund to any

1 other fund and transfers to the general fund from any other fund are prohibited.

2 (iii) Unless otherwise authorized by a specific provision in this title, transfers from the retirement fund to  
3 any other fund are prohibited.

4 (iv) Unless otherwise authorized by a specific provision in this title, transfers from the debt service fund  
5 to any other fund are prohibited.

6 (b) Transfers may be made from one nonbudgeted fund to another nonbudgeted fund whenever the  
7 trustees determine that the transfer of funds is necessary to improve the efficiency of spending within the district.  
8 Transfers may not be made with funds restricted by federal law unless the transfer is in compliance with any  
9 restrictions or conditions imposed by federal law. Before a transfer can occur, the trustees shall hold a properly  
10 noticed hearing to accept public comment on the transfer.

11 (3) The trustees shall enter the authorized transfers upon the permanent records of the district.

12 (4) The intent of this section is to increase the flexibility and efficiency of school districts ~~without an~~  
13 ~~increase in local taxes. In furtherance of this intent, if transfers of funds are made from any school district fund~~  
14 ~~supported by a nonvoted levy, the district may not increase its nonvoted levy for the purpose of restoring the~~  
15 ~~amount of funds transferred."~~

16

17 **Section 334.** Section 20-9-212, MCA, is amended to read:

18 **"20-9-212. Duties of county treasurer.** The county treasurer of each county:

19 (1) must receive and shall hold all school money subject to apportionment and keep a separate  
20 accounting of its apportionment to the several districts that are entitled to a portion of the money according to the  
21 apportionments ordered by the county superintendent or by the superintendent of public instruction. A separate  
22 accounting must be maintained for each county fund ~~supported by a countywide levy~~ for a specific, authorized  
23 purpose, including:

24 ~~—— (a) the basic county tax for elementary equalization;~~

25 ~~—— (b) the basic county tax for high school equalization;~~

26 ~~—— (c) the county tax in support of the transportation schedules;~~

27 ~~—— (d) the county tax in support of the elementary and high school district retirement obligations; and~~

28 ~~—— (e) any other county tax for schools, including the community colleges, that may be authorized by law~~  
29 ~~and levied by the county commissioners.~~

30 (2) whenever requested, shall notify the county superintendent and the superintendent of public

1 instruction of the amount of county school money on deposit in each of the funds enumerated in subsection (1)  
2 and the amount of any other school money subject to apportionment and apportion the county and other school  
3 money to the districts in accordance with the apportionment ordered by the county superintendent or the  
4 superintendent of public instruction;

5 (3) shall keep a separate accounting of the receipts, expenditures, and cash balances for each fund;

6 (4) except as otherwise limited by law, shall pay all warrants properly drawn on the county or district  
7 school money;

8 (5) must receive all revenue collected by and for each district and shall deposit these receipts in the fund  
9 designated by law or by the district if a fund is not designated by law; ~~Interest and penalties on delinquent school~~  
10 ~~taxes must be credited to the same fund and district for which the original taxes were levied.~~

11 (6) shall send all revenue received for a joint district, part of which is situated in the county, to the county  
12 treasurer designated as the custodian of the revenue, no later than December 15 of each year and every 3  
13 months after that date until the end of the school fiscal year;

14 (7) at the direction of the trustees of a district, shall assist the district in the issuance and sale of tax and  
15 revenue anticipation notes as provided in Title 7, chapter 6, part 11;

16 (8) shall register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there  
17 is insufficient money available in all funds of the district to make payment of the warrant. Redemption of registered  
18 warrants must be made in accordance with 7-6-2605 and 7-6-2606.

19 (9) when directed by the trustees of a district, shall invest the money of the district within 3 working days  
20 of the direction;

21 (10) each month, shall give to the trustees of each district an itemized report for each fund maintained  
22 by the district, showing the paid warrants, registered warrants, interest distribution, amounts and types of revenue  
23 received, and the cash balance;\_

24 ~~(11) shall remit promptly to the department of revenue receipts for the county tax for a~~  
25 ~~vocational technical program within a unit of the university system when levied by the board of county~~  
26 ~~commissioners under the provisions of 20-25-439;~~

27 ~~(12) shall invest the money received from the basic county taxes for elementary and high school~~  
28 ~~equalization, the county levy in support of the elementary and high school district retirement obligations, and the~~  
29 ~~county levy in support of the transportation schedules within 3 working days of receipt. The money must be~~  
30 ~~invested until the working day before it is required to be distributed to school districts within the county or remitted~~



1 to the state. Clerks of a school district shall provide a minimum of 30 hours' notice in advance of cash demands  
 2 to meet payrolls, claims, and electronic transfers that are in excess of \$50,000, pursuant to 20-3-325. If a clerk  
 3 of a district fails to provide the required 30-hour notice, the county treasurer shall assess a fee equal to any  
 4 charges demanded by the state investment pool or other permissible investment manager for improperly noticed  
 5 withdrawal of funds. Permissible investments are specified in 20-9-213(4). All investment income must be  
 6 deposited, and credited proportionately, in the funds established to account for the taxes received for the  
 7 purposes specified in subsections (1)(a) through (1)(d):

8 (13) shall remit on a monthly basis to the department of revenue, as provided in 15-1-504, all county  
 9 equalization revenue received under the provisions of 20-9-331 and 20-9-333, including all interest earned, in  
 10 repayment of the state advance for county equalization prescribed in 20-9-347. Any funds in excess of a state  
 11 advance must be used as required in 20-9-331(1)(b) and 20-9-333(1)(b)."

12

13 **Section 335.** Section 20-9-231, MCA, is amended to read:

14 **"20-9-231. Metal mines tax reserve fund.** (1) The governing body of a local school district receiving  
 15 tax collections under 15-37-117(1)(e) may establish a metal mines tax reserve fund to be used to hold the  
 16 collections. The governing body may hold money in the fund for any time period considered appropriate by the  
 17 governing body. Money held in the fund may not be considered as fund balance for the purpose of reducing mill  
 18 levies.

19 (2) Money may be expended from the fund for any purpose provided by law.

20 (3) Money in the fund must be invested as provided by law. Interest and income from the investment of  
 21 the metal mines tax reserve fund must be credited to the fund.

22 (4) The fund must be financially administered as a nonbudgeted fund under the provisions of this title."

23

24 **Section 336.** Section 20-9-235, MCA, is amended to read:

25 **"20-9-235. Authorization for school district investment account.** (1) The trustees of a school district  
 26 may establish investment accounts and may temporarily transfer into the accounts all or a portion of any of its  
 27 budgeted or nonbudgeted funds.

28 (2) Money transferred into investment accounts established under this section may be expended from  
 29 a subsidiary checking account under the conditions specified in subsection (3)(b).

30 (3) The district may either:

1 (a) establish and use the accounts as nonspending accounts to ensure that district funds remain in an  
2 interest-bearing status until money is reverted to the budgeted or nonbudgeted fund of original deposit as  
3 necessary for use by the county treasurer to pay claims against the district. The district shall ensure that sufficient  
4 money is reverted to the district's budgeted and nonbudgeted funds maintained by the county treasurer in  
5 sufficient time to pay all claims presented against the applicable funds of the district. The county treasurer shall  
6 accept all money that is reverted upon tendered transfer of the district.

7 (b) establish a subsidiary checking account for expenditures from the investment accounts. The district  
8 may write checks on or provide electronic payments from the account if:

9 (i) the payments made from the accounts representing budgeted funds are in compliance with the budget  
10 adopted by the trustees;

11 (ii) the accounts are subject to the audit of district finances completed for compliance with 2-7-503 ~~and~~  
12 ~~20-9-503~~; and

13 (iii) the district complies with all accounting system requirements required by the superintendent of public  
14 instruction.

15 (4) (a) A district that chooses to establish a school district investment account described in this section  
16 shall enter into a written agreement with the county treasurer. The agreement must:

17 (i) establish specific procedures and reporting dates to comply with the requirements of subsection (3);

18 (ii) be binding upon the district and the county treasurer for a negotiated period of time;

19 (iii) be signed by the presiding officer of the board of trustees and the county treasurer; and

20 (iv) coincide with fiscal years beginning on July 1 and ending on June 30.

21 (b) The district and the county treasurer may renew an agreement, including terms and conditions on  
22 which they agree, provided that the terms and conditions comply with the provisions of this section.

23 (5) ~~Except for debt service money that the county treasurer is required by law to collect and report to the~~  
24 ~~districts and state transportation reimbursement payments provided for in 20-10-141 and 20-10-142, all other~~  
25 ~~revenue~~ Any revenue received by the county treasurer on behalf of the school district may be sent directly to a  
26 participating district's investment account.

27 (6) The trustees shall implement an accounting system for the investment account pursuant to rules  
28 adopted by the superintendent of public instruction. The rules for the accounting system must include but are not  
29 limited to:

30 (a) providing for the internal control of deposits into and transfers between a district's investment

1 accounts and budgeted and nonbudgeted funds of the district;

2 (b) requiring that the principal and interest earned on the principal is allocated to the budgeted or  
3 nonbudgeted fund from which the deposit was originally made; and

4 (c) ensuring that other proper accounting principles are followed.

5 ~~(7) All interest earned on the district's general fund deposits must be allocated for district property tax  
6 reduction as required by 20-9-141.~~

7 ~~(8)(7)~~ In making deposits to investment accounts under this section, a district shall comply with the  
8 requirements of Title 17, chapter 6, part 1, with respect to deposits in excess of the amount insured by the federal  
9 deposit insurance corporation or the national credit union administration, as applicable.

10 ~~(9)(8)~~ A district establishing investment accounts under the section shall pay the automated  
11 clearinghouse system charges for all automated clearinghouse transfers made by the office of public instruction  
12 to the district's accounts."

13

14 **Section 337.** Section 20-9-236, MCA, is amended to read:

15 **"20-9-236. (Temporary) Transfer of funds -- improvements to school safety and security.** (1) A  
16 school district may transfer state or local revenue from any budgeted or nonbudgeted fund, other than the debt  
17 service fund or retirement fund, to its building reserve fund in an amount not to exceed the school district's  
18 estimated costs of improvements to school safety and security as follows:

19 (a) planning for improvements to school safety, including but not limited to the cost of services provided  
20 by architects, engineers, and other consultants;

21 (b) installing or updating locking mechanisms and ingress and egress systems at public school access  
22 points, including but not limited to systems for exterior egress doors and interior passageways and rooms, using  
23 contemporary technologies;

24 (c) installing or updating bullet-resistant windows and barriers; and

25 (d) installing or updating emergency response systems using contemporary technologies.

26 (2) Any transfers made pursuant to subsection (1) are not considered expenditures to be applied against  
27 budget authority. Any revenue transfers that are not encumbered for expenditures in compliance with subsection  
28 (1) by June 30, 2019, must be transferred back to the originating fund from which the revenue was transferred.

29 (3) The intent of this section is to increase the flexibility and efficiency of school districts ~~without an  
30 increase in local taxes. In furtherance of this intent, if transfers of funds are made from any school district fund~~

1 supported by a nonvoted levy, the district may not increase its nonvoted levy for the purpose of restoring the  
2 transferred funds. (Terminates June 30, 2019--sec. 3, Ch. 323, L. 2015.)"

3

4 **Section 338.** Section 20-9-306, MCA, is amended to read:

5 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following  
6 definitions apply:

7 (1) "BASE" means base amount for school equity.

8 (2) "BASE aid" means:

9 (a) direct state aid for ~~44.7%~~ 100% of the basic entitlement and ~~44.7%~~ 100% of the total per-ANB  
10 entitlement for the general fund budget of a district;

11 ~~(b) the natural resource development K-12 funding payment for a variable percentage of the basic and~~  
12 ~~per-ANB entitlements above the direct state aid for the general fund budget of a district, as referenced in~~  
13 ~~subsection (10);~~

14 ~~(e)(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,~~  
15 ~~up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% 100%~~  
16 ~~of the special education allowable cost payment;~~

17 ~~(d)(c) the total quality educator payment;~~

18 ~~(e)(d) the total at-risk student payment;~~

19 ~~(f)(e) the total Indian education for all payment;~~

20 ~~(g)(f) the total American Indian achievement gap payment; and~~

21 ~~(h)(g) the total data-for-achievement payment.~~

22 (3) "BASE budget" means the ~~minimum~~ general fund budget of a district, which includes ~~80%~~ 100%  
23 the basic entitlement, ~~80%~~ 100% of the total per-ANB entitlement, 100% of the total quality educator payment,  
24 100% of the total at-risk student payment, 100% of the total Indian education for all payment, 100% of the total  
25 American Indian achievement gap payment, 100% of the total data-for-achievement payment, and ~~44%~~ 100%  
26 of the special education allowable cost payment.

27 ~~(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may~~  
28 ~~be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through~~  
29 ~~20-9-369.~~

30 ~~(5) "BASE funding program" means the state program for the equitable distribution of the state's share~~

1 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization  
 2 aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the  
 3 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

4 ~~(6)~~(4) "Basic entitlement" means:

5 (a) for each high school district:

6 (i) \$300,000 for fiscal year 2016 and \$305,370 for each succeeding fiscal year for school districts with  
 7 an ANB of 800 or fewer; and

8 (ii) \$300,000 for fiscal year 2016 and \$305,370 for each succeeding fiscal year for school districts with  
 9 an ANB of more than 800, plus \$15,000 for fiscal year 2016 and \$15,269 for each succeeding fiscal year for each  
 10 additional 80 ANB over 800;

11 (b) for each elementary school district or K-12 district elementary program without an approved and  
 12 accredited junior high school, 7th and 8th grade program, or middle school:

13 (i) \$50,000 for fiscal year 2016 and \$50,895 for each succeeding fiscal year for school districts or K-12  
 14 district elementary programs with an ANB of 250 or fewer; and

15 (ii) \$50,000 for fiscal year 2016 and \$50,895 for each succeeding fiscal year for school districts or K-12  
 16 district elementary programs with an ANB of more than 250, plus \$2,500 for fiscal year 2016 and \$2,545 for each  
 17 succeeding fiscal year for each additional 25 ANB over 250;

18 (c) for each elementary school district or K-12 district elementary program with an approved and  
 19 accredited junior high school, 7th and 8th grade program, or middle school:

20 (i) for the district's kindergarten through grade 6 elementary program:

21 (A) \$50,000 for fiscal year 2016 and \$50,895 for each succeeding fiscal year for school districts or K-12  
 22 district elementary programs with an ANB of 250 or fewer; and

23 (B) \$50,000 for fiscal year 2016 and \$50,895 for each succeeding fiscal year for school districts or K-12  
 24 district elementary programs with an ANB of more than 250, plus \$2,500 for fiscal year 2016 and \$2,545 for each  
 25 succeeding fiscal year for each additional 25 ANB over 250; and

26 (ii) for the district's approved and accredited junior high school, 7th and 8th grade programs, or middle  
 27 school:

28 (A) \$100,000 for fiscal year 2016 and \$101,790 for each succeeding fiscal year for school districts or  
 29 K-12 district elementary programs with combined grades 7 and 8 with an ANB of 450 or fewer; and

30 (B) \$100,000 for fiscal year 2016 and \$101,790 for each succeeding fiscal year for school districts or

1 K-12 district elementary programs with combined grades 7 and 8 with an ANB of more than 450, plus \$5,000 for  
2 fiscal year 2016 and \$5,090 for each succeeding fiscal year for each additional 45 ANB over 450.

3 ~~(7)(5)~~ "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to  
4 20-9-311.

5 ~~(8)(6)~~ "Direct state aid" means ~~44.7%~~ 100% of the basic entitlement and ~~44.7%~~ 100% of the total  
6 per-ANB entitlement for the general fund budget of a district ~~and funded with state and county equalization aid.~~

7 ~~(9)~~ "Maximum general fund budget" means a district's general fund budget amount calculated from the  
8 basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment,  
9 the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement  
10 gap payment, the total data-for-achievement payment, and the greater of the district's special education allowable  
11 cost payment multiplied by:

12 ~~———(a) 175%; or~~

13 ~~———(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures~~  
14 ~~to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a~~  
15 ~~maximum allowable ratio of 200%.~~

16 ~~(10)~~ "Natural resource development K-12 funding payment" means the payment of a variable percentage  
17 of the basic and per-ANB entitlements above the direct state aid for the general fund budget of a district. The total  
18 payment to school districts may not exceed the greater of 50% of the fiscal year 2012 oil and natural gas  
19 production taxes deposited into the general fund pursuant to 15-36-331(4) or 50% of the oil and natural gas  
20 production taxes deposited into the general fund pursuant to 15-36-331(4) for the fiscal year occurring 2 fiscal  
21 years prior to the school fiscal year in which the payment is provided, plus any excess interest and income  
22 revenue appropriated by the legislature pursuant to 20-9-622(2)(a). The amount of the natural resource  
23 development K-12 funding payment must be, subject to the limitations of this subsection (10), an amount sufficient  
24 to offset any estimated increase in statewide revenue from the general fund BASE budget levy provided for in  
25 20-9-141 that is anticipated to result from increases in the basic or per-ANB entitlements plus any excess interest  
26 and income revenue appropriated by the legislature pursuant to 20-9-622(2)(a). The superintendent of public  
27 instruction shall incorporate a natural resource development K-12 funding payment calculated in compliance with  
28 this subsection (10) in preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112.

29 ~~———(11)~~ "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted  
30 that is above the BASE budget and below the maximum general fund budget for a district.

1           ~~(+2)~~(7) "Total American Indian achievement gap payment" means the payment resulting from multiplying  
2 \$205 in fiscal year 2016 and \$209 for each succeeding fiscal year times the number of American Indian students  
3 enrolled in the district as provided in 20-9-330.

4           ~~(+3)~~(8) "Total at-risk student payment" means the payment resulting from the distribution of any funds  
5 appropriated for the purposes of 20-9-328.

6           ~~(+4)~~(9) "Total Indian education for all payment" means the payment resulting from multiplying \$20.88 in  
7 fiscal year 2016 and \$21.25 for each succeeding fiscal year times the ANB of the district or \$100 for each district,  
8 whichever is greater, as provided for in 20-9-329.

9           ~~(+5)~~(10) "Total per-ANB entitlement" means the district entitlement resulting from the following  
10 calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

11           (a) for a high school district or a K-12 district high school program, a maximum rate of \$6,847 for fiscal  
12 year 2016 and \$6,970 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB  
13 for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same  
14 amount of entitlement as the 800th ANB;

15           (b) for an elementary school district or a K-12 district elementary program without an approved and  
16 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of \$5,348 for fiscal  
17 year 2016 and \$5,444 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB  
18 for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the  
19 same amount of entitlement as the 1,000th ANB; and

20           (c) for an elementary school district or a K-12 district elementary program with an approved and  
21 accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

22           (i) a maximum rate of \$5,348 for fiscal year 2016 and \$5,444 for each succeeding fiscal year for the first  
23 ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up  
24 through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th  
25 ANB; and

26           (ii) a maximum rate of \$6,847 for fiscal year 2016 and \$6,970 for each succeeding fiscal year for the first  
27 ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8  
28 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th  
29 ANB.

30           ~~(+6)~~(11) "Total data-for-achievement payment" means the payment provided in 20-9-325 resulting from

1 multiplying \$20 for fiscal year 2016 and \$20.36 for each succeeding fiscal year by the district's ANB calculated  
2 in accordance with 20-9-311.

3 ~~(17)~~(12) "Total quality educator payment" means the payment resulting from multiplying \$3,113 in fiscal  
4 year 2016 and \$3,169 for each succeeding fiscal year by the number of full-time equivalent educators as provided  
5 in 20-9-327."

6

7 **Section 339.** Section 20-9-308, MCA, is amended to read:

8 **"20-9-308. BASE budgets and maximum general fund budgets.** (1) (a) ~~The~~ Except as provided in  
9 20-9-353, trustees of a district shall adopt a general fund budget that is ~~at least~~ equal to the BASE budget  
10 established for the district ~~as provided for in 20-9-306.~~ ~~The trustees of a district may adopt a general fund budget~~  
11 ~~up to the maximum general fund budget or the previous year's general fund budget, whichever is greater.~~

12 (b) ~~For purposes of the budget limitation in subsection (1)(a), the trustees may add any increase in direct~~  
13 ~~state aid for the basic and per-ANB entitlements and any increases in state funding of the data-for-achievement~~  
14 ~~payment under 20-9-325 and in the general fund payments in 20-9-327 through 20-9-330 to the district's previous~~  
15 ~~year's general fund budget.~~

16 ~~————(2) (a) Except as provided in subsection (2)(b), whenever the trustees of a district propose to adopt a~~  
17 ~~general fund budget that exceeds the BASE budget for the district and propose to increase the over-BASE budget~~  
18 ~~levy over the highest revenue previously authorized by the electors of the district or imposed by the district in any~~  
19 ~~of the previous 5 years to support the general fund budget, the trustees shall submit a proposition to the electors~~  
20 ~~of the district, as provided in 20-9-353.~~

21 (b) ~~The intent of this section is to increase the flexibility and efficiency of elected school boards without~~  
22 ~~increasing school district property taxes. In furtherance of this intent and provided that budget limitations~~  
23 ~~otherwise specified in law are not exceeded, the trustees of a district may increase the district's over-BASE~~  
24 ~~budget levy without a vote if the board of trustees reduces nonvoted property tax levies authorized by law to be~~  
25 ~~imposed by action of the trustees of the district by at least as much as the amount by which the over-BASE~~  
26 ~~budget levy is increased. The ongoing authority for any nonvoted increase in the over-BASE budget levy imposed~~  
27 ~~under this subsection (2)(b) must be decreased in future years to the extent that the trustees of the district impose~~  
28 ~~any increase in other nonvoted property tax levies.~~

29 ~~(3)~~(2) The BASE budget for the district must be financed by the following sources of revenue:

30 ~~————(a) state equalization aid, as provided in 20-9-343, including any guaranteed tax base aid for which the~~



1 district may be eligible, as provided in ~~20-9-366 through 20-9-369;~~  
 2 ~~\_\_\_\_\_ (b) county equalization aid, as provided in 20-9-331 and 20-9-333;~~  
 3 ~~\_\_\_\_\_ (c) a district levy for support of a school not approved as an isolated school under the provisions of~~  
 4 ~~20-9-302;~~  
 5 ~~\_\_\_\_\_ (d) payments in support of special education programs under the provisions of 20-9-321;~~  
 6 ~~\_\_\_\_\_ (e) nonlevy revenue, as provided in 20-9-141; and~~  
 7 ~~\_\_\_\_\_ (f) a BASE budget levy on the taxable value of all property within the district state through sales and use~~  
 8 ~~taxes imposed under 15-68-102, the statewide school levy on centrally assessed property under [section 37],~~  
 9 ~~revenue deposited in the guarantee pursuant to 20-9-622, and the general fund.~~

10 ~~(4) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all~~  
 11 ~~property within the district or other revenue available to the district, as provided in 20-9-141."~~

12

13 **Section 340.** Section 20-9-310, MCA, is amended to read:

14 **"20-9-310. (Temporary) Oil and natural gas production taxes for school districts -- allocation and**  
 15 **limits.** (1) Except as provided in subsection (6), the maximum amount of oil and natural gas production taxes that  
 16 a school district may retain is 130% of the school district's ~~maximum~~ BASE budget, determined in accordance  
 17 with ~~20-9-308~~ 20-9-306.

18 (2) Upon receipt of school district budget reports required under 20-9-134, the superintendent of public  
 19 instruction shall provide the department of revenue with a list reporting the ~~maximum~~ BASE general fund budget  
 20 for each school district.

21 (3) The department of revenue shall make the full quarterly distribution of oil and natural gas production  
 22 taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this  
 23 section. The department of revenue shall deposit any amount exceeding the limitation in subsection (1) in the  
 24 state school oil and natural gas distribution account provided for in 20-9-520.

25 (4) (a) By the last day of the month immediately following the month in which the quarterly distribution  
 26 of oil and natural gas production taxes in subsection (3) is made, the office of public instruction shall distribute  
 27 any amount of oil and natural gas production taxes exceeding the limitation in subsection (1) based on allocations  
 28 determined by the department of revenue pursuant to subsection (3) to school districts that are directly impacted  
 29 by oil and natural gas development, but that receive insufficient oil and natural gas revenue to address the oil and  
 30 natural gas development impacts. The office of public instruction shall adopt administrative rules to establish a

1 process, criteria, and a mechanism for distribution under this subsection (4), using the negotiated rulemaking  
2 process set forth in the Montana Negotiated Rulemaking Act, Title 2, chapter 5, part 1.

3 (b) In developing administrative rules, the office of public instruction shall establish two independent  
4 negotiated rulemaking committees to consider issues for the purpose of reaching a consensus to develop  
5 proposed rules for the distribution of the funds under this subsection (4).

6 (c) The members of the first negotiated rulemaking committee appointed by the office of public instruction  
7 must include public school officials and public school employees from school districts that are located in or are  
8 immediately adjacent to a county in which oil and natural gas production taxes are generated and professional  
9 organizations representing these public school officials and employees. This committee shall transmit proposed  
10 rules regarding distribution of 50% of the funds available under this subsection (4) in accordance with 2-5-108.

11 (d) The members of the second negotiated rulemaking committee appointed by the office of public  
12 instruction must include public school officials and public school employees from school districts around the state  
13 and professional organizations representing these public school officials and employees. This committee shall  
14 transmit proposed rules regarding the distribution of the remaining 50% of the funds available under this  
15 subsection (4) in accordance with 2-5-108.

16 (5) ~~(a) Subject to the limitation in subsection (1) and the conditions in subsection (5)(b), the~~ The trustees  
17 shall ~~budget and allocate~~ deposit the oil and natural gas production taxes ~~anticipated~~ received by the district in  
18 ~~any budgeted fund at the discretion of the trustees~~ the local control and efficiency fund established in [section  
19 38]. Oil and natural gas production taxes allocated to the district general fund may be applied to the BASE or  
20 ~~over-BASE portions of the general fund budget at the discretion of the trustees.~~

21 ~~(b) Except as provided in subsection (5)(c), if the trustees apply an amount less than 12.5% of the total~~  
22 ~~oil and natural gas production taxes received by the district in the prior school fiscal year to the district's general~~  
23 ~~fund BASE budget for the upcoming school fiscal year, then:~~

24 ~~—— (i) the trustees shall levy the number of mills required to raise an amount equal to the difference between~~  
25 ~~12.5% of the oil and natural gas production taxes received by the district in the prior school fiscal year and the~~  
26 ~~amount of oil and natural gas production taxes the trustees budget in the district's general fund BASE budget for~~  
27 ~~the upcoming school fiscal year;~~

28 ~~—— (ii) the mills levied under subsection (5)(b)(i) are not eligible for the guaranteed tax base subsidy under~~  
29 ~~the provisions of 20-9-366 through 20-9-369; and~~

30 ~~—— (iii) the general fund BASE budget levy requirement calculated in 20-9-141 must be calculated as though~~

1 the trustees budgeted 12.5% of the oil and natural gas production taxes received by the district in the prior year  
 2 and the number of mills calculated in subsection (5)(b)(i) must be added to the number of mills calculated in  
 3 ~~20-9-141(2).~~

4 ~~\_\_\_\_\_ (c) The provisions of subsection (5)(b) do not apply to the following:~~

5 ~~\_\_\_\_\_ (i) a district that has a maximum general fund budget of less than \$1 million;~~

6 ~~\_\_\_\_\_ (ii) a district whose oil and natural gas revenue combined with its adopted general fund budget totals  
 7 105% or less of its maximum general fund budget;~~

8 ~~\_\_\_\_\_ (iii) a district that has a maximum general fund budget of \$1 million or more and has had an unusual  
 9 enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year  
 10 immediately preceding the fiscal year to which the provisions of this subsection (5) would otherwise apply; or~~

11 ~~\_\_\_\_\_ (iv) a district that has issued outstanding oil and natural gas revenue bonds. Funds received pursuant  
 12 to this section must first be applied by the district to payment of debt service obligations for oil and natural gas  
 13 revenue bonds for the next 12-month period.~~

14 (6) The limit on oil and natural gas production taxes that a school district may retain under subsection  
 15 (1) must be increased for any school district with an unusual enrollment increase approved by the superintendent  
 16 of public instruction as provided in 20-9-314. The increase in the limit on oil and natural gas production taxes that  
 17 a school district may retain under subsection (1) applies in the year immediately following the fiscal year in which  
 18 the office of public instruction has approved the district's unusual enrollment increase and must be calculated by  
 19 multiplying \$45,000 times each additional ANB approved by the superintendent of public instruction as provided  
 20 in 20-9-314.

21 ~~(7) In any year in which the actual oil and natural gas production taxes received by a school district are  
 22 less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the district  
 23 may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount of the  
 24 shortfall. (Terminates June 30, 2019--sec. 7, Ch. 433, L. 2015.)~~

25 **20-9-310. (Effective July 1, 2019) Oil and natural gas production taxes for school districts --**  
 26 **allocation and limits.** (1) Except as provided in subsection (6), the maximum amount of oil and natural gas  
 27 production taxes that a school district may retain is 130% of the school district's maximum BASE budget,  
 28 determined in accordance with ~~20-9-308~~ 20-9-306.

29 (2) Upon receipt of school district budget reports required under 20-9-134, the superintendent of public  
 30 instruction shall provide the department of revenue with a list reporting the maximum BASE general fund budget

1 for each school district.

2 (3) The department of revenue shall make the full quarterly distribution of oil and natural gas production  
3 taxes as required under 15-36-332(6) until the amount distributed reaches the limitation in subsection (1) of this  
4 section. The department of revenue shall deposit any amount exceeding the limitation in subsection (1) in the  
5 state school oil and natural gas distribution account provided for in 20-9-520.

6 (4) By the last day of the month immediately following the month in which the quarterly distribution of oil  
7 and natural gas production taxes in subsection (3) is made, the office of public instruction shall distribute any  
8 amount of oil and natural gas production taxes exceeding the limitation in subsection (1) based on allocations  
9 determined by the department of revenue pursuant to subsection (3) as follows:

10 (a) 70% of the retained amount must be deposited in the guarantee account provided for in 20-9-622;

11 (b) 5% of the retained amount must be deposited in the state school oil and natural gas impact account  
12 provided for in 20-9-517; and

13 (c) 25% of the retained amount must be distributed to the counties in proportion to a county's oil and  
14 natural gas production taxes for the preceding 3 years compared to the total of all counties' oil and natural gas  
15 production taxes for the preceding 3 years. Funds distributed must be deposited in a county's county school oil  
16 and natural gas impact fund provided for in 20-9-518.

17 (5) ~~(a) Subject to the limitation in subsection (1) and the conditions in subsection (5)(b), the The trustees~~  
18 ~~shall budget and allocate deposit the oil and natural gas production taxes anticipated received by the district in~~  
19 ~~any budgeted fund at the discretion of the trustees the local control and efficiency fund provided for in [section~~  
20 ~~38]. Oil and natural gas production taxes allocated to the district general fund may be applied to the BASE or~~  
21 ~~over-BASE portions of the general fund budget at the discretion of the trustees.~~

22 ~~————(b) Except as provided in subsection (5)(c), if the trustees apply an amount less than 12.5% of the total~~  
23 ~~oil and natural gas production taxes received by the district in the prior school fiscal year to the district's general~~  
24 ~~fund BASE budget for the upcoming school fiscal year, then:~~

25 ~~————(i) the trustees shall levy the number of mills required to raise an amount equal to the difference between~~  
26 ~~12.5% of the oil and natural gas production taxes received by the district in the prior school fiscal year and the~~  
27 ~~amount of oil and natural gas production taxes the trustees budget in the district's general fund BASE budget for~~  
28 ~~the upcoming school fiscal year;~~

29 ~~————(ii) the mills levied under subsection (5)(b)(i) are not eligible for the guaranteed tax base subsidy under~~  
30 ~~the provisions of 20-9-366 through 20-9-369; and~~

1 ~~\_\_\_\_\_ (iii) the general fund BASE budget levy requirement calculated in 20-9-141 must be calculated as though~~  
 2 ~~the trustees budgeted 12.5% of the oil and natural gas production taxes received by the district in the prior year~~  
 3 ~~and the number of mills calculated in subsection (5)(b)(i) must be added to the number of mills calculated in~~  
 4 ~~20-9-141(2).~~

5 ~~\_\_\_\_\_ (c) The provisions of subsection (5)(b) do not apply to the following:~~

6 ~~\_\_\_\_\_ (i) a district that has a maximum general fund budget of less than \$1 million;~~

7 ~~\_\_\_\_\_ (ii) a district whose oil and natural gas revenue combined with its adopted general fund budget totals~~  
 8 ~~105% or less of its maximum general fund budget;~~

9 ~~\_\_\_\_\_ (iii) a district that has a maximum general fund budget of \$1 million or more and has had an unusual~~  
 10 ~~enrollment increase approved by the superintendent of public instruction as provided in 20-9-314 in the year~~  
 11 ~~immediately preceding the fiscal year to which the provisions of this subsection (5) would otherwise apply; or~~

12 ~~\_\_\_\_\_ (iv) a district that has issued outstanding oil and natural gas revenue bonds. Funds received pursuant~~  
 13 ~~to this section must first be applied by the district to payment of debt service obligations for oil and natural gas~~  
 14 ~~revenue bonds for the next 12-month period.~~

15 (6) The limit on oil and natural gas production taxes that a school district may retain under subsection  
 16 (1) must be increased for any school district with an unusual enrollment increase approved by the superintendent  
 17 of public instruction as provided in 20-9-314. The increase in the limit on oil and natural gas production taxes that  
 18 a school district may retain under subsection (1) applies in the year immediately following the fiscal year in which  
 19 the office of public instruction has approved the district's unusual enrollment increase and must be calculated by  
 20 multiplying \$45,000 times each additional ANB approved by the superintendent of public instruction as provided  
 21 in 20-9-314.

22 (7) ~~In any year in which the actual oil and natural gas production taxes received by a school district are~~  
 23 ~~less than 50% of the total oil and natural gas production taxes received by the district in the prior year, the district~~  
 24 ~~may transfer money from any budgeted fund to its general fund in an amount not to exceed the amount of the~~  
 25 ~~shortfall."~~

26

27 **Section 341.** Section 20-9-342, MCA, is amended to read:

28 **"20-9-342. Deposit of interest and income money by state board of land commissioners.** (1) Except  
 29 ~~as provided in 20-9-516, the~~ The state board of land commissioners shall deposit the interest and income money  
 30 for each fiscal year into the guarantee account, provided for in 20-9-622, by the last business day of February

1 and June before the close of the fiscal year in which the money was received. Except as provided in subsection  
2 (2), money in the guarantee account must be used for state equalization aid.

3 (2) Subject to subsection (3), any excess interest and income revenue deposited in the guarantee  
4 account in each fiscal year must be distributed in accordance with 20-9-622(2).

5 (3) The excess interest and income revenue must equal at least \$1 million in order to be distributed  
6 pursuant to subsection (2). Excess interest and income revenue of \$1 million or less must be carried forward and  
7 added to the excess interest and income revenue in the next ensuing school fiscal year and distributed in  
8 accordance with 20-9-622(2).

9 (4) For purposes of this section, "excess interest and income revenue" means an annual amount in  
10 excess of \$56 million."

11

12 **Section 342.** Section 20-9-344, MCA, is amended to read:

13 **"20-9-344. Duties of board of public education for distribution of BASE aid.** (1) The board of public  
14 education shall administer and distribute the BASE aid ~~and state advances for county equalization~~ in the manner  
15 and with the powers and duties provided by law. The board of public education:

16 (a) shall adopt policies for regulating the distribution of BASE aid ~~and state advances for county~~  
17 ~~equalization~~ in accordance with the provisions of law;

18 (b) may require reports from the county superintendents, county treasurers, and trustees that it considers  
19 necessary; and

20 (c) shall order the superintendent of public instruction to distribute the BASE aid on the basis of each  
21 district's annual entitlement to the aid as established by the superintendent of public instruction. In ordering the  
22 distribution of BASE aid, the board of public education may not increase or decrease the BASE aid distribution  
23 to any district on account of any difference that may occur during the school fiscal year between budgeted and  
24 actual receipts from any other source of school revenue.

25 (2) The board of public education may order the superintendent of public instruction to withhold  
26 distribution of BASE aid from a district when the district fails to:

27 (a) submit reports or budgets as required by law or rules adopted by the board of public education; or

28 (b) maintain accredited status because of failure to meet the board of public education's assurance and  
29 performance standards.

30 (3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or

1 county equalization money, the district is entitled to a contested case hearing before the board of public  
2 education, as provided under the Montana Administrative Procedure Act.

3 (4) If a district or county receives more BASE aid than it is entitled to, the county treasurer shall return  
4 the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed  
5 by the superintendent of public instruction.

6 (5) Except as provided in 20-9-347(2), ~~the 10% of a district's BASE aid payment, transportation,~~  
7 ~~retirement, and local control and efficiency payments~~ must be distributed each month from August to May  
8 according to the following schedule:

9 ~~\_\_\_\_\_ (a) from August to October of the school fiscal year, to each district 10% of:~~

10 ~~\_\_\_\_\_ (i) direct state aid;~~

11 ~~\_\_\_\_\_ (ii) the total quality educator payment;~~

12 ~~\_\_\_\_\_ (iii) the total at-risk student payment;~~

13 ~~\_\_\_\_\_ (iv) the total Indian education for all payment;~~

14 ~~\_\_\_\_\_ (v) the total American Indian achievement gap payment;~~

15 ~~\_\_\_\_\_ (vi) the total data-for-achievement payment; and~~

16 ~~\_\_\_\_\_ (vii) the total natural resource development K-12 funding payment;~~

17 ~~\_\_\_\_\_ (b) from December to April of the school fiscal year, to each district 10% of:~~

18 ~~\_\_\_\_\_ (i) direct state aid;~~

19 ~~\_\_\_\_\_ (ii) the total quality educator payment;~~

20 ~~\_\_\_\_\_ (iii) the total at-risk student payment;~~

21 ~~\_\_\_\_\_ (iv) the total Indian education for all payment;~~

22 ~~\_\_\_\_\_ (v) the total American Indian achievement gap payment;~~

23 ~~\_\_\_\_\_ (vi) the total data-for-achievement payment; and~~

24 ~~\_\_\_\_\_ (vii) the total natural resource development K-12 funding payment;~~

25 ~~\_\_\_\_\_ (c) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each~~  
26 ~~district or county that has submitted a final budget to the superintendent of public instruction in accordance with~~  
27 ~~the provisions of 20-9-134;~~

28 ~~\_\_\_\_\_ (d) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each district~~  
29 ~~or county; and~~

30 ~~\_\_\_\_\_ (e) in June of the school fiscal year, the remaining payment to each district of direct state aid, the total~~

1 ~~quality educator payment, the total at-risk student payment, the total Indian education for all payment, the total~~  
 2 ~~American Indian achievement gap payment, the total data-for-achievement payment, and the total natural~~  
 3 ~~resource development K-12 funding payment.~~

4 (6) The distribution provided for in subsection (5) must occur by the last working day of each month."  
 5

6 **Section 343.** Section 20-9-347, MCA, is amended to read:

7 **"20-9-347. Distribution of BASE aid and special education allowable cost payments in support**  
 8 **of BASE funding program -- exceptions.** (1) The superintendent of public instruction shall:

9 (a) supply the county treasurer and the county superintendent with a monthly report of the payment of  
 10 BASE aid in support of the BASE funding program of each district of the county;

11 ~~—— (b) in the manner described in 20-9-344, provide for a state advance to each county in an amount that~~  
 12 ~~is no less than the amount anticipated to be raised for the elementary and high school county equalization funds~~  
 13 ~~as provided in 20-9-331 and 20-9-333; and~~

14 ~~—— (c) adopt rules to implement the provisions of subsection (1)(b).~~

15 (2) (a) The superintendent of public instruction is authorized to adjust the schedule prescribed in  
 16 20-9-344 for distribution of the BASE aid payments if the distribution will cause a district to register warrants under  
 17 the provisions of 20-9-212(8).

18 (b) To qualify for an adjustment in the payment schedule, a district shall demonstrate to the  
 19 superintendent of public instruction, in the manner required by the office, that the payment schedule prescribed  
 20 in 20-9-344 will result in insufficient money available in all funds of the district to make payment of the district's  
 21 warrants. The county treasurer shall confirm the anticipated deficit. This section may not be construed to  
 22 authorize the superintendent of public instruction to exceed a district's annual payment for BASE aid.

23 (3) The superintendent of public instruction shall:

24 (a) distribute special education allowable cost payments to districts; and

25 (b) supply the county treasurer and the county superintendent of schools with a report of payments for  
 26 special education allowable costs to districts of the county."  
 27

28 **Section 344.** Section 20-9-351, MCA, is amended to read:

29 **"20-9-351. Funding of deficiency in BASE aid.** If the money available for BASE aid is not the result  
 30 of a reduction in spending under 17-7-140 and is not sufficient to provide ~~the guaranteed tax base aid required~~



1 under ~~20-9-366 through 20-9-369~~ and BASE aid support determined under 20-9-347, the superintendent of public  
 2 instruction shall request the budget director to submit a request for a supplemental appropriation in the second  
 3 year of the biennium that is sufficient to complete the funding of BASE aid for the elementary and high school  
 4 districts for the current biennium."

5

6 **Section 345.** Section 20-9-353, MCA, is amended to read:

7 **"20-9-353. Additional financing for general fund --election for authorization to impose.** (1) The  
 8 trustees of a district may propose to adopt an over-BASE budget amount for the district general fund that does  
 9 not exceed the general fund budget limitations, as provided in 20-9-308 request additional financing above the  
 10 BASE budget for the district's general fund from the school infrastructure needs assessment commission  
 11 pursuant to [section 48].

12 ~~(2) When the trustees of the district propose to adopt an over-BASE budget under subsection (1), any~~  
 13 ~~increase in local property taxes authorized by 20-9-308(4) over revenue previously authorized by the electors of~~  
 14 ~~the district or imposed by the district in any of the previous 5 years must be submitted to a vote of the qualified~~  
 15 ~~electors of the district, as provided in 15-10-425. The trustees are not required to submit to the qualified electors~~  
 16 ~~any increase in state funding of the basic or per-ANB entitlements or of the general fund payments established~~  
 17 ~~in 20-9-327 through 20-9-330 approved by the legislature. When the trustees of a district determine that a voted~~  
 18 ~~amount of financing is required for the general fund budget, the trustees shall submit the proposition to finance~~  
 19 ~~the voted amount to the electors who are qualified under 20-20-301 to vote upon the proposition. The election~~  
 20 ~~must be called and conducted in the manner prescribed by this title for school elections and must conform to the~~  
 21 ~~requirements of 15-10-425. The ballot for the election must conform to the requirements of 15-10-425.~~

22 ~~———— (3) If the proposition on any additional financing for the general fund is approved by a majority vote of~~  
 23 ~~the electors voting at the election, the proposition carries and the trustees may use any portion or all of the~~  
 24 ~~authorized amount in adopting the final general fund budget. The trustees shall certify any additional levy amount~~  
 25 ~~authorized by the election on the budget form that is submitted to the county superintendent, and the county~~  
 26 ~~commissioners shall levy the authorized number of mills on the taxable value of all taxable property within the~~  
 27 ~~district, as prescribed in 20-9-141.~~

28 ~~———— (4) All levies adopted under this section must be authorized by the election conducted before August 1~~  
 29 ~~of the school fiscal year for which it is effective.~~

30 ~~———— (5) If the trustees of a district are required to submit a proposition to finance an over-BASE budget~~

1 ~~amount, as allowed by 20-9-308, to the electors of the district, the trustees shall comply with the provisions of~~  
2 ~~subsections (2) through (4) of this section."~~

3

4 **Section 346.** Section 20-9-501, MCA, is amended to read:

5 **"20-9-501. Retirement costs and retirement fund.** (1) The trustees of a district or the management  
6 board of a cooperative employing personnel who are members of the teachers' retirement system or the public  
7 employees' retirement system, who are covered by unemployment insurance, or who are covered by any federal  
8 social security system requiring employer contributions shall establish a retirement fund for the purposes of  
9 budgeting and paying the employer's contributions to the systems as provided in subsection (2)(a). The district's  
10 or the cooperative's contribution for each employee who is a member of the teachers' retirement system must  
11 be calculated in accordance with Title 19, chapter 20, part 6. The district's or the cooperative's contribution for  
12 each employee who is a member of the public employees' retirement system must be calculated in accordance  
13 with 19-3-316. The district's or the cooperative's contributions for each employee covered by any federal social  
14 security system must be paid in accordance with federal law and regulation. The district's or the cooperative's  
15 contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title  
16 39, chapter 51, part 11.

17 (2) (a) The district or the cooperative shall pay the employer's contributions to the retirement, federal  
18 social security, and unemployment insurance systems from the retirement fund for the following:

19 (i) a district employee whose salary and health-related benefits, if any health-related benefits are  
20 provided to the employee, are paid from state ~~or local funding~~ sources;

21 (ii) a cooperative employee whose salary and health-related benefits, if any health-related benefits are  
22 provided to the employee, are paid from the cooperative's interlocal cooperative fund if the fund is supported  
23 solely from districts' general funds and state special education allowable cost payments, pursuant to 20-9-321,  
24 or are paid from the miscellaneous programs fund, provided for in 20-9-507, from money received from the  
25 medicaid program, pursuant to 53-6-101;

26 (iii) a district employee whose salary and health-related benefits, if any health-related benefits are  
27 provided to the employee, are paid from the district's school food services fund provided for in 20-10-204; and

28 (iv) a district employee whose salary and health-related benefits, if any health-related benefits are  
29 provided to the employee, are paid from the district impact aid fund, pursuant to 20-9-514.

30 (b) For an employee whose benefits are not paid from the retirement fund, the district or the cooperative

1 shall pay the employer's contributions to the retirement, federal social security, and unemployment insurance  
2 systems from the funding source that pays the employee's salary.

3 (3) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall  
4 include in the retirement fund of the final budget the estimated amount of the employer's contribution. After the  
5 final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems  
6 in accordance with the financial administration provisions of this title.

7 (4) When the final retirement fund budget has been adopted, the ~~county superintendent~~ trustees shall  
8 establish the ~~levy requirement~~ revenue need by:

9 (a) determining the sum of the money available to reduce the retirement fund ~~levy requirement~~ revenue  
10 need by ~~adding~~ calculating:

11 ~~—— (i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal~~  
12 ~~year;~~

13 ~~—— (ii) oil and natural gas production taxes;~~

14 ~~—— (iii) coal gross proceeds taxes under 15-23-703;~~

15 ~~—— (iv) any fund balance available for reappropriation as determined by subtracting the amount of the~~  
16 ~~end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal~~  
17 ~~year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating~~  
18 ~~reserve may not be more than 20% of the final retirement fund budget for the ensuing school fiscal year and must~~  
19 ~~be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund~~  
20 ~~budget.~~

21 ~~—— (v) property tax reimbursements made pursuant to 15-1-123(6);~~

22 ~~—— (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing school~~  
23 ~~fiscal year, excluding any guaranteed tax base aid;~~

24 (b) ~~notwithstanding the provisions of subsection (9);~~ subtracting the money available for reduction of the  
25 ~~levy requirement~~ revenue need, as determined in subsection (4)(a), from the budgeted amount for expenditures  
26 in the final retirement fund budget.

27 (5) The ~~county superintendent~~ trustees shall report the amount to the board of public education for  
28 distribution pursuant to 20-9-344.:

29 ~~—— (a) total the net retirement fund levy requirements separately for all elementary school districts, all high~~  
30 ~~school districts, and all community college districts of the county, including any prorated joint district or special~~

1 education cooperative agreement levy requirements; and

2 ~~—— (b) report each levy requirement to the county commissioners by the later of the first Tuesday in~~

3 ~~September or within 30 calendar days after receiving certified taxable values as the respective county levy~~

4 ~~requirements for elementary district, high school district, and community college district retirement funds.~~

5 ~~—— (6) The county commissioners shall fix and set the county levy or district levy in accordance with~~

6 ~~20-9-142.~~

7 ~~—— (7) The net retirement fund levy requirement for a joint elementary district or a joint high school district~~

8 ~~must be prorated to each county in which a part of the district is located in the same proportion as the district ANB~~

9 ~~of the joint district is distributed by pupil residence in each county. The county superintendents of the counties~~

10 ~~affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.~~

11 ~~—— (8) The net retirement fund levy requirement for districts that are members of special education~~

12 ~~cooperative agreements must be prorated to each county in which the district is located in the same proportion~~

13 ~~as the special education cooperative budget is prorated to the member school districts. The county~~

14 ~~superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each~~

15 ~~county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net~~

16 ~~retirement fund levy for each county in the same manner as provided in 20-9-152.~~

17 ~~—— (9) The county superintendent shall calculate the number of mills to be levied on the taxable property~~

18 ~~in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection~~

19 ~~(5)(a) by the sum of:~~

20 ~~—— (a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified~~

21 ~~by the superintendent of public instruction; and~~

22 ~~—— (b) the taxable valuation of the district divided by 1,000.~~

23 ~~—— (10) The levy for a community college district may be applied only to property within the district.~~

24 ~~—— (11) The county superintendent of each county shall submit a report of the revenue amounts used to~~

25 ~~establish the levy requirements for county school funds supporting elementary and high school district retirement~~

26 ~~obligations to the superintendent of public instruction on or before September 15. The report must be completed~~

27 ~~on forms supplied by the superintendent of public instruction."~~

28

29 **Section 347.** Section 20-9-507, MCA, is amended to read:

30 **"20-9-507. Miscellaneous programs fund.** (1) The trustees of a district receiving money from local,

1 state, ~~or federal sources, or other sources provided in 20-5-324,~~ other than money under the provisions of impact  
2 aid, as provided in 20 U.S.C. 7701, et seq., or federal money designated for deposit in a specific fund of the  
3 district, shall establish a miscellaneous programs fund for the deposit of the money. The money may be a  
4 reimbursement of miscellaneous program fund expenditures already realized by the district, indirect cost  
5 recoveries, or a grant of money for the financing of expenditures to be realized by the district for a special,  
6 approved program to be operated by the district. When the money is a reimbursement, the money may be  
7 expended at the discretion of the trustees for school purposes. When the money is a grant, the money must be  
8 expended according to the conditions of the program approval by the superintendent of public instruction or any  
9 other approval agent. Within the miscellaneous programs fund, the trustees shall maintain a separate accounting  
10 for each local, state, or federal grant project and the indirect cost recoveries.

11 (2) The financial administration of the miscellaneous programs fund must be in accordance with the  
12 financial administration provisions of this title for a nonbudgeted fund."

13

14 **Section 348.** Section 20-9-518, MCA, is amended to read:

15 **"20-9-518. (Temporary) County school oil and natural gas impact fund.** (1) The governing body of  
16 a county that has previously received an allocation under 20-9-310 shall maintain a county school oil and natural  
17 gas impact fund.

18 (2) Money previously received by a county pursuant to 20-9-310 must remain in the fund and may not  
19 be appropriated by the governing body until:

20 (a) the amount of oil and natural gas production taxes received by a school district for the fiscal year is  
21 50% or less of the amount of the average received by the district in the previous 4 fiscal years; or

22 (b) the average price for a barrel of west Texas intermediate crude oil during a calendar quarter is less  
23 than \$65. The average price for each barrel must be computed by dividing the sum of the daily price for a barrel  
24 of west Texas intermediate crude oil for the calendar quarter by the number of days on which the price was  
25 reported in the quarter.

26 (3) (a) Within 120 days following the end of the fiscal year, the superintendent of public instruction shall  
27 determine if the criteria in subsection (2)(a) have been met and the department of revenue shall determine if the  
28 criteria in subsection (2)(b) have been met.

29 (b) If it is determined under subsection (3)(a) that the criteria in subsection (2)(a) or (2)(b) have been  
30 met, the superintendent of public instruction or the department of revenue shall notify the county treasurer.

1           (4) Upon notification under subsection (3)(b), the county treasurer shall allocate 80% of the money  
 2 proportionally to affected high school districts and elementary school districts in the county, which must be  
 3 calculated by dividing the total funds available for distribution by the total number of quality educators, as defined  
 4 in 20-4-502, employed by the qualifying school districts in the county in the immediately preceding school fiscal  
 5 year. The number of quality educators used for the calculation under this subsection in a district with territory in  
 6 more than one county must be prorated based on the average number belonging of the district residing in school  
 7 district territory located in each respective county. A school district receiving this money ~~may deposit the funds~~  
 8 ~~in any budgeted fund of the district at the discretion of the trustees~~ shall deposit the funds in the local control and  
 9 efficiency fund provided for in [section 38].

10           (5) The governing body of the county may use 20% of the money in the fund to:

11           (a) pay for ~~outstanding capital project bonds or other~~ expenses incurred prior to the reduction in the price  
 12 of oil or the reduction in the receipt of oil and natural gas production taxes described in subsection (2);

13           ~~(b) offset property tax levy increases that are directly caused by the cessation or reduction of oil and~~  
 14 ~~natural gas activity;~~

15           ~~(e)(b)~~ promote diversification and development of the economic base within the jurisdiction;

16           ~~(d)(c)~~ attract new industry to the area impacted by changes in oil and natural gas activity leading to the  
 17 reduction in the price of oil or the reduction in the receipt of oil and natural gas production taxes described in  
 18 subsection (2); or

19           ~~(e)(d)~~ provide cash incentives for expanding the employment base of the area impacted by the changes  
 20 in oil and natural gas activity leading to the reduction in the price of oil or the reduction in the receipt of oil and  
 21 natural gas production taxes described in subsection (2).

22           ~~(6) Except as provided in subsection (5)(b), money held in the fund may not be considered as fund~~  
 23 ~~balance for the purpose of reducing mill levies.~~

24           ~~(7)(6)~~ Money in the fund must be invested as provided by law. Interest and income from the investment  
 25 of money in the fund must be credited to the fund. (Terminates June 30, 2019--sec. 7, Ch. 433, L. 2015.)

26           **20-9-518. (Effective July 1, 2019) County school oil and natural gas impact fund.** (1) The governing  
 27 body of a county receiving an allocation under 20-9-310(4)(b) shall establish a county school oil and natural gas  
 28 impact fund.

29           (2) Money received by a county pursuant to 20-9-310(4)(b) must remain in the fund and may not be  
 30 appropriated by the governing body until:

1 (a) the amount of oil and natural gas production taxes received by a school district for the fiscal year is  
2 50% or less of the amount of the average received by the district in the previous 4 fiscal years; or

3 (b) the average price for a barrel of west Texas intermediate crude oil during a calendar quarter is less  
4 than \$65. The average price for each barrel must be computed by dividing the sum of the daily price for a barrel  
5 of west Texas intermediate crude oil for the calendar quarter by the number of days on which the price was  
6 reported in the quarter.

7 (3) (a) Within 120 days following the end of the fiscal year, the superintendent of public instruction shall  
8 determine if the criteria in subsection (2)(a) have been met and the department of revenue shall determine if the  
9 criteria in subsection (2)(b) have been met.

10 (b) If it is determined under subsection (3)(a) that the criteria in subsection (2)(a) or (2)(b) have been  
11 met, the superintendent of public instruction or the department of revenue shall notify the county treasurer.

12 (4) Upon notification under subsection (3)(b), the county treasurer shall allocate 80% of the money  
13 proportionally to affected high school districts and elementary school districts in the county, which must be  
14 calculated by dividing the total funds available for distribution by the total number of quality educators, as defined  
15 in 20-4-502, employed by the qualifying school districts in the county in the immediately preceding school fiscal  
16 year. The number of quality educators used for the calculation under this subsection in a district with territory in  
17 more than one county must be prorated based on the average number belonging of the district residing in school  
18 district territory located in each respective county. A school district receiving this money ~~may deposit the funds~~  
19 ~~in any budgeted fund of the district at the discretion of the trustees~~ shall deposit the funds in the local control and  
20 efficiency fund provided for in [section 38].

21 (5) The governing body of the county may use 20% of the money in the fund to:

22 (a) pay for ~~outstanding capital project bonds or other~~ expenses incurred prior to the reduction in the price  
23 of oil or the reduction in the receipt of oil and natural gas production taxes described in subsection (2);

24 ~~(b) offset property tax levy increases that are directly caused by the cessation or reduction of oil and~~  
25 ~~natural gas activity;~~

26 ~~(c)~~(b) promote diversification and development of the economic base within the jurisdiction;

27 ~~(d)~~(c) attract new industry to the area impacted by changes in oil and natural gas activity leading to the  
28 reduction in the price of oil or the reduction in the receipt of oil and natural gas production taxes described in  
29 subsection (2); or

30 ~~(e)~~(d) provide cash incentives for expanding the employment base of the area impacted by the changes

1 in oil and natural gas activity leading to the reduction in the price of oil or the reduction in the receipt of oil and  
 2 natural gas production taxes described in subsection (2).

3 ~~(6) Except as provided in subsection (5)(b), money held in the fund may not be considered as fund~~  
 4 ~~balance for the purpose of reducing mill levies.~~

5 ~~(7)(6)~~ Money in the fund must be invested as provided by law. Interest and income from the investment  
 6 of money in the fund must be credited to the fund."

7

8 **Section 349.** Section 20-9-620, MCA, is amended to read:

9 **"20-9-620. Definition.** (1) As used in 20-9-621, 20-9-622, and this section, "distributable revenue"  
 10 means, except for that portion of revenue described in ~~20-9-516(2)(a)~~ and 77-1-109, 95% of all revenue from the  
 11 management of school trust lands and the permanent fund, including timber sale proceeds, lease fees, interest,  
 12 dividends, and net realized capital gains.

13 (2) The term does not include mineral royalties or land sale proceeds that are deposited directly in the  
 14 permanent fund or net unrealized capital gains that remain in the permanent fund until realized."

15

16 **Section 350.** Section 20-9-622, MCA, is amended to read:

17 **"20-9-622. Guarantee account.** (1) There is a guarantee account in the state special revenue fund. The  
 18 guarantee account is intended to:

19 (a) stabilize the long-term growth of the permanent fund; and

20 (b) maintain a constant and increasing distributable revenue stream. All realized capital gains and all  
 21 distributable revenue must be deposited in the guarantee account. The guarantee account is statutorily  
 22 appropriated, as provided in 17-7-502, for distribution to school districts through ~~school equalization~~ BASE aid  
 23 as provided in ~~20-9-343~~ 20-9-306.

24 (2) Any excess interest and income revenue deposited in the guarantee account for distribution under  
 25 this section must be ~~allocated as follows~~:

26 ~~— (a) 50% of the excess interest and income revenue must be reserved for an appropriation in the next~~  
 27 ~~regular session of the legislature as part of the natural resource development K-12 funding payment referred to~~  
 28 ~~in 20-9-306; and~~

29 ~~— (b) 50% of the excess interest and income revenue must be distributed to schools on a~~  
 30 ~~per-quality-educator basis, with the amount to be distributed to each district calculated by dividing the total funds~~



1 available for distribution under this subsection (2)(b) by the total number of quality educators, as defined in  
2 20-4-502, employed by each school district in the state in the immediately preceding school fiscal year. A school  
3 district receiving funds under this section shall deposit the funds in its miscellaneous programs fund provided for  
4 in 20-9-507 and shall use the funds in the following order:

5 (i) to address any repairs categorized as "safety", "damage/wear out", or "codes and standards" in the  
6 facilities condition inventory for buildings of the school district as referenced in the K-12 public schools facility  
7 condition and needs assessment prepared by the Montana department of administration pursuant to section 1,  
8 Chapter 1, Special Laws of December 2005; and

9 (ii) if repairs under subsection (2)(b)(i) have been completed, to any other purpose ~~authorized by~~  
10 ~~20-9-543~~ at the discretion of the trustees."

11  
12 **Section 351.** Section 20-9-705, MCA, is amended to read:

13 **"20-9-705. Joint interstate school agreements.** (1) The trustees of any district adjacent to another  
14 state may enter into a contract with a school district in such adjoining state to provide for the joint erection,  
15 operation, and maintenance of school facilities for both districts upon such terms and conditions as may be  
16 mutually agreed to by such districts and as are in accord with this section. Any such contract proposed for  
17 adoption by the trustees shall be in the form and contain only terms that may be prescribed by the superintendent  
18 of public instruction, and any such contract shall be approved by the superintendent of public instruction before  
19 it is considered by the electors of the district.

20 (2) Before any contract negotiated under the provisions of this section shall be executed, the trustees  
21 shall call an election under the provisions of 20-20-201 and submit to the qualified electors of the district the  
22 proposition that such contract be approved and that the trustees execute such contract. No agreement shall be  
23 valid until it has been approved at an election. The electors at the election shall be qualified to vote under the  
24 provisions of 20-20-301, and the election shall be conducted under the school election provisions of this title. The  
25 ballot for the election shall be substantially in the following form:

26 PROPOSITION

27 SCHOOL DISTRICT NO. ....., .... COUNTY

28 Shall the trustees of this district be authorized and directed to execute the proposed contract with school  
29 district number .... of .... County, state of ....., for the purpose of (insert the purpose of such contract)?

30  FOR execution of contract.

1           [] AGAINST execution of contract.

2           (3) The trustees of any district executing a contract under this section shall have the power and authority  
3 to ~~levy taxes and issue bonds~~ request funding from the school infrastructure needs assessment commission  
4 pursuant to [section 48] for the purpose of erecting and maintaining the facilities authorized by this section.  
5 Furthermore, the facilities erected or maintained under this section may be located in either Montana or the  
6 adjoining state."

7

8           **Section 352.** Section 20-9-904, MCA, is amended to read:

9           **"20-9-904. (Temporary) Distribution of supplemental revenue to public schools -- innovative**  
10 **educational program.** (1) The superintendent of public instruction shall:

11           (a) obligate at least 95% of its annual revenue from the educational improvement account provided for  
12 in 20-9-905 for supplemental funding to eligible public schools for innovative educational programs and  
13 technology deficiencies;

14           (b) provide innovative educational program or technology deficiency supplemental funding to eligible  
15 public schools; and

16           (c) distribute supplemental funding from the educational improvement account to each geographic region  
17 and each large district in a manner that provides proportionate funding based on the amount of donations under  
18 15-30-3110 in each of the respective geographic regions and large districts. In distributing the supplemental  
19 funding, the superintendent of public instruction shall determine the allocation for each school district in a  
20 geographic region based on the ratio of the school district's number of quality educators compared to the total  
21 number of quality educators in the school district's geographic region.

22           (2) (a) Subject to subsection (2)(b), the superintendent of public instruction shall use the taxpayer's  
23 residential address and allocate the supplemental funding to the geographic region or large district schools that  
24 serve the taxpayer's residence. If a residential address is served by schools that are part of a large district and  
25 a smaller district, then the superintendent of public instruction shall allocate the supplemental funding between  
26 the large district and the geographic region of the smaller district based on the average number belonging served  
27 by each district.

28           (b) A taxpayer may specify the geographic region or large district in which the supplemental funding must  
29 be used. If a taxpayer specifies that an allocation is to be used in a:

30           (i) geographic region, the allocation may not be used in a large district; and

1 (ii) large district, the allocation may not be used in a geographic region.

2 (3) The supplemental funding must be deposited in the district's ~~school flexibility fund provided for in~~  
 3 ~~20-9-543~~ local control and efficiency fund as provided for in [section 38]. Each district shall report the expenditure  
 4 of supplemental funding for specific schools to the superintendent of public instruction. (Terminates December  
 5 31, 2023--sec. 33, Ch. 457, L. 2015.)"

6

7 **Section 353.** Section 20-10-101, MCA, is amended to read:

8 **"20-10-101. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following  
 9 definitions apply:

10 (1) "Bus route" means a route approved by the board of trustees of a school district and by the county  
 11 transportation committee.

12 (2) "Eligible transportee" means a public school pupil who:

13 (a) is 5 years of age or older and has not reached the age of 21 on or before September 10 of the current  
 14 school year or who is a preschool child with a disability between the ages of 3 and 6;

15 (b) is a resident of the state of Montana;

16 (c) regardless of district and county boundaries:

17 (i) resides at least 3 miles, over the shortest practical route, from the nearest operating public elementary  
 18 school or public high school, whichever the case may be; or

19 (ii) has transportation identified as a related service in an individualized education program as developed  
 20 and implemented in accordance with the Individuals With Disabilities Education Act, 20 U.S.C. 1400, et seq.; and

21 (d) is considered to reside with a parent or guardian who maintains legal residence within the boundaries  
 22 of the district furnishing the transportation regardless of where the eligible transportee actually lives when  
 23 attending school.

24 (3) "Passenger seating position" means, as defined in 49 CFR 571.222, the space on a school bus  
 25 allocated for one passenger.

26 (4) (a) "School bus" means, except as provided in subsection (4)(b), any motor vehicle that:

27 (i) complies with the bus standards established by the board of public education as verified by the  
 28 department of justice's semiannual inspection of school buses and the superintendent of public instruction; and

29 (ii) is owned by a district or other public agency and operated for the transportation of pupils to or from  
 30 school or owned by a carrier under contract with a district or public agency to provide transportation of pupils to

1 or from school.

2 (b) A school bus does not include a vehicle that is:

3 (i) privately owned and not operated for compensation under this title;

4 (ii) privately owned and operated for reimbursement under ~~20-10-142~~ 20-10-124(4);

5 (iii) either district-owned or privately owned, designed to carry not more than nine passengers, and used  
6 to transport pupils to or from activity events or to transport pupils to their homes in case of illness or other  
7 emergency situations; or

8 (iv) an over-the-road passenger coach used only to transport pupils to activity events.

9 (5) "Transportation" means:

10 (a) a district's conveyance of a pupil by a school bus between the pupil's legal residence or an officially  
11 designated bus stop and the school designated by the trustees for the pupil's attendance; or

12 (b) "individual transportation" by which a district is relieved of actually conveying a pupil. Individual  
13 transportation may include paying the parent or guardian for conveying the pupil, reimbursing the parent or  
14 guardian for the pupil's board and room, or providing supervised correspondence study or supervised home  
15 study.

16 (6) "Transportation service area" means the geographic area of responsibility for school bus  
17 transportation for each district that operates a school bus transportation program."  
18

19 **Section 354.** Section 20-10-104, MCA, is amended to read:

20 **"20-10-104. Penalty for violating law or rules.** (1) Every district, its trustees and employees, and every  
21 person under a transportation contract with a district is subject to the policies prescribed by the board of public  
22 education and the rules prescribed by the superintendent of public instruction. When a district knowingly violates  
23 a transportation law or board of public education transportation policy, the district shall forfeit any reimbursement  
24 otherwise payable under ~~20-10-145~~ and ~~20-10-146~~ [section 39] for any bus miles actually traveled during that  
25 fiscal year in violation of the law or policies.

26 (2) A district knowingly violates a transportation law or board of public education policy when it operates  
27 a bus route in a manner that does not comply with state law or board policy related to student safety. ~~As provided~~  
28 ~~in 20-10-141(1), a district that operates a bus route not approved by its county transportation committee may not~~  
29 ~~receive transportation reimbursement on that route, but if the route is operated in compliance with transportation~~  
30 ~~law, the operation of the routes is not a violation that will result in the forfeiture of all transportation aid to the~~

1 district.

2 (3) The county superintendent shall suspend all reimbursements payable to the district under ~~20-10-145~~  
 3 ~~and 20-10-146 for all miles being traveled, including both miles being traveled in compliance with the~~  
 4 ~~transportation laws or policies and miles being traveled in violation of the transportation laws or policies, pursuant~~  
 5 ~~to [section 39]~~ until the district corrects the violation. When the district corrects the violation, the county  
 6 superintendent shall pay all reimbursements otherwise payable under ~~20-10-145 and 20-10-146~~ [section 39],  
 7 including amounts suspended during the violation, but the amount forfeited under subsection (1) may not be paid  
 8 to the district.

9 (4) When a person operating a bus under contract with a district knowingly fails to comply with the  
 10 transportation law or the board of public education transportation policies, the district may not pay the person for  
 11 any bus miles traveled during the contract year in violation of law or policies. Upon discovering a violation, the  
 12 trustees of the district shall give written notice to the person that unless the violation is corrected within 10 days  
 13 of the giving of notice, the contract will be canceled. The trustees of a district shall order the operation of a bus  
 14 operated under contract suspended when the bus is being operated in violation of transportation law or policies  
 15 and the trustees find that the violation jeopardizes the safety of pupils."  
 16

17 **Section 355.** Section 20-10-105, MCA, is amended to read:

18 **"20-10-105. Determination of residence.** When the residence of an eligible transportee is a matter of  
 19 controversy and is an issue before a board of trustees, a county transportation committee, or the superintendent  
 20 of public instruction, except as provided in 20-9-707, the residence must be established on the basis of the  
 21 general state residence law as provided in 1-1-215. ~~Whenever the state is determined to be responsible for~~  
 22 ~~paying tuition for any pupil in accordance with 20-5-321 through 20-5-323, the residence of the pupil for tuition~~  
 23 ~~purposes is the residence of the pupil for transportation purposes."~~  
 24

25 **Section 356.** Section 20-10-112, MCA, is amended to read:

26 **"20-10-112. Duties of superintendent of public instruction.** In order to have a uniform and equal  
 27 provision of transportation by all districts in the state of Montana, the superintendent of public instruction shall:

28 (1) prescribe rules and forms for the implementation and administration of the transportation policies  
 29 adopted by the board of public education;

30 (2) prescribe rules for the approval of school bus routing by the county transportation committee;

1 (3) prescribe the format of the contract for individual transportation and supply each county  
2 superintendent with a sufficient number of contracts;

3 (4) prescribe rules for the approval of individual transportation contracts, including the increases of the  
4 schedule rates because of isolation under the policy of the board of public education, and provide a  
5 degree-of-isolation chart to school district trustees to serve as a guide;

6 (5) approve, disapprove, or adjust all school bus routing submitted by the county superintendent;

7 (6) approve, disapprove, or adjust all individual transportation contracts submitted by the county  
8 superintendent;

9 (7) prescribe rules for the consideration of controversies appealed to the superintendent and rule on the  
10 controversies; and

11 (8) calculate and disburse the state transportation reimbursement allocation pursuant to [section 39] in  
12 accordance with the provisions of law and the transportation policies of the board of public education."  
13

14 **Section 357.** Section 20-10-142, MCA, is amended to read:

15 **"20-10-142. Schedule of maximum reimbursement for individual transportation.** ~~The following rates~~  
16 ~~for individual transportation constitute the maximum reimbursement to districts for individual transportation from~~  
17 ~~state and county sources of transportation revenue under the provisions of 20-10-145 and 20-10-146. These rates~~  
18 ~~constitute the limitation of the budgeted amounts for individual transportation for the ensuing school fiscal year.~~  
19 ~~The schedules provided in this section may not be altered by any authority other than the legislature. When the~~  
20 ~~trustees contract with the parent or guardian of any eligible transportee to provide individual transportation for~~  
21 ~~each day of school attendance, they shall reimburse the parent or guardian for actual miles transported on the~~  
22 ~~basis of the following schedule:~~

23 (1) When a parent or guardian transports an eligible transportee or transportees from the residence of  
24 the parent or guardian to a school or to schools located within 3 miles of one another, the total reimbursement  
25 for each day of attendance is determined by multiplying the distance in miles between the residence and the  
26 school, or the most distant school if more than one, by 2, subtracting 6 miles from the product, and multiplying  
27 the difference by 35 cents, provided that:

28 (a) if two or more eligible transportees are transported by a parent or guardian to two or more schools  
29 located within 3 miles of one another and if the schools are operated by different school districts, the total amount  
30 of the reimbursement must be divided equally between the districts;

1 (b) if two or more eligible transportees are transported by a parent or guardian to two or more schools  
2 located more than 3 miles from one another, the parent or guardian must be separately reimbursed for  
3 transporting the eligible transportee or transportees to each school;

4 (c) if a parent transports two or more eligible transportees to a school and a bus stop that are located  
5 within 3 miles of one another, the total reimbursement must be determined under the provisions of this subsection  
6 (1) and must be divided equally between the district operating the school and the district operating the bus;

7 (d) if a parent transporting two or more eligible transportees to a school or bus stop must, because of  
8 varying arrival and departure times, make more than one round-trip journey to the bus stop or school, the total  
9 reimbursement allowed by this section is limited to one round trip a day for each scheduled arrival or departure  
10 time;

11 (e) notwithstanding subsection (1)(a), (1)(b), (1)(c), or (1)(d), a reimbursement may not be less than 35  
12 cents a day.

13 (2) When the parent or guardian transports an eligible transportee or transportees from the residence  
14 to a bus stop of a bus route approved by the trustees for the transportation of the transportee or transportees,  
15 the total reimbursement for each day of attendance is determined by multiplying the distance in miles between  
16 the residence and the bus stop by 2, subtracting 6 miles from the product, and multiplying the difference by 35  
17 cents, provided that:

18 (a) if the eligible transportees attend schools in different districts but ride on one bus, the districts shall  
19 divide the total reimbursement equally; and

20 (b) if the parent or guardian is required to transport the eligible transportees to more than one bus, the  
21 parent or guardian must be separately reimbursed for transportation to each bus.

22 (3) When, because of excessive distances, impassable roads, or other special circumstances of  
23 isolation, the rates prescribed in subsection (1) or (2) would be an inadequate reimbursement for the  
24 transportation costs or would result in a physical hardship for the eligible transportee, a parent or guardian may  
25 request an increase in the reimbursement rate. A request for increased rates because of isolation must be made  
26 by the parent or guardian on the contract for individual transportation for the ensuing school fiscal year by  
27 indicating the special facts and circumstances that exist to justify the increase. Before an increased rate because  
28 of isolation may be paid to the requesting parent or guardian, the rate must be approved by the county  
29 transportation committee and the superintendent of public instruction after the trustees have indicated their  
30 approval or disapproval. Regardless of the action of the trustees and when approval is given by the committee

1 and the superintendent of public instruction, the trustees shall pay the increased rate because of isolation. The  
2 increased rate is 1 1/2 times the rate prescribed in subsection (1).

3 (4) The state and county transportation reimbursement for an individual transportation contract may not  
4 exceed \$12.95 for each day of attendance for the first eligible transportee and \$8.40 for each day of attendance  
5 for each additional eligible transportee.

6 (5) When the isolated conditions of the household where an eligible transportee resides require an  
7 eligible transportee to live away from the household in order to attend school, the eligible transportee is eligible  
8 for the room and board reimbursement. Approval to receive the room and board reimbursement must be obtained  
9 in the same manner prescribed in subsection (3). The per diem rate for room and board is \$12.95 for one eligible  
10 transportee and \$8.40 for each additional eligible transportee of the same household.

11 (6) When the individual transportation provision is to be satisfied by supervised home study or supervised  
12 correspondence study, the reimbursement rate is the cost of the study, provided that the course of instruction is  
13 approved by the trustees and supervised by the district."

14

15 **Section 358.** Section 20-10-143, MCA, is amended to read:

16 **"20-10-143. Budgeting for transportation and transmittal of transportation contracts.** (1) The  
17 trustees of a district furnishing transportation to pupils who are residents of the district shall provide a  
18 transportation fund budget that is adequate to finance the district's transportation contractual obligations and any  
19 other transportation expenditures necessary for the conduct of its transportation program. The transportation fund  
20 budget must include:

21 (a) an adequate amount to finance the maintenance and operation of school buses owned and operated  
22 by the district;

23 (b) the annual contracted amount for the maintenance and operation of school buses by a private party;

24 (c) the annual contracted amount for individual transportation, including any increased amount because  
25 of isolation, which may not exceed the schedule amounts prescribed in 20-10-142;

26 (d) any amount necessary for the purchase, rental, or insurance of school buses; and

27 (e) any other amount necessary to finance the administration, operation, or maintenance of the  
28 transportation program of the district, as determined by the trustees.

29 (2) The trustees may include a contingency amount in the transportation fund budget for the purpose  
30 of enabling the district to fulfill an obligation to provide transportation in accordance with this title for:



1 (a) pupils not residing in the district at the time of the adoption of the final budget and who subsequently  
2 became residents of the district during the school fiscal year;

3 (b) pupils who have become eligible transportees since the adoption of the final budget because their  
4 legal residence has been changed; or

5 (c) other unforeseen increases in bus route mileage or obligations for payment of additional contracts  
6 for individual transportation for an eligible transportee ~~for which state and county reimbursement is authorized~~  
7 ~~under 20-10-141 and 20-10-142. The budgeted contingency amount may not exceed 10% of the transportation~~  
8 ~~schedule amount as calculated under the provisions of 20-10-141 and 20-10-142 for all transportation services~~  
9 ~~authorized by the schedules and provided by the district unless 10% of the transportation schedule amount is less~~  
10 ~~than \$100, in which case \$100 is the maximum limitation for the budgeted contingency amount.~~

11 (3) A budget amendment to the transportation fund budget may be adopted subject to the provisions of  
12 20-9-161 through 20-9-166.

13 (4) The trustees shall report the transportation fund budget on the regular budget form prescribed by the  
14 superintendent of public instruction in accordance with 20-9-103, and the adoption of the transportation fund  
15 budget must be completed in accordance with the school budgeting laws. When the adopted final budget is sent  
16 to the county superintendent, the trustees shall also send copies of all completed transportation contracts for  
17 school bus transportation to the county superintendent. The contracts must substantiate all contracted school bus  
18 transportation services incorporated in the final budget."

19  
20 **Section 359.** Section 20-15-102, MCA, is amended to read:

21 **"20-15-102. Community college districts -- name and corporate powers.** A community college district  
22 shall be known as "Community College District of ....., Montana". In this name, the community college district may  
23 sue and be sued, ~~levy and collect taxes within the limitations of the laws of Montana,~~ and possess the same  
24 corporate powers as districts in this state, except as otherwise provided by law."

25  
26 **Section 360.** Section 20-15-105, MCA, is amended to read:

27 **"20-15-105. Courses of instruction -- tuition and fees.** (1) A community college district shall provide  
28 instruction in academic, occupational, and adult education, subject to the approval of the board of regents of  
29 higher education. The board of trustees of such district may, in their discretion and upon approval of the board  
30 of regents, prescribe:

1 (a) tuition rates for ~~in-district students, out-of-district students~~ who are residents of the state of Montana,  
2 and students who are not residents of the state of Montana;

3 (b) matriculation charges; and

4 (c) incidental fees, including building fees, for students in the community college.

5 (2) In addition thereto, such board of trustees may prescribe such other fees as it considers necessary  
6 to maintain courses, taking into consideration such other funds as may be available under law for the support of  
7 such courses."

8

9 **Section 361.** Section 20-15-201, MCA, is amended to read:

10 **"20-15-201. Requirements for organization of community college district.** The registered electors  
11 in any area of the state of Montana may request an election for the organization of a community college district  
12 where the proposed community college district conforms to the following requirements:

13 (1) The proposed area coincides with the then-existing boundaries of contiguous elementary districts  
14 of one or more counties.

15 ~~(2) The taxable value of the proposed area is at least \$10 million.~~

16 ~~(3)~~(2) There are at least 700 pupils regularly enrolled in public and private high schools located in the  
17 proposed area."

18

19 **Section 362.** Section 20-15-221, MCA, is amended to read:

20 **"20-15-221. Election of trustees after organization of community college district.** (1) After  
21 organization, the registered electors of the community college district qualified to vote under the provisions of  
22 20-20-301 shall annually vote for trustees on the regular school election day provided for in 20-20-105~~(4)~~. The  
23 election must be conducted in accordance with the election provisions of this title whenever the provisions are  
24 made applicable to community college districts. Pursuant to 20-15-208, the elections must be conducted by the  
25 county election administrator on the order of the board of trustees of the community college district. The order  
26 must be transmitted to the appropriate trustees at least 85 days prior to the regular school election day.

27 (2) Notice of the community college district trustee election must be given as provided in 13-1-108.

28 (3) If trustees are elected other than at large throughout the entire district, then only those qualified  
29 electors within the area from which the trustee or trustees are to be elected may cast their ballots for the trustee  
30 or trustees from that area.

1 (4) Candidates for the office of trustee shall file their declarations of candidacy with the county election  
2 administrator within the time period specified in 20-3-305(2).

3 (5) All costs incident to election of the community college trustees must be borne by the community  
4 college district, including one-half of the compensation of the judges for the school elections."  
5

6 **Section 363.** Section 20-15-231, MCA, is amended to read:

7 **"20-15-231. Annexation of territory of districts to community college district.** (1) Whenever 10%  
8 of the registered electors of an elementary district or districts of a county that is contiguous to the existing  
9 community college district petition the board of trustees of a community college district for annexation of the  
10 territory encompassed in such elementary school districts, the board of trustees of the community college district  
11 may order an annexation election in the area defined by the petition. The election must be held on the next school  
12 election day that, pursuant to 13-1-504, is at least 85 days after the order for the election.

13 (2) (a) Prior to the election on the question of annexation, the trustees shall adopt a plan that includes:

14 (i) a schedule that provides for the orderly transition from the existing trustee representation to the  
15 representation required by 20-15-204, with such transition period not to exceed 3 years from the date of the  
16 election on the question of annexation; and

17 ~~(ii) provisions relating to the assumption or nonassumption of existing community college district bonded~~  
18 ~~indebtedness by the annexed area and provisions relating to the responsibilities of the annexed area for any~~  
19 ~~bonded indebtedness if it withdraws from the district; and~~

20 ~~(iii)~~(ii) a procedure by means of which the electors of the annexed area may withdraw the annexed area  
21 from the community college district and the conditions of such withdrawal.

22 (b) The plan required by this subsection (2) may not be changed by the trustees without the approval  
23 of a majority of the electors of the annexed area voting on the question. ~~The bonding provisions of the plan set~~  
24 ~~forth pursuant to subsection (2)(a)(ii) may not be changed.~~

25 (3) The election must be conducted in the proposed area for annexation in accordance with the  
26 requirements of the community college organization election under 20-15-203, except that the board of trustees  
27 of the community college shall act as the governing body for the election and the election may not include an  
28 election of the board of trustees of the community college.

29 (4) The proposition on the ballot must be as follows:

30 Shall school districts .... be annexed to and become a part of the Community College District of .....

1 Montana?

2  FOR annexation.

3  AGAINST annexation.

4 (5) To carry, the proposals to annex must receive a majority of the total votes cast at the election. On  
5 receipt of the certified results of the election from the county election administrator, the board of trustees of the  
6 community college district shall canvass the vote and declare the results of the election. If the annexation  
7 proposition carries, a certified copy of the canvassing resolution must be filed in the office of the county clerk and  
8 recorder of the county encompassing the area to be annexed and, on such filing, the area to be annexed shall  
9 then become a part of the community college district."

10

11 **Section 364.** Section 20-15-241, MCA, is amended to read:

12 **"20-15-241. Community college service regions -- creation.** (1) The governing body of an elementary  
13 school district, high school district, county, or municipality not within a community college district may designate  
14 itself a community college service region, as provided in this section.

15 (2) A service region may be designated only if, within 12 months preceding any designation, the following  
16 conditions are met:

17 (a) the service plan required by subsection (3) is available;

18 (b) the board of trustees of the community college district that will offer services within the region has  
19 approved the designation;

20 (c) the electors within the region have approved the designation by a majority of votes cast on the  
21 question in an election held on a regular school election day in accordance with 20-15-208; and

22 (d) the board of regents has approved the designation.

23 (3) (a) At least 90 days prior to the granting of any of the approvals listed in subsections (2)(b) through  
24 (2)(d), a written plan must be made available that:

25 (i) details the services the community college district will offer within the region;

26 (ii) details who will be eligible to use the services and the charges that will be made to users;

27 (iii) indicates the facilities that will be used to house the services;

28 (iv) lists the direct and indirect costs of the services and the apportionment of those costs between the  
29 community college district and the governing body designating the service region; and

30 (v) estimates the number of persons expected to use the services within the region; ~~and~~

1 ~~\_\_\_\_\_ (vi) estimates the mill levy necessary to fund the service region and estimates the impact of the election~~  
 2 ~~on a home valued at \$100,000 and a home valued at \$200,000 in the district in terms of actual dollars in~~  
 3 ~~additional property taxes that would be imposed on residences with those values. The plan may also include a~~  
 4 ~~statement of the impact of the election on homes of any other value in the district, if appropriate.~~

5 (b) The plan may be revised jointly by the region governing body, board of regents, and the board of  
 6 trustees of the community college district as a revision may be necessary.

7 (4) A designation is effective for 5 years and after 5 years is effective unless rescinded by a majority of  
 8 electors casting votes on the question in an election held on any general election day following expiration of the  
 9 5-year period. The question on rescission must be put on the ballot when requested at least 90 days prior to the  
 10 election by the governing body designating the service region, by the community college board, or by a petition  
 11 signed by 20% of the registered electors within the service region. The rescission is effective at the end of the  
 12 first full academic year following the election rescinding the district designation."  
 13

14 **Section 365.** Section 20-15-301, MCA, is amended to read:

15 **"20-15-301. Sources of financing for and types of capital expenditures.** (1) The board of trustees  
 16 of any community college district may:

17 (a) purchase, lease, build, enlarge, alter, or repair school buildings and dormitories;

18 (b) furnish and equip buildings;

19 (c) purchase sites for buildings;

20 ~~\_\_\_\_\_ (d) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions~~  
 21 ~~of chapter 9, part 4, of this title.~~

22 (2) The board of trustees of a community college district may ~~borrow money~~ request funding for the  
 23 purposes of this section ~~and repay the obligations from the various revenues of the college from the school~~  
 24 infrastructure needs assessment commission pursuant to [section 48]."  
 25

26 **Section 366.** Section 20-15-310, MCA, is amended to read:

27 **"20-15-310. Appropriation -- definitions.** (1) It is the intent of the legislature that all community college  
 28 spending, other than from restricted funds, designated funds, or funds generated by an optional, voted levy, be  
 29 governed by the provisions of this part and the state general appropriations act.

30 (2) The state general fund appropriation must be determined after a review of the proposed budget

1 described in 20-15-309.

2 ~~——— (2) (a) The state general fund appropriation must be determined as follows:~~

3 ~~——— (i) multiply the variable cost of education per student by the full-time equivalent student count and add~~  
4 ~~the budget amount for the fixed cost of education; and~~

5 ~~——— (ii) multiply the total in subsection (2)(a)(i) by the state share.~~

6 ~~——— (b) The variable cost of education per student, the budget amount for fixed costs, and the state share~~  
7 ~~must be determined by the legislature. The state share, expressed as a percentage, and the variable cost of~~  
8 ~~education per student must be specified in the appropriations act appropriating funds to the community colleges~~  
9 ~~for each biennium.~~

10 ~~——— (3) The student count may not include those enrolled in community service courses as defined by the~~  
11 ~~board of regents.~~

12 ~~——— (4) As used in this section, the following definitions apply:~~

13 ~~——— (a) "Adjusted cost of education" means the cost of education minus any reversion calculated under~~  
14 ~~17-7-142, expenditures from one-time-only legislative appropriations, and expenditures funded by local mill levies~~  
15 ~~provided for in 2-9-212 and 20-9-501 in excess of the 2012 mill levy levels.~~

16 ~~——— (b) "Cost of education" means the actual costs incurred by the community colleges during the budget~~  
17 ~~base fiscal year, as reported on the current unrestricted operating fund schedule that is statutorily required to be~~  
18 ~~submitted to the board of regents.~~

19 ~~——— (c) "Fixed cost of education" means that portion of the adjusted cost of education, as determined by the~~  
20 ~~legislature, that is not influenced by increases or decreases in student enrollment.~~

21 ~~——— (d) "Variable cost of education per student" means that portion of the adjusted cost of education, as~~  
22 ~~determined by the legislature, that is subject to change as a result of increases or decreases in student~~  
23 ~~enrollment, divided by the actual student enrollment during the budget base fiscal year."~~

24

25 **Section 367.** Section 20-15-311, MCA, is amended to read:

26 **"20-15-311. Funding sources.** The annual operating budget of a community college district must be  
27 financed from the following sources:

28 (1) the estimated revenue to be realized from student tuition and fees, except revenue related to  
29 community service courses, as defined by the board of regents;

30 ~~(2) subject to 15-10-420, a mandatory mill levy on the community college district;~~

1 ~~\_\_\_\_\_ (3) subject to 15-10-420, the adult education levy authorized under provisions of 20-15-305;~~  
 2 ~~(4)(2) the state general fund appropriation;~~  
 3 ~~\_\_\_\_\_ (5) an optional voted levy on the community college district that must be submitted to the electorate in~~  
 4 ~~accordance with general school election laws and 15-10-425;~~  
 5 ~~(6)(3) all other income, revenue, balances, or reserves not restricted by a source outside the community~~  
 6 ~~college district to a specific purpose;~~  
 7 ~~(7)(4) income, revenue, balances, or reserves restricted by a source outside the community college~~  
 8 ~~district to a specific purpose. Student fees paid for community service courses, as defined by the board of~~  
 9 ~~regents, are considered restricted to a specific purpose.~~  
 10 ~~(8)(5) income from a political subdivision that is designated a community college service region under~~  
 11 ~~20-15-241."~~  
 12

13 **Section 368.** Section 20-15-312, MCA, is amended to read:

14 **"20-15-312. Calculation and approval of operating budget.** (1) Annually by September 1, the board  
 15 of trustees of a community college shall submit an operating budget detailing proposed expenditures from the  
 16 funding sources listed in 20-15-311 to the board of regents for their review. ~~The operating budget of the~~  
 17 ~~community college must be financed in the following manner:~~

18 ~~\_\_\_\_\_ (a) The general fund appropriation must be determined pursuant to 20-15-310.~~

19 ~~\_\_\_\_\_ (b) The mandatory levy amount must represent a specific percentage of the combined total of the fixed~~  
 20 ~~cost of education and the variable cost of education, as those terms are defined in 20-15-310, and as determined~~  
 21 ~~by the legislature. This percentage must be specified for each community college by the board of trustees of the~~  
 22 ~~district and approved by the board of regents.~~

23 ~~\_\_\_\_\_ (c) The funding obtained pursuant to subsections (1)(a) and (1)(b) plus the revenue derived from tuition~~  
 24 ~~and fee schedules approved by the board of regents and unrestricted income from any other source is the amount~~  
 25 ~~of the unrestricted budget. A detailed expenditure schedule for the unrestricted budget must be submitted to the~~  
 26 ~~board of regents for their review and approval.~~

27 ~~\_\_\_\_\_ (d) The amount estimated to be raised by the voted levy must be detailed separately in an expenditure~~  
 28 ~~schedule.~~

29 ~~\_\_\_\_\_ (e) The spending of each restricted or designated funding source must be detailed separately in an~~  
 30 ~~expenditure schedule.~~

1 ~~\_\_\_\_\_ (f) The expenditure schedules provided in subsections (1)(c) through (1)(e) represent the total operating~~  
 2 ~~budget of the community college.~~

3 (2) The board of regents shall review the proposed total operating budget and all its components and  
 4 make any changes it determines necessary. The board of trustees of a community college district shall operate  
 5 within the limits of the operating budget approved by the board of regents."  
 6

7 **Section 369.** Section 20-15-324, MCA, is amended to read:

8 **"20-15-324. Resolution for emergency budget -- petition to board of regents -- financing.** (1)  
 9 Whenever the trustees of a community college district decide that an emergency exists, they may adopt a  
 10 resolution proclaiming the emergency by a unanimous vote of all members present at any meeting for which each  
 11 trustee has been given reasonable notice of the time and place of holding the meeting. The emergency resolution  
 12 must also state the facts constituting the emergency, the estimated amount of money required to meet the  
 13 emergency, the funds affected by the emergency, and the time and place the board will meet for the purpose of  
 14 considering and adopting an emergency budget for the funds for the current school fiscal year.

15 (2) If the trustees decide that an emergency exists for any reason other than the conditions specified in  
 16 20-9-161(1) through (3), they shall petition the board of regents for permission to adopt a resolution of  
 17 emergency. The petition must set forth in writing the reasons for the request, the district funds affected by the  
 18 emergency, the estimated amount of money required to meet the emergency for each affected fund, the  
 19 anticipated sources of financing for the emergency expenditures, and any other information required by the board  
 20 of regents. The petition must be signed by each trustee.

21 (3) The board of regents shall promptly approve or disapprove the petition requesting approval to adopt  
 22 a resolution of emergency. If the petition is approved, the trustees may adopt a resolution of emergency and take  
 23 all other steps required for the adoption of an emergency budget. Approval of a petition by the board of regents  
 24 authorizes the board of trustees to initiate emergency budget proceedings by resolution and does not relieve the  
 25 trustees of the necessity of complying with the requirements of the emergency budgeting laws.

26 (4) If the board of regents approves the petition requesting approval to adopt a resolution of emergency,  
 27 the trustees shall submit an emergency budget funding request to the school infrastructure needs assessment  
 28 commission pursuant to [section 48]. The emergency budget must be limited to the expenditures considered by  
 29 the trustees to be reasonable and necessary to finance the conditions of the emergency, and the submitted  
 30 emergency budget must include the details of the proposed expenditures.



1           (5) Following notification from the commission of the amount of available funding for the emergency  
 2 budget, the trustees shall adopt an emergency budget. After a majority of the trustees have voted to adopt the  
 3 emergency budget, it must be signed by the presiding officer of the trustees and the clerk of the district and  
 4 copies must be sent to the county superintendent and the board of regents."

5  
 6           **Section 370.** Section 20-15-404, MCA, is amended to read:  
 7           **"20-15-404. Trustees to adhere to certain other laws.** Unless the context clearly indicates otherwise,  
 8 the trustees of a community college district shall adhere to:  
 9           (1) the teachers' retirement provisions of Title 19, chapter 20;  
 10           (2) the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212;  
 11           (3) the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631, and  
 12 20-6-633 through 20-6-636;  
 13           (4) the adult education provisions of Title 20, chapter 7, part 7;  
 14           (5) the administration of finances provisions of 20-9-115, 20-9-134, 20-9-207, 20-9-208, 20-9-210,  
 15 20-9-215, 20-9-221, 20-9-223, and 20-9-512;  
 16           ~~(6) the school bond provisions of 20-9-401 through 20-9-408, 20-9-410 through 20-9-412, 20-9-421~~  
 17 ~~through 20-9-446, 20-9-461, 20-9-464, and 20-9-465;~~  
 18           ~~(7)(6)~~ the special purpose funds provisions of ~~20-9-502, 20-9-503, 20-9-507, 20-9-508,~~ and 20-9-511;  
 19           ~~(8)(7)~~ the educational cooperative agreements provisions of 20-9-701 through 20-9-704;  
 20           ~~(9)(8)~~ the school elections provisions of Title 20, chapter 20;  
 21           ~~(10)(9)~~ the students' rights provisions of 20-25-511 through 20-25-516; and  
 22           ~~(11)(10)~~ the health provisions of 50-1-206."

23  
 24           **Section 371.** Section 20-20-105, MCA, is amended to read:  
 25           **"20-20-105. Regular school election day and special school elections -- limitation -- exception.**  
 26 ~~(1) Except as provided in subsection (5), the~~ The first Tuesday after the first Monday in May of each year is the  
 27 regular school election day.  
 28           ~~(2) Except as provided in subsections (4) and (5), a proposition requesting additional funding under~~  
 29 ~~20-9-353 may be submitted to the electors only once each calendar year on the regular school election day.~~  
 30 ~~\_\_\_\_\_ (3) Subject to the provisions of subsection (2), other~~ Other school elections may be conducted at times

1 determined by the trustees.

2 ~~(4) In the event of an unforeseen emergency occurring on the date scheduled for the funding election~~  
 3 ~~pursuant to subsection (2), the district will be allowed to reschedule the election for a different day of the calendar~~  
 4 ~~year. As used in this section, "unforeseen emergency" has the meaning provided in 20-3-322(5).~~

5 ~~—— (5) In years when the legislature meets in regular session or in a special session that affects school~~  
 6 ~~funding, the trustees may order an election on a date other than the regular school election day in order for the~~  
 7 ~~electors to consider a proposition requesting additional funding under 20-9-353."~~

8

9 **Section 372.** Section 22-1-304, MCA, is amended to read:

10 **"22-1-304. Tax levy -- special Special library fund -- bonds -- supplemental funding.** (1) Subject to  
 11 ~~15-10-420, the~~ The governing body of a city or county that has established a public library may levy in the same  
 12 manner and at the same time as other taxes are levied a tax in the amount necessary utilize sales and use tax  
 13 revenue allocated under [section 1] and revenue received based on a supplemental funding request to the critical  
 14 needs assessment commission as provided in [section 11] to maintain adequate public library service.

15 ~~(2) (a) The governing body of a city or county may by resolution submit the question of imposing a tax~~  
 16 ~~levy to a vote of the qualified electors at an election as provided in 15-10-425. The resolution must be adopted~~  
 17 ~~at least 85 days prior to the election at which the question will be voted on, and, pursuant to the deadline in~~  
 18 ~~13-1-504, the election may not be held less than 85 days after the resolution is adopted.~~

19 ~~—— (b) Upon a petition being filed with the governing body and signed by not less than 5% of the resident~~  
 20 ~~taxpayers of any city or county requesting an election for the purpose of imposing a mill levy, the governing body~~  
 21 ~~shall submit to a vote of the qualified electors at an election conducted as provided in 15-10-425 the question of~~  
 22 ~~imposing the mill levy. The petition must be delivered to the governing body at least 85 days prior to the election~~  
 23 ~~at which the question will be voted on.~~

24 ~~(3)(2) The proceeds of the tax constitute funding must be deposited in a separate fund called the public~~  
 25 ~~library fund and may not be used for any purpose except those of the public library.~~

26 ~~(4)(3) Money may not be paid out of the public library fund by the treasurer of the city or county except~~  
 27 ~~by order or warrant of the board of library trustees.~~

28 ~~(5)(4) Bonds may be issued by the governing body in the manner prescribed by law for the following~~  
 29 ~~purposes:~~

30 (a) building, altering, repairing, furnishing, or equipping a public library or purchasing land for the library;

1 (b) buying a bookmobile or bookmobiles; and

2 (c) funding a judgment against the library."

3

4 **Section 373.** Section 22-1-316, MCA, is amended to read:

5 **"22-1-316. Joint city-county library.** (1) A county and any city or cities within the county, by action of  
6 their respective governing bodies, may join in establishing and maintaining a joint city-county library under the  
7 terms of a contract agreed upon by all parties.

8 (2) The expenses of a joint city-county library must be apportioned between or among the county and  
9 cities on the basis agreed upon in the contract.

10 (3) ~~Subject to 15-10-420, the~~ The governing body of any city or county entering into a contract may ~~levy~~  
11 ~~a special tax as request funding as~~ provided in 22-1-304 for the establishment and operation of a joint city-county  
12 library.

13 (4) The treasurer of the county or of a participating city within the county, as provided in the contract, has  
14 custody of the funds of the joint city-county library, and the other treasurers of the county or cities joining in the  
15 contract shall transfer quarterly to the designated treasurer all money collected for the joint city-county library.

16 (5) The contract must provide for the disposition of property upon dissolution of the joint city-county  
17 library."

18

19 **Section 374.** Section 22-1-326, MCA, is amended to read:

20 **"22-1-326. State aid to public libraries.** (1) As used in 22-1-326 through 22-1-331, "public library"  
21 means a library created under Title 7 or under 22-1-301 through 22-1-317.

22 (2) As provided in 22-1-325 through 22-1-329, the commission shall administer state aid to public  
23 libraries and public library districts created and operated under part 7 of this chapter. The purposes of state aid  
24 are to:

25 (a) broaden access to existing information by strengthening public libraries and public library districts;

26 (b) augment and extend services provided by public libraries and public library districts; and

27 (c) permit new types of library services based on local need.

28 (3) Money appropriated for the purposes of this section may not be used to supplant general operating  
29 funds of recipient public libraries or public library districts. The commission may withhold a distribution to a library  
30 or district that receives less support from a ~~mill levy~~ or local government appropriation than its average for the

1 preceding 3 fiscal years if the decrease may reasonably be linked to money received or expected to be received  
2 under 22-1-325 through 22-1-329."

3

4 **Section 375.** Section 22-1-702, MCA, is amended to read:

5 **"22-1-702. Creation or enlargement of public library district.** (1) Proceedings for the creation or  
6 enlargement of a public library district or the conversion of a public library to a public library district may be  
7 initiated by:

8 (a) a petition signed by not less than 15% of the qualified electors who reside within the proposed district  
9 or the area to be added to an existing district; or

10 (b) a resolution of intent adopted by the county governing body, calling for the creation of a district.

11 (2) The petition must contain:

12 (a) the boundaries of the proposed public library district;

13 (b) a map showing the boundaries;

14 (c) ~~subject to 15-10-420, the proposed maximum property tax mill levy that could be levied on property~~  
15 ~~owners within the district for the operation of the district~~ the amount of funding to be requested from the critical  
16 needs assessment commission as provided in [section 11]; and

17 (d) the proposed number of members on the board of trustees. The number of members must be five  
18 or seven.

19 (3) When the territory to be included in the proposed public library district lies in more than one county,  
20 a petition must be presented to the governing body of each county in which the territory lies. Each petition must  
21 be signed by not less than 15% of the qualified electors of the territory within the county proposed for inclusion  
22 in the district.

23 (4) Upon receipt of a petition to create a public library district, the county clerk shall examine the petition  
24 and within 15 days either reject the petition if it is insufficient under the provisions of subsection (1), (2), or (3) or  
25 certify that the petition is sufficient and present it to the county governing body at its next meeting.

26 (5) The text of the petition must be published as provided in 7-1-2121 in each county in which territory  
27 of the proposed public library district lies.

28 (6) At a hearing on the proposed public library district, the county governing body shall hear testimony:

29 (a) of all interested persons on whether a district should be created;

30 (b) regarding the proposed boundary, the ~~property tax mill levy~~ amount of funding to be requested from

1 the critical needs assessment commission, and the number of members of the board of trustees; and

2 (c) on any other matter relating to the petition.

3 (7) After the hearing, if the county governing body determines that the proposed public library district  
4 should be created, it shall by resolution:

5 (a) set the boundaries of the proposed district;

6 (b) set the ~~maximum mill levy~~ amount of funding to be requested from the critical needs assessment  
7 commission for the proposed district;

8 (c) set the number of members to be on the board of trustees; and

9 (d) call for an election on the question of whether to create the district. The election may be:

10 (i) held in conjunction with a regular or primary election; or

11 (ii) conducted by mail ballot in accordance with the provisions of Title 13, chapter 19."

12

13 **Section 376.** Section 22-1-703, MCA, is amended to read:

14 **"22-1-703. Election on creation of district.** (1) The election on the question of whether to create a  
15 public library district must be conducted in accordance with Title 13, chapter 1, part 5.

16 (2) Only qualified electors residing within the proposed public library district may vote on the question  
17 of whether to create the district.

18 (3) The question of creating a public library district must be submitted to the electors in substantially the  
19 following form:

20  FOR the creation of a public library district that may ~~levy not more than ... mills of property tax~~ request  
21 funding in the amount of ... for the operation of the district.

22  AGAINST the creation of a public library district."

23

24 **Section 377.** Section 22-1-707, MCA, is amended to read:

25 **"22-1-707. Duties and powers of board of trustees.** (1) The board of trustees of a public library district  
26 shall:

27 (a) operate and maintain library property within the district and may conduct programs relating to libraries  
28 and make improvements to district property as the board considers appropriate;

29 (b) prepare annual budgets as required by the county governing body or bodies;

30 (c) pay necessary expenses of district staff members when on business of the district; and

- 1 (d) prepare and submit any records required by the Montana state library.
- 2 (2) The board has all powers necessary for the betterment, operation, and maintenance of library  
3 property within the territory of the public library district, including establishing library locations. In the exercise of  
4 this general grant of powers, the board may:
- 5 (a) (i) employ or contract with administrative, professional, or other personnel necessary for the operation  
6 of the district; or
- 7 (ii) contract with other entities to provide or receive library services and to pay out or receive funds for  
8 those library services;
- 9 (b) lease, purchase, or contract for the purchase of personal property, including property that after  
10 purchase constitutes a fixture on real property;
- 11 (c) (i) lease, purchase, or contract for the purchase of buildings and facilities on lands controlled by the  
12 district and may own and hold title to the buildings and facilities and equip, operate, and maintain the buildings  
13 and facilities; or
- 14 (ii) receive by transfer, conditionally or otherwise, from a county or city, the ownership or control of a  
15 library building, with all or any part of its property, provided that any existing debt of the governing body  
16 transferring the interest tied to the property must remain an obligation of the governing body and may not become  
17 an obligation of the district;
- 18 (d) adopt by resolution bylaws and rules for the operation and administration of the district;
- 19 (e) ~~subject to 15-10-420, establish a property tax mill levy~~ request funding from the critical needs  
20 assessment commission provided for in [section 11] for the operation of the district as provided in 22-1-708;
- 21 (f) with the concurrence of the county governing body or bodies, accept donations of land or facilities  
22 within the district to be used for district purposes;
- 23 (g) accept donations and devises of money or personal property;
- 24 (h) establish a library depreciation reserve fund as authorized and described in 22-1-716; and
- 25 (i) exercise other powers, not inconsistent with the law, necessary for the operation and management  
26 of the district."

27

28 **Section 378.** Section 22-1-708, MCA, is amended to read:

29 **"22-1-708. Public library district budget -- ~~property tax levy~~.** (1) The board of trustees shall annually  
30 prepare a budget for the ensuing fiscal year and present the budget to the governing body of each county with

1 territory in the public library district at the regular budget meetings as prescribed in Title 7, chapter 6, part 40, and  
 2 certify the amount of money necessary for the operation of the district for the ensuing fiscal year.

3 (2) ~~Subject to 15-10-420, the~~ The county governing body shall; annually ~~at the time of levying county~~  
 4 ~~taxes, fix and levy a tax on all taxable property within the public library district~~ request funding from the critical  
 5 needs assessment commission provided for in [section 11] sufficient to raise the amount certified by the board  
 6 of trustees and approved by the electors. The ~~tax levied~~ funding requested may not in any year exceed the  
 7 maximum amount approved by the electorate pursuant to 22-1-703 or 22-1-709."

8

9 **Section 379.** Section 22-1-709, MCA, is amended to read:

10 **"22-1-709. Election to change maximum ~~property tax mill levy~~ requested funding.** (1) The maximum  
 11 ~~property tax mill levy authorized~~ funding requested from the critical needs assessment commission provided for  
 12 in [section 11] for the operation of a public library district may be changed by an election on the question of  
 13 changing the ~~maximum mill levy~~ requested funding.

14 (2) A vote on the question of raising or lowering the ~~maximum property tax mill levy~~ requested funding  
 15 in the public library district may be initiated by:

16 (a) a petition signed by not less than 15% of the electorate of the district; or

17 (b) a resolution of the board of trustees.

18 (3) The petition must set forth the proposed new maximum ~~mill levy~~ requested funding for the operation  
 19 of the district.

20 (4) On receipt of a petition for a change in the ~~maximum mill levy~~ requested funding, certified by the  
 21 county clerk as sufficient under this section, or on receipt of a resolution for a change adopted by the board of  
 22 trustees, the county governing body shall submit to the electorate of the public library district, at an election held  
 23 in accordance with Title 13, chapter 1, part 5, a ballot question on changing the maximum ~~mill levy~~ requested  
 24 funding. The question must be submitted to the electors of the district in substantially the following form:

25  FOR changing the ~~authorized maximum property tax mill levy~~ request for funding for the operation of  
 26 the public library district from .... to ....

27  AGAINST changing the ~~authorized maximum property tax mill levy~~ request for funding for the operation  
 28 of the public library district."

29

30 **Section 380.** Section 22-1-711, MCA, is amended to read:

1           **"22-1-711. Effect of dissolution.** (1) If dissolution of a public library district is authorized by a majority  
 2 of the electorate of the district, the county governing body shall order the dissolution and file the order with the  
 3 county clerk. The dissolution is effective upon the earlier of the following:

4           (a) 6 months after the date of the filing of the order; or

5           (b) certification by the board of trustees that all debts and obligations of the district have been paid,  
 6 discharged, or irrevocably settled.

7           (2) (a) If debts or obligation of the public library district remain unsatisfied after the dissolution of the  
 8 district, the county governing body shall, ~~subject to 15-10-420 and~~ for as long as necessary, ~~levy a property tax~~  
 9 request funding from the critical needs assessment commission provided for in [section 11] in an amount not to  
 10 exceed the amount authorized for the district, ~~on all taxable property that is in the territory formerly comprising~~  
 11 ~~the district,~~ to be used to discharge the debts of the former district.

12           (b) If the electors of the district lowered the maximum amount ~~to be levied~~ requested for the operation  
 13 of the district within 2 calendar years prior to the election authorizing the dissolution, the county governing body  
 14 may, ~~subject to 15-10-420, levy a property tax~~ request funding not to exceed the levy authorized prior to the  
 15 reduction of the ~~maximum levy~~ requested funding for the discharge of the district's obligations.

16           (3) Any asset of the public library district remaining after all debts and obligations have been discharged  
 17 becomes the property of the county in which the asset is located."  
 18

19           **Section 381.** Section 23-4-303, MCA, is amended to read:

20           **"23-4-303. Licensee's right to withhold deposits.** ~~Subject to 15-10-420, if~~ If a government or  
 21 governmental agency imposes a levy on a licensee by a special tax on the money deposited under the parimutuel  
 22 system or upon or against a licensee's receipts, the licensee may withhold in addition to the percent and breakage  
 23 provided for in 23-4-302 the amount of the tax levied."  
 24

25           **Section 382.** Section 30-20-204, MCA, is amended to read:

26           **"30-20-204. (Temporary) Property tax exemption for manufacturing of ammunition components**  
 27 **-- conditions -- real property exemption applies to safety zone.** (1) A person or entity in this state engaged  
 28 in the primary business of the manufacture of ammunition components that meets the conditions in subsections  
 29 (2) through (4) is exempt from:

30           ~~— (a) property taxes levied for state educational purposes under 15-10-108, 20-9-331, 20-9-333, 20-9-360,~~



1 ~~and 20-25-439, and~~

2 ~~—— (b) business equipment tax levied pursuant to 15-6-138.~~

3 (2) A person or entity in this state engaged in the primary business of the manufacture of ammunition  
4 components is exempt from property taxation as provided under subsection (1) if the person's or entity's business  
5 meets the following conditions:

6 (a) the products of the business are and remain available to commercial and individual consumers in  
7 the state;

8 (b) the business sells its products to in-state commercial and individual consumers for a price no greater  
9 than that for out-of-state purchasers, including any products that leave the state regardless of destination or  
10 purchaser; and

11 (c) the business does not enter into any agreement or contract that could actually or potentially command  
12 or commit all of its production to out-of-state consumers or interfere with or prohibit sales and provision of  
13 products to in-state consumers.

14 (3) The exemptions allowed under subsection (1) apply only to the property and business activity  
15 attributable to the manufacture of ammunition components.

16 (4) The real property exemption allowed under subsection (1)(a) encompasses any property within 500  
17 yards of a structure used for the manufacture of ammunition components or of any structure used for storage of  
18 products manufactured onsite. (Terminates December 31, 2024--sec. 16, Ch. 440, L. 2015.)"

19

20 **Section 383.** Section 39-71-403, MCA, is amended to read:

21 **"39-71-403. Plan three exclusive for state agencies -- election of plan by public corporations --**  
22 **financing of self-insurance fund -- exemption for university system -- definitions -- rulemaking.** (1) (a)

23 Except as provided in subsection (5), if a state agency is the employer, the terms, conditions, and provisions of  
24 compensation plan No. 3, state fund, are exclusive, compulsory, and obligatory upon both employer and  
25 employee. Any sums necessary to be paid under the provisions of this chapter by a state agency are considered  
26 to be ordinary and necessary expenses of the agency. The agency shall pay the sums into the state fund at the  
27 time and in the manner provided for in this chapter, notwithstanding that the state agency may have failed to  
28 anticipate the ordinary and necessary expense in a budget, estimate of expenses, appropriations, ordinances,  
29 or otherwise.

30 (b) (i) Subject to subsection (5), the department of administration, provided for in 2-15-1001, shall

1 manage workers' compensation insurance coverage for all state agencies.

2 (ii) The state fund shall provide the department of administration with all information regarding the state  
3 agencies' coverage.

4 (iii) Notwithstanding the status of a state agency as employer in subsection (1)(a) and contingent upon  
5 mutual agreement between the department of administration and the state fund, the state fund shall issue one  
6 or more policies for all state agencies.

7 (iv) In any year in which the workers' compensation premium due from a state agency is lower than in  
8 the previous year, the appropriation for that state agency must be reduced by the same amount that the workers'  
9 compensation premium was reduced and the difference must be returned to the originating fund instead of being  
10 applied to other purposes by the state agency submitting the premium.

11 (2) A public corporation, other than a state agency, may elect coverage under compensation plan No.  
12 1, plan No. 2, or plan No. 3, separately or jointly with any other public corporation, other than a state agency. A  
13 public corporation electing compensation plan No. 1 may purchase reinsurance or issue bonds or notes pursuant  
14 to subsection (3)(b). A public corporation electing compensation plan No. 1 is subject to the same provisions as  
15 a private employer electing compensation plan No. 1.

16 (3) (a) A public corporation, other than a state agency, that elects plan No. 1 may establish a fund  
17 sufficient to pay the compensation and benefits provided for in this chapter and to discharge all liabilities that are  
18 reasonably incurred during the fiscal year for which the election is effective. Proceeds from the fund must be used  
19 only to pay claims covered by this chapter and for actual and necessary expenses required for the efficient  
20 administration of the fund, including debt service on any bonds and notes issued pursuant to subsection (3)(b).

21 (b) (i) A public corporation, other than a state agency, separately or jointly with another public  
22 corporation, other than a state agency, may issue and sell its bonds and notes for the purpose of establishing,  
23 in whole or in part, the self-insurance workers' compensation fund provided for in subsection (3)(a) and to pay  
24 the costs associated with the sale and issuance of the bonds. Bonds and notes may be issued in an amount not  
25 exceeding 0.18% of the total assessed value of taxable property, determined as provided in 15-8-111, of the  
26 public corporation as of the date of issue. The bonds and notes must be authorized by resolution of the governing  
27 body of the public corporation and are payable from ~~an annual property tax levied~~ sales and use tax revenue  
28 allocated under [section 1] and revenue received based on a supplemental funding request to the critical needs  
29 assessment commission as provided in [section 11] in the amount necessary to pay principal and interest on the  
30 bonds or notes. ~~This authority to levy an annual property tax exists despite any provision of law or maximum levy~~

1 ~~limitation, including 15-10-420, to the contrary.~~ The revenue derived from the sale of the bonds and notes may  
2 not be used for any other purpose.

3 (ii) The bonds and notes:

4 (A) may be sold at public or private sale;

5 (B) do not constitute debt within the meaning of any statutory debt limitation; and

6 (C) may contain other terms and provisions that the governing body determines.

7 (iii) Two or more public corporations, other than state agencies, may agree to exercise their respective  
8 borrowing powers jointly under this subsection (3)(b) or may authorize a joint board to exercise the powers on  
9 their behalf.

10 (iv) The fund established from the proceeds of bonds and notes issued and sold under this subsection  
11 (3)(b) may, if sufficient, be used in lieu of a surety bond, reinsurance, specific and aggregate excess insurance,  
12 or any other form of additional security necessary to demonstrate the public corporation's ability to discharge all  
13 liabilities as provided in subsection (3)(a). Subject to the total assessed value limitation in subsection (3)(b)(i),  
14 a public corporation may issue bonds and notes to establish a fund sufficient to discharge liabilities for periods  
15 greater than 1 year.

16 (4) All money in the fund established under subsection (3)(a) not needed to meet immediate  
17 expenditures must be invested by the governing body of the public corporation or the joint board created by two  
18 or more public corporations as provided in subsection (3)(b)(iii), and all proceeds of the investment must be  
19 credited to the fund.

20 (5) For the purposes of subsection (1)(b), the judicial branch or the legislative branch may choose not  
21 to have the department of administration manage its workers' compensation policy.

22 (6) The department of administration may adopt rules to implement subsection (1)(b)(i).

23 (7) As used in this section, the following definitions apply:

24 (a) "Public corporation" includes the Montana university system.

25 (b) (i) "State agency" means:

26 (A) the executive branch and its departments and all boards, commissions, committees, bureaus, and  
27 offices;

28 (B) the judicial branch; and

29 (C) the legislative branch.

30 (ii) The term does not include the Montana university system."

1

2           **Section 384.** Section 41-5-1804, MCA, is amended to read:

3           **"41-5-1804. Regional detention facilities.** (1) Two or more counties may, by contract, establish and  
4 maintain a regional detention facility.

5           (2) For the purpose of establishing and maintaining a regional detention facility, a county may:

6           (a) issue general obligation bonds for the acquisition, purchase, construction, renovation, and  
7 maintenance of a regional detention facility;

8           (b) ~~subject to 15-10-420, levy and appropriate taxes, as permitted by law,~~ request funding from the  
9 critical needs assessment commission provided for in [section 11] to pay its share of the cost of equipping,  
10 operating, and maintaining the facility; and

11           (c) exercise all powers, under the limitations prescribed by law, necessary and convenient to carry out  
12 the purposes of 41-5-1803 and this section.

13           (3) Contracts authorized under subsection (1) must be made pursuant to the Interlocal Cooperation Act,  
14 Title 7, chapter 11, part 1.

15           (4) Contracts between counties participating in a regional detention facility must:

16           (a) specify the responsibilities of each county participating in the agreement;

17           (b) designate responsibility for operation of the regional detention facility;

18           (c) specify the amount of funding to be contributed by each county toward payment of the cost of  
19 establishing, operating, and maintaining the regional detention facility, including the necessary expenditures for  
20 the transportation of youth to and from the facility but excluding the education costs funded by a school district  
21 pursuant to 41-5-1807;

22           (d) include the applicable per diem charge for the detention of youth in the facility, as well as the basis  
23 for any adjustment in the charge;

24           (e) specify the number of beds to be reserved for the use of each county participating in the regional  
25 detention facility; and

26           (f) provide an educational program for youth held in the detention facility and in need of that service."  
27

28           **Section 385.** Section 50-2-111, MCA, is amended to read:

29           **"50-2-111. City-county board appropriations.** If a city-county board is created, it is financed by one  
30 of the following methods:

1 (1) (a) The county commissioners and governing body of each participating city may mutually agree upon  
2 the division of expenses.

3 (b) The county's part of the total expenses is financed by an appropriation from the general fund of the  
4 county after approval of a budget in the way provided for other county offices and departments under Title 7,  
5 chapter 6, part 40.

6 (c) Each participating city's part of the total expenses is financed by an appropriation from the general  
7 fund of the city after approval of a budget in the way provided for other city offices and departments under Title  
8 7, chapter 6, part 40.

9 (d) All money must be deposited with the county treasurer who shall disburse the money as county  
10 funds.

11 (2) (a) The county commissioners and governing body of each participating city may mutually agree upon  
12 the division of the expenses.

13 (b) ~~Subject to 15-10-420, the~~ The county's part of the total expenses is financed by ~~a levy on the taxable~~  
14 ~~value of all taxable property outside the incorporated limits of each participating city~~ funding requested from the  
15 critical needs assessment commission provided for in [section 11] after approval of a budget in the way provided  
16 for other county offices and departments under Title 7, chapter 6, part 40. If the ~~levy~~ requested funding is not  
17 sufficient to fund the county's share, the county commissioners may supplement it with an appropriation from the  
18 county general fund.

19 (c) ~~Subject to 15-10-420, each~~ Each participating city's part of the total expenses is financed by ~~a levy~~  
20 ~~on the taxable value of all taxable property within the incorporated limits of the city~~ funding requested from the  
21 critical needs assessment commission provided for in [section 11] after approval of a budget in the way provided  
22 for other city offices and departments under Title 7, chapter 6, part 40.

23 (d) All money must be deposited with the county treasurer who shall disburse the money as county  
24 funds."

25

26 **Section 386.** Section 53-3-115, MCA, is amended to read:

27 **"53-3-115. Legislative findings.** (1) The legislature finds that in order to use the limited resources of  
28 the state for the purposes of providing public assistance to persons whom it has determined are in need, certain  
29 programs must be eliminated and the provision of public assistance programs must be reorganized for more  
30 efficient delivery of services.

1 (2) The legislature finds that county governments are in the best position to efficiently and effectively  
2 deliver services for those in need who are not otherwise eligible for similar services provided by the department  
3 of public health and human services.

4 (3) (a) The legislature finds that the needs of persons who are aged, infirm, or misfortunate are  
5 adequately and appropriately provided for through the following programs:

6 (i) medicaid;

7 (ii) financial assistance, as defined in 53-2-902;

8 (iii) food stamps;

9 (iv) commodities; and

10 (v) low-income energy assistance.

11 (b) The legislature further finds that the counties may in their discretion provide other programs of public  
12 assistance that they determine are appropriate and that may be funded with money ~~derived from a county mill~~  
13 levy requested from the critical needs assessment commission provided for in [section 11].

14 (4) The legislature finds that the effects of eliminating the state program of general relief are not known  
15 and that the administration and financing of public assistance programs by each county may not provide uniform  
16 assistance throughout the state."

17

18 **Section 387.** Section 53-3-116, MCA, is amended to read:

19 **"53-3-116. Indigent assistance -- optional county program.** (1) A county may provide a program of  
20 indigent assistance that it determines necessary. The program may include assistance for food, clothing, shelter,  
21 transportation, and medical assistance for individuals not eligible for state or federal programs providing similar  
22 assistance. A county may provide for the burial, entombment, or cremation of indigents. The indigent assistance  
23 program of the county includes:

24 (a) job search, job training, work-for-assistance, and employment programs; and

25 (b) health care, preventive care, and wellness programs as determined by the county commissioners.

26 (2) A county may establish the criteria for determining eligibility for assistance, including but not limited  
27 to residency requirements, limits on income and resources, and the amount, scope, and duration of assistance.

28 (3) A county may deny assistance for a reasonable period if a person has voluntarily left employment  
29 without good cause or is discharged due to misconduct.

30 (4) The program may be funded with money ~~derived from a county mill levy as authorized by law~~

1 requested from the critical needs assessment commission provided for in [section 11].

2 (5) A person is indigent for purposes of this subsection if the value of all income and resources available  
3 to pay for that person's burial, entombment, or cremation at the time of death is less than the negotiated amount  
4 due the funeral home or mortician for an indigent burial. Available income and resources may be determined by  
5 the county.

6 (6) A county may seek reimbursement under 40-6-303, if applicable, for costs paid under this section.

7 (7) A county may not deduct amounts that may be recovered from an adult child of a deceased indigent  
8 or recovered from resources of a deceased indigent from a contract amount due a funeral home or mortician for  
9 burial services provided under 7-4-2915 or this section. A funeral home or a mortician that recovers an amount  
10 in excess of a contract amount paid under this subsection shall reimburse the county for the amount recovered  
11 up to the amount of the contract."  
12

13 **Section 388.** Section 53-20-208, MCA, is amended to read:

14 **"53-20-208. Contributions of counties and municipalities.** (1) The boards of county commissioners  
15 of the several counties and the governing bodies of municipalities of this state may contribute to any  
16 developmental disabilities facility approved by the department, without regard to whether the facility is within or  
17 outside of their respective jurisdictions. ~~Subject to 15-10-420, the~~ The boards of county commissioners of the  
18 counties may ~~levy a tax on the taxable value of all taxable property within the county. The tax is in addition to all~~  
19 ~~other county tax levies. All proceeds of the tax, if levied,~~ request funding from the critical needs assessment  
20 commission provided for in [section 11]. The funding must be used for the sole purpose of support of  
21 developmental disabilities services.

22 (2) For the purpose of carrying out the provisions of this section, boards of county commissioners and  
23 governing bodies of municipalities may appropriate out of the general fund of their respective counties or  
24 municipalities."  
25

26 **Section 389.** Section 53-21-1010, MCA, is amended to read:

27 **"53-21-1010. County commissioners -- community mental health centers -- licensed mental health**  
28 **centers.** (1) The county commissioners in each of the (1) counties in the region or service area that are designated  
29 as participating counties pursuant to subsection (4) may appoint, upon request, a person from their respective  
30 county to serve as a representative of the county on a community mental health center board or other licensed

1 mental health center board.

2 (2) A community mental health center board or other licensed mental health center board may establish  
3 a recommended proportionate level of financial participation for each of the counties within the region for the  
4 provision of mental health services within the limits of financial participation authorized by this section.

5 (3) Prior to June 10 of each year, the board of a community mental health center or other licensed mental  
6 health center may submit an annual budget to the board of county commissioners of each of the counties within  
7 their mental health region or service area, specifying each county's recommended proportionate share.

8 (4) If a board of county commissioners includes in the county budget the county's proportionate share  
9 of the community mental health center or other licensed mental health center board's budget, the county must  
10 be designated as a participating county. Funds for each participating county's proportionate share for the  
11 operation of mental health services within the region must be derived from the county's general fund. ~~Subject to~~  
12 ~~15-10-420, if~~ If the general fund is insufficient to meet the approved budget, a levy may be made on the taxable  
13 valuation of the county funding may be requested from the critical needs assessment commission provided for  
14 in [section 11].

15 (5) Each board of county commissioners, after determining the amount of county general fund money  
16 to be used for mental health services, may contract with a community mental health center or another licensed  
17 mental health center or provider for mental health services in the county."

18

19 **Section 390.** Section 61-1-101, MCA, is amended to read:

20 **"61-1-101. Definitions.** As used in this title, unless the context indicates otherwise, the following  
21 definitions apply:

22 (1) (a) "Authorized agent" means a person who has executed a written agreement with the department  
23 and is specifically authorized by the department to electronically access and update the department's motor  
24 vehicle titling, registration, or driver records, using an approved automated interface, for specific functions or  
25 purposes on behalf of a third party.

26 (b) For purposes of this subsection (1), "person" means an individual, corporation, partnership, limited  
27 partnership, limited liability company, association, joint venture, state agency, local government unit, another state  
28 government, the United States, a political subdivision of this or another state, or any other legal or commercial  
29 entity.

30 (2) "Authorized agent agreement" means the written agreement executed between an authorized agent



1 and the department that sets the technical and operational program standards, compliance criteria, payment  
2 options, and service expectations by which the authorized agent is required to operate in performing specific  
3 motor vehicle or driver-related record functions.

4 (3) "Bus" means a motor vehicle designed for carrying more than 10 passengers and used for the  
5 transportation of persons and any other motor vehicle, other than a taxicab, designed and used for the  
6 transportation of persons for compensation.

7 (4) (a) "Business entity" means a corporation, association, partnership, limited liability partnership, limited  
8 liability company, or other legal entity recognized under state law.

9 (b) The term does not include an individual.

10 (5) (a) "Camper" means a structure designed to be mounted in the cargo area of a truck or attached to  
11 an incomplete vehicle for the purpose of providing shelter for persons. The term includes but is not limited to a  
12 cab-over, half cab-over, noncab-over, telescopic, and telescopic cab-over.

13 (b) The term does not include a truck canopy cover or topper.

14 (6) "CDLIS driver record" means the electronic record of a person's commercial driver's license status  
15 and history stored as part of the commercial driver's license system established under 49 U.S.C. 31309.

16 (7) "Certificate of title" means the paper record issued by the department or by the appropriate agency  
17 of another jurisdiction that establishes a verifiable record of ownership between an identified person or persons  
18 and the motor vehicle specifically described in the record and that provides notice of a perfected security interest  
19 in the motor vehicle.

20 (8) "Commercial driver's license" means:

21 (a) a driver's license issued under or granted by the laws of this state that authorizes a person to operate  
22 a class of commercial motor vehicle; or

23 (b) the privilege of a person to drive a commercial motor vehicle, whether or not the person holds a valid  
24 commercial driver's license.

25 (9) (a) "Commercial motor vehicle" means a motor vehicle or combination of motor vehicles used in  
26 commerce to transport passengers or property if the vehicle:

27 (i) has a gross combination weight rating or a gross combination weight of 26,001 pounds or more,  
28 whichever is greater, inclusive of a towed unit with a gross vehicle weight rating of more than 10,000 pounds;

29 (ii) has a gross vehicle weight rating or a gross vehicle weight of 26,001 pounds or more, whichever is  
30 greater;

- 1 (iii) is designed to transport at least 16 passengers, including the driver;
- 2 (iv) is a school bus; or
- 3 (v) is of any size and is used in the transportation of hazardous materials.
- 4 (b) The following vehicles are not commercial motor vehicles:
- 5 (i) an authorized emergency vehicle:
- 6 (A) equipped with audible and visual signals as required under 61-9-401 and 61-9-402; and
- 7 (B) operated when responding to or returning from an emergency call or operated in another official
- 8 capacity;
- 9 (ii) a vehicle:
- 10 (A) controlled and operated by a farmer, family member of the farmer, or person employed by the farmer;
- 11 (B) used to transport farm products, farm machinery, or farm supplies to or from the farm within Montana
- 12 within 150 miles of the farm or, if there is a reciprocity agreement with a state adjoining Montana, within 150 miles
- 13 of the farm, including any area within that perimeter that is in the adjoining state; and
- 14 (C) not used to transport goods for compensation or for hire; or
- 15 (iii) a vehicle operated for military purposes by active duty military personnel, a member of the military
- 16 reserves, a member of the national guard on active duty, including personnel on full-time national guard duty,
- 17 personnel in part-time national guard training, and national guard military technicians, or active duty United States
- 18 coast guard personnel.
- 19 (c) For purposes of this subsection (9):
- 20 (i) "farmer" means a person who operates a farm or who is directly involved in the cultivation of land or
- 21 crops or the raising of livestock owned by or under the direct control of that person;
- 22 (ii) "gross combination weight rating" means the value specified by the manufacturer as the loaded weight
- 23 of a combination or articulated vehicle;
- 24 (iii) "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of
- 25 a single vehicle; and
- 26 (iv) "school bus" has the meaning provided in 49 CFR 383.5.
- 27 (10) "Commission" means the state transportation commission.
- 28 (11) "Custom-built motorcycle" means a motorcycle that is equipped with:
- 29 (a) an engine that was manufactured 20 years prior to the current calendar year and that has been
- 30 altered from the manufacturer's original design; or

1 (b) an engine that was manufactured to resemble an engine 20 or more years old and that has been  
2 constructed in whole or in part from nonoriginal materials.

3 (12) "Custom vehicle" means a motor vehicle other than a motorcycle that:

4 (a) (i) was manufactured with a model year after 1948 and that is at least 25 years old; or

5 (ii) was built to resemble a vehicle manufactured after 1948 and at least 25 years before the current  
6 calendar year, including a kit vehicle intended to resemble a vehicle manufactured after 1948 and that is at least  
7 25 years old; and

8 (b) has been altered from the manufacturer's original design or has a body constructed from nonoriginal  
9 materials.

10 (13) "Customer identification number" means:

11 (a) a driver's license or identification card number when the customer is an individual who has been  
12 issued a driver's license or identification card by a state driver licensing authority;

13 (b) a federal employer or tax identification number when the customer is a business entity that has been  
14 issued a federal employer or tax identification number;

15 (c) the identification number assigned by the secretary of state to a business entity authorized to do  
16 business in this state under Title 35 if the customer is a business entity that does not have a federal employer  
17 or tax identification number other than a social security number; or

18 (d) if the customer has not been issued one of the numbers described in subsections (13)(a) through  
19 (13)(c), a number assigned to the customer by the department when a transaction is initiated under this title.

20 (14) (a) "Dealer" means a person that, for commission or profit, engages in whole or in part in the  
21 business of buying, selling, exchanging, or accepting on consignment new or used motor vehicles, trailers,  
22 semitrailers, pole trailers, travel trailers, motorboats, sailboats, snowmobiles, off-highway vehicles, or special  
23 mobile equipment that is not registered in the name of the person.

24 (b) The term does not include the following:

25 (i) receivers, trustees, administrators, executors, guardians, or other persons appointed by or acting  
26 under a judgment or order of any court of competent jurisdiction;

27 (ii) employees of the persons included in subsection (14)(b)(i) when engaged in the specific performance  
28 of their duties as employees; or

29 (iii) public officers while performing or in the operation of their duties.

30 (15) "Declared weight" means the total unladen weight of a vehicle plus the weight of the maximum load

1 to be carried on the vehicle as stated by the registrant in the application for registration.

2 (16) "Department" means the department of justice acting directly or through its duly authorized officers  
3 or agents.

4 (17) "Dolly or converter gear" means a device consisting of one or two axles with a fifth wheel and trailer  
5 tongue used to support the forward end of a semitrailer, converting a semitrailer into a trailer.

6 (18) "Domiciled" means a place where:

7 (a) an individual establishes residence;

8 (b) a business entity maintains its principal place of business;

9 (c) the business entity's registered agent maintains an address; or

10 (d) a business entity most frequently uses, dispatches, or controls a motor vehicle, trailer, semitrailer,  
11 or pole trailer that it owns or leases.

12 (19) "Downgrade" means the removal of a person's privilege to operate a commercial motor vehicle, as  
13 maintained by the department on the individual Montana driving record and the CDLIS driver record for that  
14 person.

15 (20) "Driver" means a person who drives or is in actual physical control of a vehicle.

16 (21) "Driver's license" means a license or permit to operate a motor vehicle issued under or granted by  
17 the laws of this state, including:

18 (a) any temporary license or instruction permit;

19 (b) the privilege of any person to drive a motor vehicle, whether or not the person holds a valid license;

20 (c) any nonresident's driving privilege;

21 (d) a motorcycle endorsement; or

22 (e) a commercial driver's license.

23 (22) "Electric personal assistive mobility device" means a device that has two nontandem wheels, is  
24 self-balancing, and is designed to transport only one person with an electric propulsion system that limits the  
25 maximum speed of the device to 12 1/2 miles an hour.

26 (23) "For hire" means an action performed for remuneration of any kind, whether paid or promised, either  
27 directly or indirectly, or received or obtained through leasing, brokering, or buy-and-sell arrangements from which  
28 a remuneration is obtained or derived for transportation service.

29 (24) (a) "Golf cart" means a motor vehicle that is designed for use on a golf course to carry a person or  
30 persons and golf equipment and that has an average speed of less than 15 miles per hour.

1 (b) Except as provided in 61-3-201, a golf cart is exempt from titling, registration, and mandatory liability  
2 insurance requirements under this title.

3 (25) "Gross vehicle weight" means the weight of a vehicle without load plus the weight of any load on the  
4 vehicle.

5 (26) "Hazardous material" means:

6 (a) any material that has been designated as hazardous under 49 U.S.C. 5103 and is required to be  
7 placarded under 49 CFR, part 172; or

8 (b) any quantity of a material listed as a select agent or toxin in 42 CFR, part 73.

9 (27) "Highway" or "public highway" means the entire width between the boundary lines of every publicly  
10 maintained way when any part of the publicly maintained way is open to the use of the public for purposes of  
11 vehicular travel.

12 (28) "Highway patrol officer" means a state officer authorized to direct or regulate traffic or to make  
13 arrests for violations of traffic regulations.

14 (29) "Implement of husbandry" means a vehicle that is designed for agricultural purposes and exclusively  
15 used by the owner of the vehicle in the conduct of the owner's agricultural operations.

16 (30) "Kit vehicle" is a motor vehicle assembled from a manufactured kit either as:

17 (a) a complete kit, consisting of a prefabricated body and chassis, to construct a new motor vehicle; or

18 (b) a kit with a prefabricated body to be mounted to an existing motor vehicle chassis and drivetrain,  
19 commonly referred to as a donor vehicle.

20 (31) "Light vehicle" means a motor vehicle commonly referred to as an automobile, van, sport utility  
21 vehicle, or truck having a manufacturer's rated capacity of 1 ton or less.

22 (32) "Low-speed electric vehicle" means a motor vehicle, on or by which a person may be transported,  
23 that:

24 (a) has four wheels;

25 (b) has a maximum speed of at least 20 miles an hour and no greater than 40 miles an hour as certified  
26 by the manufacturer;

27 (c) is propelled by its own power, using an electric motor or other device that transforms stored electrical  
28 energy into the motion of the vehicle;

29 (d) stores electricity in batteries, ultracapacitors, or similar devices, which are charged from the power  
30 grid or from renewable electrical energy sources;

- 1 (e) has a wheelbase of 40 inches or greater and a wheel diameter of 10 inches or greater;
- 2 (f) exhibits a manufacturer's compliance with 49 CFR, part 565, or displays a 17-character vehicle  
3 identification number as provided in 49 CFR, part 565; and
- 4 (g) is equipped as provided in 61-9-432.
- 5 (33) "Low-speed restricted driver's license" means a license or permit limited to the operation of a  
6 low-speed electric vehicle or a golf cart issued under or granted by the laws of this state, including:
- 7 (a) a temporary license or instruction permit;
- 8 (b) the privilege of a person to drive a low-speed electric vehicle or golf cart under the authority of  
9 61-5-122, whether or not the person holds a valid driver's license; and
- 10 (c) a nonresident's similarly restricted driving privilege.
- 11 (34) "Manufactured home" has the meaning provided in ~~15-24-201~~ 7-13-4502.
- 12 (35) "Manufacturer" includes any person engaged in the manufacture of motor vehicles, trailers,  
13 semitrailers, pole trailers, travel trailers, motorboats, sailboats, snowmobiles, or off-highway vehicles as a regular  
14 business.
- 15 (36) "Manufacturer's certificate of origin" means the original paper record produced and issued by the  
16 manufacturer of a vehicle or, if in a medium authorized by the department, an electronic record created and  
17 transmitted by the manufacturer of a vehicle to the manufacturer's agent or a licensed dealer. The record must  
18 establish the origin of the vehicle specifically described in the record and, upon assignment, transfers of  
19 ownership of the vehicle to the person or persons named in the certificate.
- 20 (37) (a) "Medium-speed electric vehicle" is a motor vehicle, on or by which a person may be transported,  
21 that:
- 22 (i) has a maximum speed of 45 miles an hour as certified by the manufacturer;
- 23 (ii) is propelled by its own power, using an electric motor or other device that transforms stored electrical  
24 energy into the motion of the vehicle;
- 25 (iii) stores electricity in batteries, ultracapacitors, or similar devices, which are charged from the power  
26 grid or from renewable electrical energy sources;
- 27 (iv) is fully enclosed and includes at least one door for entry;
- 28 (v) has a wheelbase of 40 inches or greater and a wheel diameter of 10 inches or greater;
- 29 (vi) exhibits a manufacturer's compliance with 49 CFR, part 565, or displays a 17-character vehicle  
30 identification number as provided in 49 CFR, part 565;

1 (vii) bears a sticker, affixed by the manufacturer or dealer, on the left side of the rear window that  
2 indicates the vehicle's maximum speed rating; and

3 (viii) as certified by the manufacturer, is equipped as provided in 61-9-432.

4 (b) A medium-speed electric vehicle must be treated as a light vehicle for purposes of titling and  
5 registration under Title 61, chapter 3.

6 (c) A medium-speed electric vehicle may not have a gross vehicle weight in excess of 5,000 pounds.

7 (38) "Mobile home" or "housetrailer" has the meaning provided in ~~15-24-201~~ 7-13-4502.

8 (39) "Montana resident" means:

9 (a) an individual who resides in Montana as determined under 1-1-215; or

10 (b) for the purposes of chapter 3, a business entity that maintains a principal place of business or a  
11 registered agent in this state.

12 (40) (a) "Motorboat" means a vessel, including a personal watercraft or pontoon, propelled by any  
13 machinery, motor, or engine of any description, whether or not the machinery, motor, or engine is the principal  
14 source of propulsion. The term includes boats temporarily equipped with detachable motors or engines.

15 (b) The term does not include a vessel that has a valid marine document issued by the U.S. coast guard  
16 or any successor federal agency.

17 (41) (a) "Motor carrier" means a person or corporation or its lessees, trustees, or receivers appointed by  
18 a court that are operating motor vehicles on a public highway in this state for the transportation of property for  
19 hire on a commercial basis.

20 (b) The term does not include motor carriers regulated under Title 69, chapter 12.

21 (42) (a) "Motorcycle" means a motor vehicle that has a seat or saddle for the use of the operator and that  
22 is designated to travel on not more than three wheels in contact with the ground. A motorcycle may carry one or  
23 more attachments and a seat for the conveyance of a passenger.

24 (b) A motorcycle designed for use on highways is a motor vehicle unless otherwise prescribed.

25 (c) A motorcycle designed for off-road recreational use is an off-highway vehicle unless it has been  
26 modified to meet the equipment standards specified in chapter 9 and has been registered for highway use.

27 (d) The term does not include a tractor, a bicycle or a moped as defined in 61-8-102, a motorized  
28 nonstandard vehicle, or a two- or three-wheeled all-terrain vehicle that is used exclusively on private property.

29 (43) (a) "Motor-driven cycle" means a motorcycle, including a motor scooter, with a motor that produces  
30 5 horsepower or less.

1 (b) The term does not include a bicycle or a moped, as defined in 61-8-102, or a motorized nonstandard  
2 vehicle.

3 (44) "Motor home" means a motor vehicle:

4 (a) designed to provide temporary living quarters, built as an integral part of or permanently attached to  
5 a self-propelled motor vehicle chassis or van;

6 (b) containing permanently installed independent life support systems that meet the ANSIA/A119.2  
7 standard; and

8 (c) providing at least four of the following types of facilities:

9 (i) cooking, refrigeration, or icebox;

10 (ii) self-contained toilet;

11 (iii) heating or air conditioning, or both;

12 (iv) potable water supply, including a faucet and sink; or

13 (v) separate 110-volt or 125-volt electrical power supply or a liquefied petroleum gas supply, or both.

14 (45) (a) "Motorized nonstandard vehicle" means a vehicle, on or by which a person may be transported,  
15 that:

16 (i) is propelled by its own power, using an internal combustion engine or an electric motor;

17 (ii) has a wheelbase of less than 40 inches and a wheel diameter of less than 10 inches; and

18 (iii) does not display a manufacturer's certification in accordance with 49 CFR, part 567, or have a  
19 17-character vehicle identification number assigned by the manufacturer in accordance with 49 CFR, part 565.

20 (b) The term includes but is not limited to a motorized skateboard and a vehicle commonly known as a  
21 "pocket rocket".

22 (c) The term does not include a moped as defined in 61-8-102, an electric personal assistive mobility  
23 device, or a motorized wheelchair or other low-powered, mechanically propelled vehicle designed specifically for  
24 use by a physically disabled person.

25 (46) (a) "Motor vehicle" means:

26 (i) a vehicle propelled by its own power and designed or used to transport persons or property on the  
27 highways of the state;

28 (ii) a quadricycle if it is equipped for use on the highways as prescribed in chapter 9; or

29 (iii) a golf cart only if it is equipped for use on the highways as prescribed in chapter 9 and is operated  
30 pursuant to 61-8-391 or by a person with a low-speed restricted driver's license.



1 (b) The term does not include a bicycle or a moped as defined in 61-8-102, an electric personal assistive  
2 mobility device, a motorized nonstandard vehicle, or a motorized wheelchair or other low-powered, mechanically  
3 propelled vehicle that is designed specifically for use by a physically disabled person and that is used as a means  
4 of mobility for that person.

5 (47) "New motor vehicle" means a motor vehicle, regardless of the mileage of the vehicle, the legal or  
6 equitable title to which has never been transferred by a manufacturer, distributor, or dealer to another person as  
7 the result of a retail sale.

8 (48) "Nonresident" means a person who is not a Montana resident.

9 (49) (a) "Not used for general transportation purposes" means the operation of a motor vehicle registered  
10 as a collector's item, a custom vehicle, a street rod, or a custom-built motorcycle to or from a car or motorcycle  
11 club activity or event or an exhibit, show, cruise night, or parade, or for other occasional transportation activity.

12 (b) The term does not include operation of a motor vehicle for routine or ordinary household  
13 maintenance, employment, education, or other similar purposes.

14 (50) (a) "Off-highway vehicle" means a self-propelled vehicle designed for recreation or cross-country  
15 travel on public lands, trails, easements, lakes, rivers, or streams. The term includes but is not limited to  
16 motorcycles, quadricycles, dune buggies, amphibious vehicles, air cushion vehicles, and any other means of land  
17 transportation deriving motive power from any source other than muscle or wind.

18 (b) The term does not include:

19 (i) vehicles designed primarily for travel on, over, or in the water;

20 (ii) snowmobiles; or

21 (iii) motor vehicles designed to transport persons or property on the highways unless the vehicle is used  
22 for off-road recreation on public lands.

23 (51) "Operator" means a person who is in actual physical control of a motor vehicle.

24 (52) "Owner" means a person who holds the legal title to a vehicle. If a vehicle is the subject of an  
25 agreement for the conditional sale of the vehicle with the right of purchase upon performance of the conditions  
26 stated in the agreement and with an immediate right of possession vested in the conditional vendee, or in the  
27 event a vehicle is subject to a lease, contract, or other legal arrangement vesting right of possession or control,  
28 for security or otherwise, or in the event a mortgagor of a vehicle is entitled to possession, then the owner is the  
29 person in whom is vested the right of possession or control.

30 (53) "Person" means an individual, corporation, partnership, association, firm, or other legal entity.

1 (54) "Personal watercraft" means a vessel that uses an outboard motor or an inboard engine powering  
2 a water jet pump as its primary source of propulsion and that is designed to be operated by a person sitting,  
3 standing, or kneeling on the vessel rather than by the conventional method of sitting or standing in the vessel.

4 (55) "Pole trailer" means a vehicle without power designed to be drawn by another vehicle and attached  
5 to the towing vehicle by means of a reach or pole or by being boomed or otherwise secured to the towing vehicle  
6 and ordinarily used for transporting long or irregularly shaped loads such as poles, pipes, or structural members  
7 capable generally of sustaining themselves as beams between the supporting connections.

8 (56) "Police officer" means an officer authorized to direct or regulate traffic or to make arrests for  
9 violations of traffic regulations.

10 (57) (a) "Quadricycle" means a four-wheeled motor vehicle, designed for on-road or off-road use, having  
11 a seat or saddle on which the operator sits and a motor capable of producing not more than 50 horsepower.

12 (b) The term does not include golf carts.

13 (58) "Railroad" means a carrier of persons or property on cars, other than streetcars, operated on  
14 stationary rails.

15 (59) (a) "Railroad train" or "train" means a steam engine or electric or other motor, with or without cars  
16 coupled to the engine, that is operated on rails.

17 (b) The term does not include streetcars.

18 (60) "Recreational vehicle" includes a motor home, travel trailer, or camper.

19 (61) "Registration" or "register" means the act or process of creating an electronic record, maintained by  
20 the department, of the assignment of a license plate or a set of license plates to and the issuance of a registration  
21 decal for a specific vehicle, the ownership of which has been established or is presumed in department records.

22 (62) "Registration decal" means an adhesive sticker produced by the department and issued by the  
23 department, its authorized agent, or a county treasurer to the owner of a motor vehicle, trailer, semitrailer, pole  
24 trailer, motorboat, sailboat, personal watercraft, or snowmobile as proof of payment of all fees imposed for the  
25 registration period indicated on the sticker as recorded by the department under 61-3-101.

26 (63) "Registration receipt" means a paper record that is produced and issued or, if authorized by the  
27 department, an electronic record that is transmitted by the department, its authorized agent, or a county treasurer  
28 to the owner of a vehicle that identifies a vehicle, based on information maintained in the electronic record of title  
29 for the vehicle, and that provides evidence of the payment of all fees required to be paid for the registration of the  
30 vehicle for the registration period indicated in the receipt.

1 (64) "Retail sale" means the sale of a motor vehicle, trailer, semitrailer, pole trailer, travel trailer,  
2 motorboat, snowmobile, off-highway vehicle, or special mobile equipment by a dealer to a person for purposes  
3 other than resale.

4 (65) "Revocation" means the termination by action of the department of a person's driver's license,  
5 privilege to drive a motor vehicle on the public highways, and privilege to apply for and be issued a driver's license  
6 for a period of time designated by law, during which the license or privilege may not be renewed, restored, or  
7 exercised. An application for a new license may be presented and acted on by the department after the expiration  
8 of the period of the revocation.

9 (66) "Roadway" means that portion of a highway improved, designed, or ordinarily used for vehicular  
10 travel, exclusive of the berm or shoulder. In the event that a highway includes two or more separate roadways,  
11 the term refers to any roadway separately but not to all roadways collectively.

12 (67) (a) "Sailboat" means a vessel that uses a sail and wind as its primary source of propulsion.

13 (b) The term does not include a canoe or kayak propelled by wind.

14 (68) "School zone" means an area near a school beginning at the school's front door, encompassing the  
15 campus and school property, and including the streets directly adjacent to the school property and for as many  
16 blocks surrounding the school as determined by the local authority establishing a special speed limit under  
17 61-8-310(1)(d).

18 (69) "Sell" means to transfer ownership from one person to another person or from a dealer to another  
19 person for consideration.

20 (70) "Semitrailer" means a vehicle, with or without motive power, other than a pole trailer, designed for  
21 carrying property and for being drawn by a motor vehicle and constructed so that some part of its weight and that  
22 of its load rests on or is carried by another vehicle.

23 (71) "Snowmobile" means a self-propelled vehicle of an overall width of 48 inches or less, excluding  
24 accessories, that is designed primarily for travel on snow or ice, that may be steered by skis or runners, and that  
25 is not otherwise registered or licensed under the laws of the state of Montana.

26 (72) "Special mobile equipment" means a vehicle not designed for the transportation of persons or  
27 property on the highways but incidentally operated or moved over the highways, including road construction or  
28 maintenance machinery, ditch-digging apparatus, and well-boring apparatus. The fact that equipment is  
29 permanently attached to a vehicle does not make the vehicle special mobile equipment. The enumeration in this  
30 subsection is partial and does not exclude other vehicles that are within the general terms of this subsection.

- 1 (73) (a) "Specially constructed vehicle" means a motor vehicle, including a motorcycle, that:
- 2 (i) was not originally constructed under a distinctive make, model, or type by a generally recognized
- 3 manufacturer of motor vehicles;
- 4 (ii) has been structurally modified so that it does not have the same appearance as similar vehicles from
- 5 a generally recognized manufacturer of motor vehicles;
- 6 (iii) has been constructed or assembled entirely from custom-built parts and materials not obtained from
- 7 other vehicles;
- 8 (iv) has been constructed or assembled by using major component parts from one or more manufactured
- 9 vehicles and that cannot be identified as a specific make or model; or
- 10 (v) has been constructed by the use of a kit that cannot be visually identified as a specific make or model.
- 11 (b) The term does not include a motor vehicle that has been repaired or restored to its original design
- 12 by replacing parts.
- 13 (74) (a) "Sport utility vehicle" means a light vehicle designed to transport 10 or fewer persons that is
- 14 constructed on a truck chassis or that has special features for occasional off-road use.
- 15 (b) The term does not include trucks having a manufacturer's rated capacity of 1 ton or less.
- 16 (75) (a) "Stop", when required, means complete cessation from movement.
- 17 (b) "Stop", "stopping", or "standing", when prohibited, means any stopping or standing of a vehicle,
- 18 whether occupied or not, except when necessary to avoid conflict with other traffic or in compliance with the
- 19 directions of a police officer, highway patrol officer, or traffic control sign or signal.
- 20 (76) "Storage lot" means property owned, leased, or rented by a dealer that is not contiguous to the
- 21 dealer's established place of business where a motor vehicle from the dealer's inventory may be placed when
- 22 space at the dealer's established place of business is not available.
- 23 (77) "Street" means the entire width between the boundary lines of every publicly maintained way when
- 24 any part of the publicly maintained way is open to the use of the public for purposes of vehicular travel.
- 25 (78) "Street rod" means a motor vehicle, other than a motorcycle, that:
- 26 (a) was manufactured prior to 1949 or was built to resemble a vehicle manufactured before 1949,
- 27 including a kit vehicle intended to resemble a vehicle manufactured before 1949; and
- 28 (b) has been altered from the manufacturer's original design or has a body constructed from nonoriginal
- 29 materials.
- 30 (79) "Suspension" means the temporary withdrawal by action of the department of a person's driver's

1 license, privilege to drive a motor vehicle on the public highways, and privilege to apply for or be issued a driver's  
2 license for a period of time designated by law.

3 (80) "Temporary registration permit" means a paper record:

4 (a) issued by the department, an authorized agent, a county treasurer, or a person, using a  
5 department-approved electronic interface after an electronic record has been transmitted to the department, that  
6 contains:

7 (i) required vehicle and owner information; and

8 (ii) the purpose for which the record was generated; and

9 (b) that, when placed in a durable license-plate style plastic pouch approved by the department and  
10 displayed as prescribed in 61-3-224, authorizes a person to operate the described motor vehicle, motorboat,  
11 sailboat that is 12 feet in length or longer, snowmobile, or off-highway vehicle for 40 days from the date the record  
12 is issued or until the vehicle is registered under Title 23 or this title, whichever first occurs.

13 (81) "Traffic" means pedestrians, ridden or herded animals, vehicles, streetcars, and other conveyances  
14 either singly or together while using any highways for purposes of travel.

15 (82) (a) "Trailer" means a vehicle, with or without motive power, other than a pole trailer, designed for  
16 carrying property and for being drawn by a motor vehicle and constructed so that no part of its weight rests on  
17 the towing vehicle.

18 (b) The term does not include a mobile home or a manufactured home, as defined in 15-1-101.

19 (83) "Transaction summary receipt" means an electronic record produced and issued by the department,  
20 its authorized agent, or a county treasurer for which a paper receipt is issued. The record may be created by the  
21 department and transmitted to the owner of a vehicle, a secured party, or a lienholder. The record must contain  
22 a unique transaction record number and summarize and verify the electronic filing of the transaction described  
23 in the receipt on the electronic record of title maintained under 61-3-101.

24 (84) "Travel trailer" means a vehicle:

25 (a) that is 40 feet or less in length;

26 (b) that is of a size or weight that does not require special permits when towed by a motor vehicle;

27 (c) with gross trailer area of less than 320 square feet; and

28 (d) that is designed to provide temporary facilities for recreational, travel, or camping use and not used  
29 as a principal residence.

30 (85) "Truck" or "motortruck" means a motor vehicle designed, used, or maintained primarily for the

1 transportation of property.

2 (86) "Truck tractor" means a motor vehicle designed and used primarily for drawing other vehicles and  
3 not constructed to carry a load other than a part of the weight of the vehicle and load drawn.

4 (87) "Under the influence" has the meaning provided in 61-8-401.

5 (88) "Used motor vehicle" includes any motor vehicle that has been sold, bargained, exchanged, or given  
6 away or had its title transferred from the person who first took title to it from the manufacturer, importer, dealer,  
7 wholesaler, or agent of the manufacturer or importer and that has been used so as to have become what is  
8 commonly known as "secondhand" within the ordinary meaning of that term.

9 (89) "Van" means a motor vehicle designed for the transportation of at least six persons and not more  
10 than nine persons and intended for but not limited to family or personal transportation without compensation.

11 (90) (a) "Vehicle" means a device in, on, or by which any person or property may be transported or drawn  
12 on a public highway, except devices moved by animal power or used exclusively on stationary rails or tracks.

13 (b) The term does not include a manually or mechanically propelled wheelchair or other low-powered,  
14 mechanically propelled vehicle that is designed specifically for use by a physically disabled person and that is  
15 used as a means of mobility for that person.

16 (91) "Vehicle identification number" means the number, letters, or combination of numbers and letters  
17 assigned by the manufacturer, by the department, or in accordance with the laws of another state or country for  
18 the purpose of identifying the motor vehicle or a component part of the motor vehicle.

19 (92) "Vessel" means every description of watercraft, unless otherwise defined by the department, other  
20 than a seaplane on the water, used or capable of being used as a means of transportation on water.

21 (93) "Wholesaler" means a person that for a commission or with intent to make a profit or gain of money  
22 or other thing of value sells, exchanges, or attempts to negotiate a sale or exchange of an interest in a used motor  
23 vehicle, trailer, semitrailer, pole trailer, travel trailer, motorboat, snowmobile, off-highway vehicle, or special mobile  
24 equipment only to dealers and auto auctions licensed under chapter 4, part 1."

25

26 **Section 391.** Section 61-3-201, MCA, is amended to read:

27 **"61-3-201. Certificate of title required -- exclusions.** (1) Except as provided in subsection (2), the  
28 owner of a motor vehicle, trailer, semitrailer, pole trailer, camper, motorboat, personal watercraft, sailboat, or  
29 snowmobile that is in this state and for which a certificate of title has not been issued by or an electronic record  
30 of title has not been created by the department shall apply to the department, its authorized agent, or a county

1 treasurer for a certificate of title for the motor vehicle, trailer, semitrailer, pole trailer, camper, motorboat, personal  
2 watercraft, sailboat, or snowmobile.

3 (2) The following motor vehicles, trailers, semitrailers, pole trailers, campers, motorboats, personal  
4 watercraft, sailboats, or snowmobiles are exempt from the requirements of this part:

5 (a) a motor vehicle, trailer, semitrailer, pole trailer, camper, motorboat, personal watercraft, sailboat, or  
6 snowmobile owned by the United States, unless the motor vehicle, trailer, semitrailer, pole trailer, camper,  
7 motorboat, personal watercraft, sailboat, or snowmobile is registered in this state;

8 (b) except as required in 61-4-111, a motor vehicle, trailer, semitrailer, pole trailer, camper, motorboat,  
9 personal watercraft, sailboat, or snowmobile that is:

10 (i) owned by a manufacturer, a dealer, a wholesaler, or an auto auction; and

11 (ii) held for sale, even though incidentally moved on the highway, used for purposes of testing or  
12 demonstration, or used solely by a manufacturer for testing;

13 (c) a motor vehicle, trailer, semitrailer, pole trailer, camper, motorboat, personal watercraft, sailboat, or  
14 snowmobile owned by a nonresident or a nonresident who has an interest in real property in Montana who  
15 chooses not to register a motor vehicle in this state as provided in 61-3-303;

16 (d) a motor vehicle, trailer, semitrailer, pole trailer, camper, motorboat, personal watercraft, sailboat, or  
17 snowmobile regularly engaged in the interstate transportation of persons or property and:

18 (i) for which a currently effective certificate of title has been issued in another state or jurisdiction; or

19 (ii) that is properly registered under the provisions of Title 61, chapter 3, part 7;

20 (e) a vehicle moved solely by human or animal power;

21 (f) an implement of husbandry;

22 (g) special mobile equipment or a motor vehicle or trailer designed and used to apply fertilizer to  
23 agricultural land;

24 (h) a self-propelled wheelchair or tricycle used by a person with a disability;

25 (i) a dolly or converter gear;

26 (j) a mobile home or housetrailer; or

27 ~~(k) a manufactured home declared to be an improvement to real property under 15-1-116; or~~

28 ~~(k)~~ (k) a golf cart unless it is operated by a person with a low-speed restricted driver's license."

29

30 **Section 392.** Section 61-4-310, MCA, is amended to read:

1           **"61-4-310. Single movement permit -- fee -- limitation -- county treasurer to issue.** (1) A vehicle  
 2 subject to registration under chapter 3 may be moved unladen upon the highways of this state from a point within  
 3 the state to a point of destination. The county treasurer at the point of the origin of the movement shall issue a  
 4 special permit for the vehicle in lieu of fees required under 61-3-321 and part 2 of chapter 10 of this title upon  
 5 application presented to the county treasurer in a form provided by the department, upon exhibiting to the county  
 6 treasurer proof of ownership and evidence that the personal property taxes or fees in lieu of property tax on the  
 7 vehicle, if any are due, have been paid, and upon payment of a fee of \$5. The fee must be forwarded to the  
 8 department of revenue for deposit in the state general fund. The permit is not in lieu of fees and permits required  
 9 under 61-4-301 and 61-4-302.

10           (2) The permit is for the transit of the vehicle only, and the vehicle may not at the time of the transit be  
 11 used for the transportation of any persons, except the driver, or any property for compensation or otherwise and  
 12 is for one transit only between the points of origin and destination as set forth in the application and shown on  
 13 the permit.

14           (3) A junk vehicle being driven or towed to a motor vehicle wrecking facility or a motor vehicle graveyard  
 15 for disposal is exempt from the provisions of this section. The definitions in 75-10-501 apply to this subsection.

16           (4) A manufactured home, mobile home, or housetrailer may be moved unladen upon the highways of  
 17 this state from a point within the state to a point of destination ~~only if a tax-paid receipt authorizing the move has~~  
 18 ~~been issued under 15-24-206."~~

19

20           **Section 393.** Section 61-10-124, MCA, is amended to read:

21           **"61-10-124. (Temporary) Special permits -- fees.** (1) Except as provided in subsections (2)(d) and (4),  
 22 in addition to the regular registration and gross vehicle weight fees, a fee of \$10 for each trip permit and a fee  
 23 of \$75 for each term permit issued for size in excess of that specified in 61-10-101 through 61-10-104 must be  
 24 paid for all movements under special permits on the public highways under the jurisdiction of the department of  
 25 transportation.

26           (2) (a) Except as provided in subsections (2)(b), (2)(d), (2)(f), (2)(h), (4), and (5), term or blanket permits  
 27 may not be issued for an overwidth vehicle, combination of vehicles, load, or other thing in excess of 15 feet; an  
 28 overlength vehicle, combination of vehicles, load, object, or other thing in excess of 95 feet; or an overheight  
 29 vehicle, combination of vehicles, load, or other thing in excess of 14 feet or of a limit determined by the  
 30 department. A vehicle, combination of vehicles, load, or other thing in excess of these dimensions is limited to



1 trip permits. Except as provided in subsection (2)(g), a Rocky Mountain double may not exceed 81 feet in  
2 combined trailer length. A Rocky Mountain double is not subject to a combination length limit. Special permits for  
3 vehicle combinations of more than two trailers or more than two units designed for or used to carry a load are not  
4 permitted except as provided in subsections (4) and (5). Special permits for vehicle combinations may specify  
5 and special permits under subsections (4) and (5) must specify highway routing and otherwise limit or prescribe  
6 conditions of operation of the vehicle or combination, including but not limited to required equipment, speed,  
7 stability, operational procedures, and insurance.

8 (b) A term permit may be issued to a dealer in implements of husbandry and self-propelled machinery  
9 for an overwidth or overlength vehicle referred to in subsection (2)(a). This permit expires on December 31 of  
10 each year, with no grace period.

11 (c) With payment of the appropriate gross weight fees required by 61-10-201 and with payment of the  
12 fee prescribed in subsection (1), allowable gross weight of a five-axle combination logging vehicle is 80,000  
13 pounds.

14 (d) A term permit may be issued for any combination of vehicles that exceeds 95 feet in length but does  
15 not exceed 100 feet in combination length, except a truck-trailer-trailer or a truck tractor-semitrailer-trailer-trailer  
16 combination, for travel only on highways that are part of the federal-aid interstate system, as defined in 60-1-103,  
17 or on other highways within a 2-mile radius of an interchange on the interstate system in order to obtain  
18 necessary services or to load or unload at a terminal. When a terminal is beyond a 2-mile radius, the department  
19 may authorize travel between the terminal and the interchange. The fee for this permit is \$125.

20 (e) A term permit may be issued for a truck tractor-semitrailer combination when the semitrailer exceeds  
21 53 feet in length but does not exceed 57 feet in length.

22 (f) (i) An annual permit may be issued for nondivisible loads up to 120 feet in length. The fee for this  
23 permit is \$125.

24 (ii) Portions of a nondivisible load hauled on a public road off of the interstate highway may be detached  
25 and reloaded on the same hauling unit if the separate pieces are necessary to the operation of the machine or  
26 equipment that is being hauled and if the arrangement does not exceed limits for which a permit may be issued.

27 (iii) An applicant for a nondivisible load permit for use as provided in subsection (6)(b) is responsible for  
28 providing information regarding the number of work hours required to dismantle the load.

29 (iv) For use as provided in subsection (6)(b) and for the purposes of this section, emergency response  
30 vehicles and casks designed and used for the transport of spent nuclear materials are considered nondivisible

1 loads.

2 (g) A Rocky Mountain double carrying baled hay may not exceed 88 feet of combined trailer length.

3 (h) A term permit may be issued for an overlength vehicle moving a mobile home or a manufactured  
4 home, as defined in ~~15-24-201~~ 7-13-4502, when the vehicle does not exceed 110 feet in length or 16 feet in  
5 width.

6 (3) Except as provided in subsection (2)(b), a permit may not be issued for a period of time greater than  
7 the period for which the GVW license is valid as provided in this title, including grace periods allowed by this title.  
8 Owners of vehicles licensed in other jurisdictions may, at the discretion of the department of transportation,  
9 purchase permits to expire with their registration. A license required by the state governs the issuance of a special  
10 permit.

11 (4) The department may issue special permits to the operating company for a truck-trailer-trailer or truck  
12 tractor-semitrailer-trailer-trailer combination of vehicles under the following conditions:

13 (a) the combination may be operated only on highways that are part of the federal-aid interstate system,  
14 as defined in 60-1-103, and within a 2-mile radius of an interchange on the interstate system on other highways  
15 only in order to obtain necessary services or to load or unload at a terminal. When a terminal is beyond a 2-mile  
16 radius, the department may authorize travel between the terminal and the interchange.

17 (b) a combination of vehicles powered by a cab-over or tilt-cab truck tractor or a truck may not exceed  
18 an overall length of 105 feet, inclusive of front and rear bumpers and overhang;

19 (c) a combination of vehicles powered by a conventional truck tractor may not exceed an overall length  
20 of 110 feet, inclusive of the front and rear bumpers and overhang;

21 (d) an individual cargo unit of the combination may not exceed 28 1/2 feet in length and 102 inches in  
22 width;

23 (e) gross weight fees under 61-10-201 must be paid on the truck or truck tractor for the declared  
24 registered gross weight of the special vehicle combination, but not to exceed the formula in 61-10-107;

25 (f) the combination must have a special overlength permit issued at a fee of \$200 for a term permit or  
26 \$20 for each trip permit;

27 (g) travel of the combination may be restricted to specific routes, hours of operation, specific days, or  
28 seasonal periods; and

29 (h) the department may enforce any other restrictions determined by the department to be necessary.

30 The permit is not transferable, and the fee for the permit is \$200.

1 (5) The department of transportation may issue special permits under subsection (4) for vehicle  
2 combinations that consist of a truck-trailer-trailer if:

3 (a) the vehicle combination's overall length, inclusive of front and rear bumpers, is not more than 95 feet;  
4 and

5 (b) the person, firm, or corporation applying for the permit:

6 (i) restricts truck-trailer-trailer operations authorized by the permit to the hauling of talc ore, chlorite,  
7 dolomite, limestone, and custom combine equipment;

8 (ii) operated the truck-trailer-trailer combination before July 1, 1987;

9 (iii) restricts the truck-trailer-trailer operations authorized by the permit to the specified routes that those  
10 vehicles used before July 1, 1987; and

11 (iv) provides the department of transportation with an affidavit confirming the routes used before July 1,  
12 1987, for truck-trailer-trailer operations.

13 (6) For the purposes of this section, a "nondivisible load" is:

14 (a) on public roads off of interstate highways, a load that cannot be readily or reasonably dismantled and  
15 that is reduced to a minimum practical size and weight;

16 (b) on interstate highways, a load or vehicle exceeding applicable length or weight limits that, if separated  
17 into smaller loads or vehicles, would:

18 (i) compromise the intended use of the vehicle;

19 (ii) destroy the value of the load or vehicle; or

20 (iii) require more than 8 work hours to dismantle using appropriate equipment. (Void on occurrence of  
21 contingency--sec. 2, Ch. 285, L. 2003.)

22 **61-10-124. (Effective on occurrence of contingency) Special permits -- fees.** (1) Except as provided  
23 in subsections (2)(d) and (4), in addition to the regular registration and gross vehicle weight fees, a fee of \$10  
24 for each trip permit and a fee of \$75 for each term permit issued for size in excess of that specified in 61-10-101  
25 through 61-10-104 must be paid for all movements under special permits on the public highways under the  
26 jurisdiction of the department of transportation.

27 (2) (a) Except as provided in subsections (2)(b), (2)(d), (2)(f), (2)(g), (4), and (5), term or blanket permits  
28 may not be issued for an overwidth vehicle, combination of vehicles, load, or other thing in excess of 15 feet; an  
29 overlength vehicle, combination of vehicles, load, object, or other thing in excess of 95 feet; or an overheight  
30 vehicle, combination of vehicles, load, or other thing in excess of 14 feet or of a limit determined by the

1 department. A vehicle, combination of vehicles, load, or other thing in excess of these dimensions is limited to  
2 trip permits. A Rocky Mountain double may not exceed 81 feet in combined trailer length. A Rocky Mountain  
3 double is not subject to a combination length limit. Special permits for vehicle combinations of more than two  
4 trailers or more than two units designed for or used to carry a load are not permitted except as provided in  
5 subsections (4) and (5). Special permits for vehicle combinations may specify and special permits under  
6 subsections (4) and (5) must specify highway routing and otherwise limit or prescribe conditions of operation of  
7 the vehicle or combination, including but not limited to required equipment, speed, stability, operational  
8 procedures, and insurance.

9 (b) A term permit may be issued to a dealer in implements of husbandry and self-propelled machinery  
10 for an overwidth or overlength vehicle referred to in subsection (2)(a). This permit expires on December 31 of  
11 each year, with no grace period.

12 (c) With payment of the appropriate gross weight fees required by 61-10-201 and with payment of the  
13 fee prescribed in subsection (1), allowable gross weight of a five-axle combination logging vehicle is 80,000  
14 pounds.

15 (d) A term permit may be issued for any combination of vehicles that exceeds 95 feet in length but does  
16 not exceed 100 feet in combination length, except a truck-trailer-trailer or a truck tractor-semitrailer-trailer-trailer  
17 combination, for travel only on highways that are part of the federal-aid interstate system, as defined in 60-1-103,  
18 or on other highways within a 2-mile radius of an interchange on the interstate system in order to obtain  
19 necessary services or to load or unload at a terminal. When a terminal is beyond a 2-mile radius, the department  
20 may authorize travel between the terminal and the interchange. The fee for this permit is \$125.

21 (e) A term permit may be issued for a truck tractor-semitrailer combination when the semitrailer exceeds  
22 53 feet in length but does not exceed 57 feet in length.

23 (f) (i) An annual permit may be issued for nondivisible loads up to 120 feet in length. The fee for this  
24 permit is \$125.

25 (ii) Portions of a nondivisible load hauled on a public road off of the interstate highway may be detached  
26 and reloaded on the same hauling unit if the separate pieces are necessary to the operation of the machine or  
27 equipment that is being hauled and if the arrangement does not exceed limits for which a permit may be issued.

28 (iii) An applicant for a nondivisible load permit for use as provided in subsection (6)(b) is responsible for  
29 providing information regarding the number of work hours required to dismantle the load.

30 (iv) For use as provided in subsection (6)(b) and for the purposes of this section, emergency response

1 vehicles and casks designed and used for the transport of spent nuclear materials are considered nondivisible  
2 loads.

3 (g) A term permit may be issued for an overlength vehicle moving a mobile home or a manufactured  
4 home, as defined in ~~15-24-201~~ 7-13-4502, when the vehicle does not exceed 110 feet in length or 16 feet in  
5 width.

6 (3) Except as provided in subsection (2)(b), a permit may not be issued for a period of time greater than  
7 the period for which the GVW license is valid as provided in this title, including grace periods allowed by this title.  
8 Owners of vehicles licensed in other jurisdictions may, at the discretion of the department of transportation,  
9 purchase permits to expire with their registration. A license required by the state governs the issuance of a special  
10 permit.

11 (4) The department may issue special permits to the operating company for a truck-trailer-trailer or truck  
12 tractor-semitrailer-trailer-trailer combination of vehicles under the following conditions:

13 (a) the combination may be operated only on highways that are part of the federal-aid interstate system,  
14 as defined in 60-1-103, and within a 2-mile radius of an interchange on the interstate system on other highways  
15 only in order to obtain necessary services or to load or unload at a terminal. When a terminal is beyond a 2-mile  
16 radius, the department may authorize travel between the terminal and the interchange.

17 (b) a combination of vehicles powered by a cab-over or tilt-cab truck tractor or a truck may not exceed  
18 an overall length of 105 feet, inclusive of front and rear bumpers and overhang;

19 (c) a combination of vehicles powered by a conventional truck tractor may not exceed an overall length  
20 of 110 feet, inclusive of the front and rear bumpers and overhang;

21 (d) an individual cargo unit of the combination may not exceed 28 1/2 feet in length and 102 inches in  
22 width;

23 (e) gross weight fees under 61-10-201 must be paid on the truck or truck tractor for the declared  
24 registered gross weight of the special vehicle combination, but not to exceed the formula in 61-10-107;

25 (f) the combination must have a special overlength permit issued at a fee of \$200 for a term permit or  
26 \$20 for each trip permit;

27 (g) travel of the combination may be restricted to specific routes, hours of operation, specific days, or  
28 seasonal periods; and

29 (h) the department may enforce any other restrictions determined by the department to be necessary.

30 The permit is not transferable, and the fee for the permit is \$200.

1 (5) The department of transportation may issue special permits under subsection (4) for vehicle  
2 combinations that consist of a truck-trailer-trailer if:

3 (a) the vehicle combination's overall length, inclusive of front and rear bumpers, is not more than 95 feet;  
4 and

5 (b) the person, firm, or corporation applying for the permit:

6 (i) restricts truck-trailer-trailer operations authorized by the permit to the hauling of talc ore, chlorite,  
7 dolomite, limestone, and custom combine equipment;

8 (ii) operated the truck-trailer-trailer combination before July 1, 1987;

9 (iii) restricts the truck-trailer-trailer operations authorized by the permit to the specified routes that those  
10 vehicles used before July 1, 1987; and

11 (iv) provides the department of transportation with an affidavit confirming the routes used before July 1,  
12 1987, for truck-trailer-trailer operations.

13 (6) For the purposes of this section, a "nondivisible load" is:

14 (a) on public roads off of interstate highways, a load that cannot be readily or reasonably dismantled and  
15 that is reduced to a minimum practical size and weight;

16 (b) on interstate highways, a load or vehicle exceeding applicable length or weight limits that, if separated  
17 into smaller loads or vehicles, would:

18 (i) compromise the intended use of the vehicle;

19 (ii) destroy the value of the load or vehicle; or

20 (iii) require more than 8 work hours to dismantle using appropriate equipment."  
21

22 **Section 394.** Section 61-10-130, MCA, is amended to read:

23 **"61-10-130. Custom combiner's special permit -- fee -- collection -- distribution -- not transferable.**

24 (1) In lieu of the taxes required by ~~15-24-301~~ and in lieu of motor vehicle license fees, gross vehicle weight fees,  
25 and overwidth, overlength, and overheight permits provided for in Title 61, a nonresident engaged in the business  
26 of custom combining who brings equipment into the state may pay a special permit fee of \$40 for each unit. A  
27 unit includes:

28 (a) one truck suitable for hauling grain;

29 (b) one header trailer or one combine trailer; and

30 (c) pickup trucks and all other equipment, except combines, used by a nonresident and brought into the

1 state as part of the nonresident's business of custom combining.

2 (2) In lieu of gross vehicle weight fees and overwidth, overlength, and overheight permits, Montana  
3 residents engaged in the business of custom combining may pay the annual farm gross vehicle weight fees and  
4 a special permit fee of \$20 for each unit. A unit includes:

5 (a) one truck suitable for hauling grain;

6 (b) one header trailer or one combine trailer; and

7 (c) pickup trucks used by the resident in the resident's business of custom combining.

8 (3) When used to transport agricultural products, a truck authorized to be used under a custom  
9 combiner's special permit may be operated only within a 100-mile radius from the harvested field to the point of  
10 first unloading. The truck may not haul agricultural products from one commercial elevator to another commercial  
11 elevator. The truck may be operated on any highway, except a highway that is part of the federal-aid interstate  
12 system, without incurring excess weight penalties under 61-10-145 if the total gross weight of the truck does not  
13 exceed allowable weight limitations by more than 20% for each axle and the maximum load for each inch of tire  
14 width does not exceed 670 pounds. A trip permit is not required. If the truck exceeds the tolerance provided under  
15 this subsection, the fine or penalty imposed applies to all weight over the legal limit allowed by 61-10-107.

16 (4) A combine trailer authorized to be used under subsection (1)(b) or (2)(b) may be operated under the  
17 same limitations, except that the 100-mile limitation does not apply and the combine trailer may be used upon  
18 any highway of the state, including a highway that is part of the federal-aid interstate system. If the combine trailer  
19 exceeds the tolerance provided under subsection (3), the fine or penalty imposed applies to all weight over the  
20 legal limit allowed by 61-10-107.

21 (5) The fee required by this section must be collected by the department of transportation. Upon payment  
22 of the fee, the department of transportation shall provide an identifying device to be displayed on each truck,  
23 header trailer, or combine trailer and other equipment used by the nonresident or resident in the person's  
24 business of custom combining in the state. The device is valid for the calendar year in which the fee is collected.

25 (6) All fees collected under this section must be distributed not later than January 31 immediately  
26 following the period of licensure as follows:

27 (a) 62 1/2% to the state general fund; and

28 (b) 37 1/2% to the state special revenue fund for the department of transportation.

29 (7) The identifying devices and fee paid for each unit are not transferable from one vehicle to another  
30 or transferable on the sale or change of ownership.

1 (8) The department of transportation may adopt rules, as provided in Title 2, chapter 4, to implement the  
2 provisions of this section."

3

4 **Section 395.** Section 61-12-206, MCA, is amended to read:

5 **"61-12-206. Offenses for which arrest authorized.** Employees designated or appointed as peace  
6 officers under 61-10-154 or 61-12-201 may make arrests for violations of the following statutory provisions:

7 (1) chapters 3 and 5 of this title, but only if the vehicle involved is subject to 61-10-141;

8 (2) chapter 10 of this title;

9 (3) part 3, chapter 4, of this title;

10 ~~(4) 15-24-201 through 15-24-205;~~

11 ~~(5)(4)~~ Title 15, chapter 70, part 4;

12 ~~(6)(5)~~ 61-10-154 and safety rules adopted under that section; and

13 ~~(7)(6)~~ Title 69, chapter 12."

14

15 **Section 396.** Section 61-12-901, MCA, is amended to read:

16 **"61-12-901. Manufactured home dealers -- licensure -- bond requirements -- rulemaking.** (1) (a)  
17 Except as provided in subsection (1)(b), a person may not engage in the business of buying, selling, exchanging,  
18 accepting on consignment, or acting as a broker of a manufactured home that is not titled in the person's name  
19 unless the person is the holder of a manufactured home dealer's license issued by the department.

20 (b) This section does not apply to a person buying, selling, exchanging, accepting on consignment, or  
21 acting as a broker of a used manufactured home that is not titled in the person's name.

22 (2) (a) The department shall issue a manufactured home dealer's license to any person it determines  
23 is qualified to hold the license under the provisions of this section. The department may adopt rules establishing  
24 requirements for licensure.

25 (b) A manufactured home dealer's license authorizes the licensee to:

26 (i) sell any new manufactured home that is covered under a franchise agreement between the licensee  
27 and the manufacturer, importer, or distributor of the manufactured home;

28 (ii) sell any used manufactured home;

29 (iii) negotiate the purchase, sale, or exchange of a manufactured home from another licensed dealer or  
30 another person on behalf of a client when the licensee does not store, display, or take ownership of the



1 manufactured home purchased, sold, or exchanged.

2 (3) A license issued by the department is valid until:

3 (a) voluntarily returned to the department for surrender and cancellation upon the cessation of the  
4 licensee's business operations; or

5 (b) suspended or revoked for a violation of this section or any other laws relating to the sale of a  
6 manufactured home.

7 (4) (a) An applicant for a manufactured home dealer's license shall submit a written application to the  
8 department. The application must be signed by the applicant and contain a verification by the applicant, under  
9 penalty of law, that the information contained in the application is true and correct. Any information provided in  
10 the license application process is subject to independent verification by the department or an authorized  
11 representative of the department. The department shall by rule establish the requirements for the application.

12 (b) After examining a license application and conducting any investigation necessary to verify the  
13 information contained in the application, if the department is satisfied that the applicant qualifies for the issuance  
14 of a license under the provisions of this section and rules adopted pursuant to this section, the department shall  
15 issue the license. The department may refuse, after examination and investigation, to issue a license to an  
16 applicant who is not qualified for licensure or whose prior financial or other activities or criminal record, as  
17 determined by the department:

18 (i) poses a threat to the effective regulation of manufactured home dealers;

19 (ii) poses a threat to the public interest of the state; or

20 (iii) creates a danger of illegal or deceptive practices being used in the conduct of the proposed  
21 dealership.

22 (5) The application provided to the department must contain but is not limited to the following information:

23 (a) the name under which the applicant intends to conduct business and the applicant's name, street  
24 address, and, if different, mailing address for the business;

25 (b) the name, date of birth, and social security number of any person who:

26 (i) possesses or will possess an ownership interest in the business for which the license is sought;

27 (ii) is a corporate officer or the managing member of a business entity applying for the license; or

28 (iii) is or will be designated by the applicant to manage or oversee the applicant's business;

29 (c) the geographic location of the physical lot or lots upon which manufactured homes will be displayed  
30 for sale and of a permanent nonresidential building that will be maintained as an office to store the actual physical

1 or electronic records resulting from the purchase, sale, trade, or consignment of manufactured homes for which  
2 licensure is sought. The office may be a manufactured home or a site-built structure. The lot must be large  
3 enough to contain the office and have space to display a minimum of two double-wide units. An applicant may  
4 use more than one location to display manufactured homes for sale if the maximum distance between each  
5 display lot does not exceed 200 feet and if the distance between a display lot and the building in which sales  
6 records are stored does not exceed 1,000 feet.

7 (d) for each geographic location specified in the application, evidence of the applicant's compliance with  
8 applicable local land use planning, zoning, and business permitting requirements, if any. Evidence of compliance  
9 may be documented by means of a written verification of compliance signed by the authorized representative of  
10 the local land use planning or zoning board or the local business-permitting agency.

11 (e) a diagram or plat showing the geographic location, lot dimensions, and building and sign placement  
12 for the applicant's proposed established place of business, along with two or more photographs of the geographic  
13 location, building premises, and sign, as prescribed by the department. A dealer shall display at the dealer's  
14 established place of business at least one sign stating the name of the business and indicating that manufactured  
15 homes are offered for sale, trade, or consignment. The letters of the sign must be at least 6 inches in height and  
16 clearly visible and readable to the major avenue of traffic at a minimum distance of 150 feet.

17 (6) If an applicant intends to maintain more than one established place of business, the applicant shall  
18 file a separate license application for each proposed place of business and otherwise qualify for licensure at each  
19 place separately.

20 (7) Each application under this section must be accompanied by a \$50 fee.

21 (8) (a) An applicant for a manufactured home dealer's license shall also file a bond of \$50,000 with each  
22 application.

23 (b) All bonds must be conditioned upon the applicant conducting the business in accordance with the  
24 requirements of the law. All bonds must be approved by the department, filed with the department, and renewed  
25 annually.

26 (9) (a) As used in this section, "manufactured home" means a residential dwelling built in a factory in  
27 accordance with the United States department of housing and urban development code and the federal  
28 Manufactured Home Construction and Safety Standards.

29 (b) The term does not include a mobile home or housetrailer as defined in ~~45-24-204~~ 7-13-4502."

30

1           **Section 397.** Section 67-3-205, MCA, is amended to read:

2           **"67-3-205. Aircraft registration account -- source of funds -- allocation.** (1) There is an account in  
3 the state special revenue fund to which must be credited all money received from fees paid in lieu of tax on  
4 aircraft, as required in ~~15-24-304~~ and by this part, and all penalties collected for registration violations, as  
5 provided in 67-3-202.

6           (2) Money in the account is allocated as follows:

7           (a) 90% to the state general fund; and

8           (b) 10% to the department for the purpose of administering and enforcing aircraft registration.

9           (3) The allocations required in subsection (2) must be made when received by the department."  
10

11           **Section 398.** Section 67-10-402, MCA, is amended to read:

12           **"67-10-402. Tax levy Funding.** (1) ~~Subject to 15-10-420 and for~~ For the purpose of establishing,  
13 constructing, equipping, maintaining, and operating airports and ports under the provisions of this chapter and  
14 as provided in Title 7, chapter 14, part 11, the county commissioners or the city or town council may ~~each year~~  
15 ~~assess and levy a tax on the taxable value of all taxable property in the county, city, or town~~ request funding from  
16 the critical needs assessment commission provided for in [section 11] for airports and ports.

17           (2) In the event of a jointly established airport or port, the county commissioners and the city or town  
18 council or councils involved shall determine in advance the levy funding necessary for those purposes and the  
19 proportion that each political subdivision joining in the venture is required to pay.

20           (3) If the levy funding is insufficient for the purposes enumerated in subsection (1), the commissioners  
21 and councils are authorized and empowered to contract an indebtedness on behalf of the county, city, or town  
22 by borrowing money or issuing bonds for those purposes. However, bonds may not be issued until the proposition  
23 has been submitted to the qualified electors and approved by a majority vote, except as provided in subsection  
24 (4).

25           (4) For the purpose of establishing a reserve fund to resurface, overlay, or improve existing runways,  
26 taxiways, and ramps, the governing bodies may set up annual reserve funds in their annual budget if:

27           (a) the reserve is approved by the governing bodies during the normal budgeting procedure;

28           (b) the necessity to resurface or improve runways by overlays or similar methods periodically is based  
29 upon competent engineering estimates; and

30           (c) the funds are expended at least within each 10-year period.

1           (5) The reserve fund may not exceed at any time a competent engineering estimate of the cost of  
2 resurfacing or overlaying the existing runways, taxiways, and ramps of any one airport for each fund. The  
3 governing body of the airport or port, if in its judgment it considers it advantageous, may invest the fund in any  
4 interest-bearing deposits in a state or national bank insured by the FDIC or obligations of the United States of  
5 America, either short-term or long-term. Interest earned from the investments must be credited to the operations  
6 and maintenance budget of the airport or port governing body."  
7

8           **Section 399.** Section 67-11-201, MCA, is amended to read:

9           **"67-11-201. General powers of authority.** An authority has all the powers necessary or convenient to  
10 carry out the purposes of this chapter, ~~including, subject to 15-10-420, the power to certify annually to the~~  
11 ~~governing bodies creating it the amount of tax to be levied by the governing bodies for airport purposes.~~ Authority  
12 powers include but are not limited to the power to:

13           (1) sue and be sued, have a seal, and have perpetual succession;

14           (2) execute contracts, including alternative project delivery contracts as provided for in Title 18, chapter  
15 2, part 5, and other instruments and take other action that may be necessary or convenient to carry out the  
16 purposes of this chapter;

17           (3) plan, establish, acquire, develop, construct, purchase, enlarge, improve, maintain, equip, operate,  
18 regulate, and protect airports and air navigation facilities, within this state and within any adjoining state, including  
19 the acquisition, construction, installation, equipment, maintenance, and operation at the airports or buildings and  
20 other facilities for the servicing of aircraft or for comfort and accommodation of air travelers and the purchase and  
21 sale of supplies, goods, and commodities that are incident to the operation of its airport properties. For the  
22 authorized purposes, an authority may, by purchase, gift, devise, lease, eminent domain proceedings pursuant  
23 to Title 70, chapter 30, or otherwise, acquire property, real or personal, or any interest in property, including  
24 easements in airport hazards or land outside the boundaries of an airport or airport site, that is necessary to  
25 permit the removal, elimination, obstruction-marking, or obstruction-lighting of airport hazards or to prevent the  
26 establishment of airport hazards.

27           (4) establish airport affected area regulations in accordance with this title;

28           (5) acquire, by purchase, gift, devise, lease, eminent domain proceedings, or otherwise, existing airports  
29 and air navigation facilities. However, an authority may not acquire or take over any airport or air navigation facility  
30 owned or controlled by another authority, a municipality, or a public agency of this or any other state without the

1 consent of the authority, municipality, or public agency.

2 (6) establish or acquire and maintain airports in, over, and upon any public waters of this state or any  
3 submerged lands under public waters, provided that the authority has obtained the approval of the owner or  
4 agency that controls the water, and construct and maintain terminal buildings, landing floats, causeways,  
5 roadways, and bridges for approaches to or connecting with any airport and landing floats and breakwaters for  
6 the protection of the airport."

7

8 **Section 400.** Section 67-11-301, MCA, is amended to read:

9 **"67-11-301. Municipal ~~tax~~ levy funding.** The airport authority may certify annually to the governing  
10 bodies the amount of ~~tax funding to be requested to be levied from the critical needs assessment commission~~  
11 ~~provided for in [section 11]~~ by each municipality participating in the creation of the airport authority, and ~~subject~~  
12 ~~to 15-10-420~~; the municipality shall ~~levy request~~ request the amount certified, pursuant to provisions of law authorizing  
13 cities and other political subdivisions of this state to ~~levy taxes~~ request funding for airport purposes. The ~~levy~~  
14 requested funding may not exceed the maximum levy that may have been established by the municipality or  
15 municipalities in the resolution creating the authority. The municipality shall collect ~~the taxes certified by an airport~~  
16 ~~authority in the same manner as other taxes are levied and collected~~ the requested funding and make payment  
17 to the airport authority. The ~~proceeds of the taxes~~ funding paid to the airport authority must be deposited in a  
18 special account or accounts in which other revenue of the authority is deposited and may be expended by the  
19 authority as provided for in this chapter. Prior to the issuance of bonds under 67-11-303, the airport authority or  
20 the municipality may by resolution covenant that the total amount of the ~~taxes~~ funding authorized by law or the  
21 portion of the ~~taxes~~ funding specified by the resolution will, ~~subject to 15-10-420~~, be certified, levied, received and  
22 deposited annually until the bonds and interest are fully paid."

23

24 **Section 401.** Section 67-11-302, MCA, is amended to read:

25 **"67-11-302. County ~~tax~~ levy funding.** ~~Subject to 15-10-420, in~~ In counties supporting airports or airport  
26 authorities, a levy funding as provided for in 67-10-402 may be ~~made~~ requested for airport authority purposes."

27

28 **Section 402.** Section 67-11-303, MCA, is amended to read:

29 **"67-11-303. Bonds and obligations.** (1) An authority may borrow money for any of its corporate  
30 purposes and issue its bonds for those purposes, including refunding bonds, in the form and upon the terms that

1 it may determine, payable out of any revenue of the authority, including revenue derived from:

- 2 (a) an airport or air navigation facility or facilities;  
3 (b) ~~taxes levied~~ funds requested pursuant to 67-11-301 or other law for airport purposes;  
4 (c) grants or contributions from the federal government; or  
5 (d) other sources.

6 (2) The bonds may be issued by resolution of the authority, without an election and without any limitation  
7 of amount, except that bonds may not be issued at any time if the total amount of principal and interest to become  
8 due in any year on the bonds and on any then-outstanding bonds for which revenue from the same source or  
9 sources is pledged exceeds the amount of revenue to be received in that year as estimated in the resolution  
10 authorizing the issuance of the bonds. The authority shall take all action necessary and possible to impose,  
11 maintain, and collect rates, charges, rentals, and taxes, if any is pledged, sufficient to make the revenue from the  
12 pledged source in the year at least equal to the amount of principal and interest due in that year.

13 (3) The bonds may be sold at public or private sale and may bear interest as provided in 17-5-102.  
14 Except as otherwise provided in this section, any bonds issued pursuant to this chapter by an authority may be  
15 payable as to principal and interest solely from revenue of the authority and must state on their face the applicable  
16 limitations or restrictions regarding the source from which the principal and interest are payable.

17 (4) Bonds issued by an authority or municipality pursuant to the provisions of this chapter are declared  
18 to be issued for an essential public and governmental purpose by a political subdivision within the meaning of  
19 15-30-2110(2)(a).

20 (5) For the security of bonds, the authority or municipality may by resolution make and enter into any  
21 covenant, agreement, or indenture and may exercise any additional powers authorized to be exercised by a  
22 municipality under Title 7, chapter 7, parts 44 and 45. The sums required from time to time to pay principal and  
23 interest and to create and maintain a reserve for the bonds may be paid from any revenue referred to in this  
24 chapter, prior to the payment of current costs of operation and maintenance of the facilities.

25 (6) Subject to the conditions stated in this subsection, the governing body of any municipality having a  
26 population in excess of 10,000, with respect to bonds issued pursuant to this chapter by the municipality or by  
27 an authority in which the municipality is included, may by resolution covenant that in the event that at any time  
28 all revenue, including taxes, appropriated and collected for the bonds is insufficient to pay principal or interest  
29 then due, it shall, ~~subject to 15-10-420, levy a general tax upon all of the taxable property in the municipality~~  
30 request funding from the critical needs assessment commission provided for in [section 11] for the payment of

1 the deficiency. The governing body may further covenant that at any time a deficiency is likely to occur within 1  
 2 year for the payment of principal and interest due on the bonds, it shall, ~~subject to 15-10-420, levy a general tax~~  
 3 ~~upon all the taxable property in the municipality~~ request funding from the critical needs assessment commission  
 4 provided for in [section 11] for the payment of the deficiency, and the ~~taxes are~~ request is limited to a rate  
 5 estimated to be sufficient to produce the amount of the deficiency. In the event that more than one municipality  
 6 having a population in excess of 10,000 is included in an authority issuing bonds pursuant to this chapter, the  
 7 municipalities may apportion the obligation to ~~levy taxes~~ request funding for the payment of, or in anticipation of,  
 8 a deficiency in the ~~revenue~~ funding appropriated for the bonds in a manner that the municipalities may determine.  
 9 The resolution must state the principal amount and purpose of the bonds and the substance of the covenant  
 10 respecting deficiencies. A resolution may not be effective until the question of its approval has been submitted  
 11 to the qualified electors of the municipality at a special election called for that purpose by the governing body of  
 12 the municipality and a majority of the electors voting on the question have voted in favor of the resolution. The  
 13 special election must be held in conjunction with a regular or primary election. The notice and conduct of the  
 14 election is governed, to the extent applicable, as provided for municipal general obligation bonds in Title 7,  
 15 chapter 7, part 42, for an election called by cities and towns and as provided for county general obligation bonds  
 16 in Title 7, chapter 7, part 22, for an election called by counties. If a majority of the electors voting on the issue vote  
 17 against approval of the resolution, the municipality may not make the covenant or ~~levy a tax~~ request funding for  
 18 the payment of deficiencies pursuant to this section, but the municipality or authority may issue bonds under this  
 19 chapter payable solely from the sources referred to in subsection (1)."

20

21 **Section 403.** Section 70-1-106, MCA, is amended to read:

22 **"70-1-106. Real property defined.** Real or immovable property consists of:

23 (1) land;

24 (2) that which is affixed to land, including a manufactured home ~~declared~~ considered an improvement  
 25 to real property ~~under 15-1-116~~;

26 (3) that which is incidental or appurtenant to land;

27 (4) that which is immovable by law."

28

29 **Section 404.** Section 75-10-112, MCA, is amended to read:

30 **"75-10-112. Powers and duties of local government.** A local government may:

- 1 (1) plan, develop, and implement a solid waste management system consistent with the state's solid  
2 waste management and resource recovery plan and propose modifications to the state's solid waste management  
3 and resource recovery plan;
- 4 (2) upon adoption of the state plan by the board, pass an ordinance or resolution to exempt the local  
5 jurisdiction from complying with the state plan and subsequent rules implementing the state plan. The ordinance  
6 or resolution must include a means to provide solid waste disposal to the citizens of the jurisdiction as required  
7 in part 2 of this chapter.
- 8 (3) employ appropriate personnel to carry out the provisions of this part;
- 9 (4) purchase, rent, or execute leasing agreements for equipment and material necessary for the  
10 implementation of a solid waste management system;
- 11 (5) cooperate with and enter into agreements with any persons in order to implement an effective solid  
12 waste management system;
- 13 (6) receive gifts, grants, or donations or acquire by gift, deed, or purchase land necessary for the  
14 implementation of any provision of this part;
- 15 (7) enforce the rules of the department or a local board of health pertaining to solid waste management  
16 through the appropriate county attorney;
- 17 (8) apply for and utilize state, federal, or other available money for developing or operating a solid waste  
18 management system;
- 19 (9) borrow from any lending agency funds available for assistance in planning a solid waste management  
20 system;
- 21 (10) ~~subject to 15-10-420, finance a solid waste management system through the assessment of a tax~~  
22 ~~as authorized by state law~~ a funding request from the critical needs assessment commission provided for in  
23 [section 11];
- 24 (11) sell on an installment sales contract or lease to a person all or a portion of a solid waste  
25 management system that the local government plans, designs, or constructs for the consideration and upon the  
26 terms established by the local governments and consistent with the loan requirements set forth in this part and  
27 rules adopted to implement this part;
- 28 (12) procure insurance against any loss in connection with property, assets, or activities;
- 29 (13) mortgage or otherwise encumber all or a portion of a solid waste management system when the local  
30 government finds that the action is necessary to implement the purposes of this part, as long as the action is



1 consistent with the loan requirements set forth in this part and rules adopted to implement this part;

2 (14) hold or dispose of real property and, subject to agreements with lessors and lessees, develop or alter  
3 the property by making improvements or betterments for the purpose of enhancing the value and usefulness of  
4 the property;

5 (15) finance, design, construct, own, and operate a solid waste management system or contract for any  
6 or all of the powers authorized under this part;

7 (16) control the disposition of solid waste generated within the jurisdiction of the local government, except  
8 that, in the absence of an imminent threat to public health, safety, or the environment, a local government may  
9 not adopt a flow control or similar ordinance to require use of a specific transfer station or landfill for disposal of  
10 solid waste;

11 (17) enter into long-term contracts with local governments and private entities for:

12 (a) financing, designing, constructing, and operating a solid waste management system;

13 (b) marketing all raw or processed material recovered from solid waste;

14 (c) marketing energy products or byproducts resulting from processing or utilization of solid waste;

15 (18) finance an areawide solid waste management system through the use of any of the sources of  
16 revenue available to the implementation entity for public works projects, by the use of revenue bonds issued by  
17 the city or county, or by fees levied by a solid waste management district, whichever is appropriate;

18 (19) enter into interlocal agreements in order to achieve and implement the powers enumerated in this  
19 part;

20 (20) regulate the siting and operation of container sites."

21

22 **Section 405.** Section 76-1-111, MCA, is amended to read:

23 **"76-1-111. Representation of county or additional cities or towns on existing boards.** (1) Any city,  
24 county, or town or any combination of cities, counties, or towns wishing to be represented upon an existing  
25 planning board may, by agreement of the governing body or bodies then represented on the board, obtain  
26 representation on the board and share in the membership duties and costs of the board upon a basis agreeable  
27 to the governing body or bodies creating the board.

28 (2) The membership, as well as the jurisdictional area of any board, may be increased to provide for  
29 representation and planning of any additional cities, counties, or towns seeking representation.

30 (3) Any city, county, or town that becomes represented upon an existing planning board pursuant to this

1 section may appropriate funds for expenses necessary to cover the costs of representation. ~~Subject to 15-10-420,~~  
 2 ~~the~~ The governing bodies of any represented city, county, or town may ~~levy on all property that is added to the~~  
 3 ~~jurisdictional area of an existing board by representation a tax~~ request funding from the critical needs assessment  
 4 commission provided for in [section 11] for planning board purposes under procedures set forth in Title 7, chapter  
 5 6, part 40."

6  
 7 **Section 406.** Section 76-1-403, MCA, is amended to read:  
 8 **"76-1-403. ~~Tax levy by county~~ Funding for certain county planning districts authorized.** When a  
 9 county planning board has been established, the board of county commissioners may create a planning district  
 10 that must include the property that lies outside the limits of the jurisdictional area, as established pursuant to  
 11 76-1-504 through 76-1-507 or as modified pursuant to 76-1-501 through 76-1-503 in counties where a city-county  
 12 planning board has been established, as well as that property that lies outside the limits of any incorporated cities  
 13 and towns. ~~Subject to 15-10-420, the~~ The board of county commissioners may ~~levy a tax on the taxable value~~  
 14 ~~of all taxable property located within the planning district~~ request funding from the critical needs assessment  
 15 commission provided for in [section 11] for planning board purposes, under procedures set forth in Title 7, chapter  
 16 6, part 40."

17  
 18 **Section 407.** Section 76-1-404, MCA, is amended to read:  
 19 **"76-1-404. ~~Tax levy by county~~ Funding for city-county planning board authorized.** When a  
 20 city-county planning board has been established, the board of county commissioners may create a planning  
 21 district that must include the property within the jurisdictional areas as established pursuant to 76-1-504 through  
 22 76-1-507 that lies outside the limits of any incorporated cities and towns. ~~Subject to 15-10-420, the~~ The board  
 23 of county commissioners may ~~levy on the taxable value of all taxable property located within the planning district~~  
 24 ~~a tax~~ request funding from the critical needs assessment commission provided for in [section 11] for planning  
 25 board purposes, under procedures set forth in Title 7, chapter 6, part 40."

26  
 27 **Section 408.** Section 76-1-406, MCA, is amended to read:  
 28 **"76-1-406. ~~Tax levy by municipalities~~ Funding authorized.** ~~Subject to 15-10-420, the~~ The governing  
 29 body of any city or town represented on a planning board may ~~levy a tax upon the taxable value of all taxable~~  
 30 ~~property located within the city or town~~ request funding from the critical needs assessment commission provided

1 for in [section 11] for planning board purposes, under procedures set forth in Title 7, chapter 6, part 40."

2

3 **Section 409.** Section 76-2-102, MCA, is amended to read:

4 **"76-2-102. Organization and operation of commission.** (1) The planning and zoning commission  
5 consists of three county commissioners, either the county surveyor or the county clerk and recorder, two citizen  
6 members, each of whom resides in a different planning and zoning district or, if only one district exists in a county  
7 or is proposed, both from that district, and a county official appointed by the county commissioners. The citizen  
8 members must be appointed by the board of county commissioners to 2-year staggered terms, with one member  
9 initially appointed to a 2-year term and the remaining member initially appointed to a 1-year term. Members of  
10 the commission shall serve without compensation other than reimbursement for authorized expenses and must  
11 be residents of the county in which they serve.

12 (2) The commission may appoint necessary employees and fix their compensation with the approval of  
13 the board of county commissioners, select a presiding officer to serve for 1 year, appoint a secretary to keep  
14 permanent and complete records of its proceedings, and adopt rules governing the transaction of its business.

15 (3) ~~Subject to 15-10-420, the~~ The finances necessary for the transaction of the planning and zoning  
16 commission's business and to pay the expenses of the employees and justified expenses of the commission's  
17 members must be paid from ~~a levy on the taxable value of all taxable property within the district~~ sales and use  
18 tax revenue received under [section 1] and revenue received based on a supplemental funding request to the  
19 critical needs assessment commission as provided in [section 11]."

20

21 **Section 410.** Section 76-2-205, MCA, is amended to read:

22 **"76-2-205. Procedure for adoption of regulations and boundaries.** The board of county  
23 commissioners shall observe the following procedures in the establishment or revision of boundaries for zoning  
24 districts and in the adoption or amendment of zoning regulations:

25 (1) Notice of a public hearing on the proposed zoning district boundaries and of regulations for the zoning  
26 district must:

27 (a) state:

28 (i) the boundaries of the proposed district;

29 (ii) the general character of the proposed zoning regulations;

30 (iii) the time and place of the public hearing;

1 (iv) that the proposed zoning regulations are on file for public inspection at the office of the county clerk  
2 and recorder;

3 (b) be posted not less than 45 days before the public hearing in at least five public places, including but  
4 not limited to public buildings and adjacent to public rights-of-way, within the proposed district; and

5 (c) be published once a week for 2 weeks in a newspaper of general circulation within the county.

6 (2) At the public hearing, the board of county commissioners shall give the public an opportunity to be  
7 heard regarding the proposed zoning district and regulations.

8 (3) After the public hearing, the board of county commissioners shall review the proposals of the planning  
9 board and shall make any revisions or amendments that it determines to be proper.

10 (4) The board of county commissioners may pass a resolution of intention to create a zoning district and  
11 to adopt zoning regulations for the district.

12 (5) The board of county commissioners shall publish notice of passage of the resolution of intention once  
13 a week for 2 weeks in a newspaper of general circulation within the county. The notice must state:

14 (a) the boundaries of the proposed district;

15 (b) the general character of the proposed zoning regulations;

16 (c) that the proposed zoning regulations are on file for public inspection at the office of the county clerk  
17 and recorder;

18 (d) that for 30 days after first publication of this notice, the board of county commissioners will receive  
19 written protests to the creation of the zoning district or to the zoning regulations from persons owning real property  
20 within the district whose names appear on the last-completed assessment roll of the county.

21 (6) Within 30 days after the expiration of the protest period, the board of county commissioners may in  
22 its discretion adopt the resolution creating the zoning district or establishing the zoning regulations for the district.  
23 ~~However, if 40% of the real property owners within the district whose names appear on the last-completed~~  
24 ~~assessment roll or if real property owners representing 50% of the titled property ownership whose property is~~  
25 ~~taxed for agricultural purposes under 15-7-202 or whose property is taxed as forest land under Title 15, chapter~~  
26 ~~44, part 1, have protested the establishment of the district or adoption of the regulations, the board of county~~  
27 ~~commissioners may not adopt the resolution and a further zoning resolution may not be proposed for the district~~  
28 ~~for a period of 1 year."~~

29

30 **Section 411.** Section 76-5-1113, MCA, is amended to read:

1           ~~"76-5-1113. Special assessments Funding for operation and maintenance authorized.~~ (1) Any city,  
 2 town, or county that ~~shall establish~~ establishes a water conservation or flood control system, or both, pursuant  
 3 to this part may request funding from the critical needs assessment commission provided for in [section 11] for  
 4 the purpose of providing funds for the operation and maintenance thereof ~~levy an annual special assessment~~  
 5 against all real property in the area benefiting from such system.

6           ~~(2) Such special assessments for the operation and maintenance of any system authorized by this part~~  
 7 ~~shall be levied as are other special improvement levies as required by law."~~

8

9           **Section 412.** Section 76-5-1116, MCA, is amended to read:

10           ~~"76-5-1116. Determination of fees and charges Funding.~~ (1) In fixing the rate, fee, toll, or rent for  
 11 water furnished for household use, domestic use, irrigation use, industrial use, and municipal use and for water  
 12 used for streamflow stabilization, the governing body shall charge a fee sufficient to pay the proportionate share  
 13 of the repairs, maintenance, and operating expenses as the use bears in economic value to the total economic  
 14 value of the total use of the facilities of the project or projects. The economic value is to be determined by the  
 15 governing body:

16           ~~———(2) For the benefits received by areas within the boundaries of the project or projects for flood prevention,~~  
 17 ~~flood control, and pollution abatement, the~~ The governing body shall determine a reasonable valuation or charge.  
 18 ~~The valuation or charge must be certified by the governing body to the county commissioners prior to the time~~  
 19 ~~general taxes are levied and assessed. Subject to 15-10-420, the county commissioners shall levy a special~~  
 20 ~~assessment as provided for in 76-5-1113 and 76-5-1114 against the area or areas sufficient to provide revenue~~  
 21 utilize sales and use tax revenue allocated under [section 1] and revenue received based on a supplemental  
 22 funding request to the critical needs assessment commission as provided in [section 11] for the repairs,  
 23 maintenance, and operating expenses of the project.

24           ~~(3) For recreation use the governing body shall first determine the share of the costs of operation,~~  
 25 ~~repairs, and depreciation to be charged against recreation uses and from this figure shall subtract the estimated~~  
 26 ~~amount of fees and tolls collected for recreation uses. The deficiency, if any, must be certified to the county~~  
 27 ~~commissioners, and subject to 15-10-420, special assessments must~~ may be levied by the county commissioners  
 28 in the manner provided in this section."

29

30           **Section 413.** Section 76-5-1117, MCA, is amended to read:

1           **"76-5-1117. Bonds authorized -- procedure.** Cities, towns, and counties are authorized to contract  
 2 indebtedness and to issue special improvement district or rural improvement district bonds to provide funds for  
 3 the payment of the cost of improvements contemplated by this part by following the procedures established for  
 4 the issuance of such bonds under the provisions of Title 7, chapter 12, part 42, as to cities and towns and Title  
 5 7, chapter 12, part 21, as to counties. Payment and security for the bonds shall be provided by following the  
 6 following procedures:

7           (1) ~~Tax assessments~~ Funding for the payment of the bonds shall be levied in accordance with Title 7,  
 8 ~~chapter 12, parts 41 and 42, or Title 7, chapter 12, part 21, as to cities and counties, respectively, or 76-5-1114(1)~~  
 9 is provided through sales and use tax revenue distributed by the state to cities and counties.

10           (2) A revolving fund, to be pledged for the security of the bonds, must be established pursuant to the  
 11 provisions of Title 7, chapter 12, part 42, as to cities and towns, and Title 7, chapter 12, part 21, as to counties,  
 12 by the governing body authorizing the issuance of the bonds."

13

14           **Section 414.** Section 76-6-109, MCA, is amended to read:

15           **"76-6-109. Powers of public bodies -- county real property acquisition procedure maintained.** (1)

16 A public body has the power to carry out the purposes and provisions of this chapter, including the following  
 17 powers in addition to others granted by this chapter:

18           (a) to borrow funds and make expenditures necessary to carry out the purposes of this chapter;

19           (b) to advance or accept advances of public funds;

20           (c) to apply for and accept and use grants and any other assistance from the federal government and  
 21 any other public or private sources, to give security as may be required, to enter into and carry out contracts or  
 22 agreements in connection with the assistance, and to include in any contract for assistance from the federal  
 23 government conditions imposed pursuant to federal laws as the public body may consider reasonable and  
 24 appropriate and that are not inconsistent with the purposes of this chapter;

25           (d) to make and execute contracts and other instruments necessary or convenient to the exercise of its  
 26 powers under this chapter;

27           (e) in connection with the real property acquired or designated for the purposes of this chapter, to provide  
 28 or to arrange or contract for the provision, construction, maintenance, operation, or repair by any person or  
 29 agency, public or private, of services, privileges, works, streets, roads, public utilities, or other facilities or  
 30 structures that may be necessary to the provision, preservation, maintenance, and management of the property

1 as open-space land;

2 (f) to insure or provide for the insurance of any real or personal property or operations of the public body  
3 against any risks or hazards, including the power to pay premiums on the insurance;

4 (g) to demolish or dispose of any structures or facilities that may be detrimental to or inconsistent with  
5 the use of real property as open-space land; and

6 (h) to exercise any of its functions and powers under this chapter jointly or cooperatively with public  
7 bodies of one or more states, if they are authorized by state law, and with one or more public bodies of this state  
8 and to enter into agreements for joint or cooperative action.

9 (2) For the purposes of this chapter, the state, a city, town, or other municipality, or a county may:

10 (a) appropriate funds;

11 (b) ~~subject to 15-10-420~~, levy taxes permitted by law, other than property taxes and assessments, and  
12 request funding from the critical needs assessment commission provided for in [section 11] according to existing  
13 codes and statutes;

14 (c) issue and sell its general obligation bonds in the manner and within the limitations prescribed by the  
15 applicable laws of the state, subject to subsection (3); and

16 (d) exercise its powers under this chapter through a board or commission or through the office or officers  
17 that its governing body by resolution determines or as the governor determines in the case of the state.

18 ~~(3) Property taxes levied to pay the principal and interest on general obligation bonds issued by a city,~~  
19 ~~town, other municipality, or county pursuant to this chapter may not be levied against the following property:~~

20 ~~—— (a) agricultural land eligible for valuation, assessment, and taxation as agricultural land under 15-7-202;~~

21 ~~—— (b) forest land as defined in 15-44-102;~~

22 ~~—— (c) all agricultural improvements on agricultural land referred to in subsection (3)(a);~~

23 ~~—— (d) all noncommercial improvements on forest land referred to in subsection (3)(b); and~~

24 ~~—— (e) agricultural implements and equipment described in 15-6-138(1)(a).~~

25 ~~(4)(3)~~ This chapter does not supersede the provisions of 7-8-2202."

26

27 **Section 415.** Section 76-15-501, MCA, is amended to read:

28 **"76-15-501. Financial management.** A conservation district and the supervisors of the conservation  
29 district may:

30 (1) borrow money and incur indebtedness and issue bonds or other evidence of indebtedness;

- 1 (2) refund or retire an indebtedness or lien against the district or property of the district;
- 2 (3) establish and collect rates, fees, tolls, rents, or other charges for the use of facilities or for services
- 3 or materials provided. Revenue from these sources may be expended in carrying out the purposes and provisions
- 4 of this chapter.
- 5 (4) ~~subject to 15-10-420, levy taxes~~ request funding from the critical needs assessment commission
- 6 provided for in [section 11] as provided in this part to pay any obligation of the district and to accomplish the
- 7 purposes of this chapter as provided in this chapter;
- 8 (5) apply for and receive federal revenue sharing funds in order to carry out the purposes and provisions
- 9 of this chapter;
- 10 (6) establish a conservation practice loan program as provided in this part; or
- 11 (7) apply for, accept, administer, and expend funds, grants, and loans from the state or federal
- 12 government or any other source."

13

14 **Section 416.** Section 76-15-505, MCA, is amended to read:

- 15 **"76-15-505. Authorization to borrow money -- limitations.** (1) ~~If, after the levy of the annual~~
- 16 ~~assessments for the current year,~~ the board of supervisors finds that, because of some unusual or unforeseen
- 17 cause, funds raised ~~through the collection of the assessments and from other sources~~ will not be sufficient for
- 18 the proper maintenance and operation of the district and the works in the district, the board of supervisors may:
- 19 (a) borrow additional funds needed in an amount not to exceed 50 cents per acre for the lands within
- 20 the district and may pledge the credit of the district for the payment of the funds; or
- 21 (b) request the county commissioners to issue and register warrants in anticipation of further collections.
- 22 (2) ~~Subject to 15-10-420, the~~ The board of supervisors shall ~~include in the levy for the ensuing year the~~
- 23 ~~amount required~~ utilize sales and use tax revenue allocated under [section 1] and revenue received based on
- 24 a supplemental funding request to the critical needs assessment commission as provided in [section 11] to pay
- 25 the loan or to retire the warrants. ~~The warrants may not exceed 90% of the assessment for the year."~~

26

27 **Section 417.** Section 76-15-516, MCA, is amended to read:

- 28 **"76-15-516. Levy of regular and special assessments Funding requests.** ~~(1) Subject to 15-10-420,~~
- 29 ~~the~~ The board of county commissioners of each county in which any portion of the district lies may, ~~annually at~~
- 30 ~~the time of levying county taxes,~~ levy an assessment on the taxable real property within the district. The levy must



1 be known as the ".... (name of district) conservation district regular assessment" and must be sufficient to raise  
 2 the amount reported to the county commissioners in the estimate of the supervisors.

3 ~~—— (2) Subject to the conditions of 15-10-420, 76-15-531, and 76-15-532, the board of county~~  
 4 ~~commissioners of each county in which any portion of the district lies may, annually at the time of levying county~~  
 5 ~~taxes, levy an assessment on the taxable real property within the district. The levy must be known as the "....~~  
 6 ~~(name of district) conservation district special administrative assessment" and must be sufficient to raise the~~  
 7 ~~amount reported to the county commissioners in the estimate of the supervisors.~~

8 ~~—— (3) Subject to 15-10-420, the board of county commissioners of each county in which any portion of a~~  
 9 ~~project area lies may, annually at the time of levying county taxes, levy an assessment on the taxable value of~~  
 10 ~~all taxable property located within the project area. The levy must be known as ".... (name of the project area)~~  
 11 ~~special assessment" and must be sufficient to raise the amount reported to the county commissioners in the~~  
 12 ~~estimate of the supervisors utilize sales and use tax revenue allocated under [section 1] and revenue received~~  
 13 ~~based on a supplemental funding request to the critical needs assessment commission as provided in [section~~  
 14 ~~11]."~~

15  
 16 **Section 418.** Section 76-15-518, MCA, is amended to read:  
 17 **"76-15-518. Certification of assessment to department of revenue -- entry on property tax record**  
 18 **Request for funding.** ~~Subject to 15-10-420, the~~ The board of county commissioners of each county in which any  
 19 portion of the district is situated may levy the assessment provided in part 6 or this part. The assessment must  
 20 be certified to the department of revenue and entered on the property tax record of each county request funding  
 21 from the critical needs assessment commission provided for in [section 11]."

22  
 23 **Section 419.** Section 76-15-520, MCA, is amended to read:  
 24 **"76-15-520. Liability of county officers.** The county officers ~~referred to in 76-15-519~~ are liable on their  
 25 several official bonds for the faithful discharge of their duties under this part and part 6."

26  
 27 **Section 420.** Section 76-15-527, MCA, is amended to read:  
 28 **"76-15-527. Purpose of expenditures.** All money collected under 76-15-511 through 76-15-514,  
 29 76-15-516 through 76-15-518, 76-15-520 through 76-15-526, and 76-15-531, ~~and 76-15-532~~ must be expended  
 30 for the purposes provided in Title 76, chapter 15."

1

2 **Section 421.** Section 76-15-531, MCA, is amended to read:

3 **"76-15-531. Special administrative assessment funding request permitted--voter approval.** (1) ~~(a)~~

4 In addition to the ~~levy authorized in 76-15-515 and 76-15-516(3)~~ sales and use tax allocated under [section 1],  
 5 the supervisors of a conservation district may ~~levy an annual special administrative assessment request funding~~  
 6 for administrative costs and expenses of the district if ~~the qualified electors of the district approve the imposition~~  
 7 ~~of the additional assessment at an election held as provided in 15-10-425~~ from the critical needs assessment  
 8 commission as provided in [section 11].

9 ~~\_\_\_\_\_ (b) Nonmill-levy revenue that is distributed based on the relative proportion of mill levies may not be~~  
 10 ~~distributed to the special administrative assessment.~~

11 (2) ~~The special administrative assessment question~~ supplemental revenue request may be presented  
 12 to the ~~qualified electors of the district~~ critical needs assessment commission by resolution of the supervisors.

13 ~~\_\_\_\_\_ (3) If the conservation district is located in more than one county, the special administrative assessment~~  
 14 ~~question must be presented to and approved by the qualified electors who reside in the district from each county.~~

15 ~~(4)~~(3) The resolution referring the special administrative assessment ~~question~~ request to the critical  
 16 needs assessment commission must state:

17 ~~\_\_\_\_\_ (a) the rate of the assessment;~~

18 ~~\_\_\_\_\_ (b) the amount of money anticipated to be raised by the assessment; and~~

19 ~~\_\_\_\_\_ (c) the purposes for which the special administrative assessment revenue may be used."~~

20

21 **Section 422.** Section 76-15-623, MCA, is amended to read:

22 **"76-15-623. Administration of special assessment.** (1) ~~Subject to 15-10-420, when the board or~~

23 ~~boards of supervisors have determined that a special assessment is necessary, the~~ The board of county  
 24 commissioners of the county in which there lies any portion of a project area may ~~annually at the time of levying~~  
 25 ~~county taxes levy a special assessment on the taxable value of all taxable property in the project area. The levy~~  
 26 ~~must be known as the ".... (name of district) soil and water conservation district special assessment" and must~~  
 27 ~~be sufficient to raise the income reported to it in the estimate of the supervisors~~ request supplemental funding  
 28 from the critical needs assessment commission as provided in [section 11] after taking sales and use tax revenue  
 29 projected under subsection (3) into consideration.

30 (2) Each lot or parcel of land to be assessed must be assessed with that part of the amount of money

1 required that its taxable value bears to the total taxable value of all the lands to be assessed.

2 (3) The board of county commissioners may utilize sales and use tax revenue allocated under [section  
3 11.]"

4

5 **Section 423.** Section 76-15-624, MCA, is amended to read:

6 **"76-15-624. Disposition of funds -- insufficient revenue funds.** (1) Funds produced each year by ~~this~~  
7 ~~special tax levy shall be the funding request provided for in 76-15-623 are~~ available until spent.

8 (2) If ~~this special tax levy~~ a request in any year does not produce sufficient ~~revenue funding~~ to pay the  
9 project area expenses, a fund sufficient to pay the same may be accumulated."

10

11 **Section 424.** Section 77-1-208, MCA, is amended to read:

12 **"77-1-208. Cabin site licenses and leases -- method of establishing value.** (1) The board shall set  
13 the annual fee based on full market value for each cabin site and for each licensee or lessee who at any time  
14 wishes to continue or assign the license or lease. The fee must attain full market value based on one of the  
15 following methods:

16 (a) appraisal of the cabin site value as determined by the department of revenue. The licensee or lessee  
17 has the option to pay the entire fee on March 1 or to divide the fee into two equal payments due March 1 and  
18 September 1. ~~The value may be increased or decreased as a result of the statewide reappraisal of property~~  
19 ~~pursuant to 15-7-111.~~ An appeal of a cabin site value determined by the department of revenue must be  
20 conducted pursuant to Title 15, chapter 15.

21 (b) establishing full rental market value through the use of an open competitive bidding process as  
22 provided in 77-1-235.

23 (2) A current licensee or lessee may complete or renew the licensee's or lessee's current lease based  
24 on valuation methods provided in subsection (1)(a), or at the end of the lease or license contract, the licensee  
25 or lessee may choose to proceed with the valuation option provided in subsection (1)(b).

26 (3) The board shall set the fee of each initial cabin site license or lease or each current cabin site license  
27 or lease of a person who does not choose to retain the license or lease. The initial fee must be based upon a  
28 system of competitive bidding. The fee for a person who wishes to retain that license or lease must be determined  
29 under the method provided for in subsection (1).

30 (4) (a) Subject to subsection (4)(b), the board shall follow the procedures set forth in 77-6-302, 77-6-303,

1 and 77-6-306 for the disposal or valuation of any fixtures or improvements placed upon the property by the  
 2 then-current licensee or lessee and shall require the subsequent licensee or lessee whose bid is accepted by  
 3 the board to purchase those fixtures or improvements in the manner required by the board.

4 (b) (i) A subsequent licensee or lessee may not take occupancy unless the license or lease contract and  
 5 the sale of improvements have been finalized. If a winning bidder has been identified and the transaction for the  
 6 sale of the improvements is in process, the current lessee shall pay a prorated lease fee based on the current  
 7 lease until the date that the sale of the improvements is finalized.

8 (ii) The valuation of improvements must be applicable to residential property inclusive of all  
 9 improvements.

10 (iii) A licensee or lessee may assign or rent any improvements.

11 (iv) Within 3 years of canceling, terminating, or abandoning a cabin site lease, the owner of the  
 12 improvements shall sell the improvements, remove the improvements, or transfer ownership of the improvements  
 13 to the state. If ownership is transferred to the state, proceeds from the sale of the improvements must be paid  
 14 to the owner who transferred the improvements. The board shall set the conditions of the sale of transferred  
 15 improvements in order to sell the improvements in an expedient manner."

16

17 **Section 425.** Section 77-1-218, MCA, is amended to read:

18 **"77-1-218. Public school land acquisition account.** (1) There is a public school land acquisition  
 19 account in the state special revenue fund established in 17-2-102. The account must be administered by the  
 20 department.

21 (2) Money in the account may be used only for the purpose of purchasing and managing interests in and  
 22 appurtenances to real property in accordance with 77-1-219.

23 (3) After deductions are made pursuant to 77-1-109 and 77-1-613, the net interest and income earned  
 24 on real property and appurtenances purchased with funds from the account must be distributed to the ~~school~~  
 25 ~~facility and technology~~ guarantee account provided for in ~~20-9-516~~ 20-9-622."

26

27 **Section 426.** Section 80-12-102, MCA, is amended to read:

28 **"80-12-102. Definitions.** (1) As used in this chapter, the following definitions apply:

29 ~~(a) "Agricultural land" means land actively devoted to agricultural use as defined in 15-7-202.~~

30 ~~(b)~~(a) "Authority" means the department of agriculture provided for in 2-15-3001.

1           ~~(c)~~(b) "Bonds" means bonds or bond anticipation notes issued by the authority under the provisions of  
2 this chapter.

3           (2) References to the authority's property, revenues, or assets apply only to property, revenues, and  
4 assets generated by the Montana agricultural loan authority program, not those owned or generated by any other  
5 program or property over which the authority exercises general authority, direction, and control."

6

7           **Section 427.** Section 81-8-504, MCA, is amended to read:

8           **"81-8-504. Tax-levy Funding request authorized.** For the purpose of defraying the costs of purebred  
9 livestock shows and purebred livestock sales, the county commissioners may, ~~subject to 15-10-420, levy a tax~~  
10 ~~on the taxable value of all taxable property in the county~~ request funding from the critical needs assessment  
11 commission provided for in [section 11]. The ~~taxes~~ funds must be paid into the general fund of the county."

12

13           **Section 428.** Section 85-3-412, MCA, is amended to read:

14           **"85-3-412. Petition content.** (1) The petition for the creation of a weather modification authority and for  
15 appointment of commissioners must contain:

16           (a) a title with the heading "Petition for Creation of (insert name of county) Weather Modification  
17 Authority";

18           (b) the following paragraph: We, the undersigned qualified electors of (name of county), state of  
19 Montana, request that the (name of county) board of county commissioners create by resolution a (name of  
20 county) weather modification authority and appoint the following five qualified electors of the county to 5-year  
21 terms of office as commissioners for the (name of county) weather modification authority:

22           (Here insert the name and address of each proposed commissioner for the (name of county) weather  
23 modification authority.)

24           (c) the following paragraph: We, the undersigned qualified electors of the (name of county), state of  
25 Montana, are notified that the creation of the (name of county) weather modification authority and the appointment  
26 of its commissioners by the (name of county) board of county commissioners will grant the authority the power  
27 to certify to the board of county commissioners a ~~mill levy tax upon the taxable value of all taxable property in the~~  
28 ~~county~~ request for funding from the critical needs assessment commission provided for in [section 11] for a  
29 weather modification fund. ~~The tax is subject to 15-10-420.~~ The weather modification fund must be used for  
30 weather modification activities as provided by 85-3-424. We, the undersigned, understand that the authority

1 requested in this petition expires 5 years after the creation of the weather modification authority, except that the  
 2 board of county commissioners may by resolution create a weather modification authority and all its powers,  
 3 including the power to ~~certify a tax levy as provided in 85-3-422~~, request funding for one or more 5-year periods  
 4 in accordance with 85-3-414.

5 (d) a heading, "Committee for Petitioners", followed by this statement: The following electors of (name  
 6 of county), state of Montana, are authorized to represent and act for us and shall constitute the "Committee for  
 7 the Petitioners" in the matter of this petition and all acts subsequent to this petition.

8 (2) All signatures to the petition must be numbered and dated by month, day, and year. The name must  
 9 be written, with residence address and post-office address, including the county of residence.

10 (3) An affidavit must be attached to each petition and sworn to under oath before a notary public by the  
 11 person circulating each petition, attesting to the fact that the person circulated the petition and that each of the  
 12 signatures to the petition is the genuine signature of the person whose name it purports to be and that each  
 13 person is a qualified elector in the county in which the petition was circulated."  
 14

15 **Section 429.** Section 85-3-414, MCA, is amended to read:

16 **"85-3-414. Creation of authority by resolution.** (1) When an authority is about to expire, the board of  
 17 county commissioners may by resolution authorize the creation of such weather modification authority and all its  
 18 powers, including the power to ~~certify a tax levy~~ request funding as provided by 85-3-422, for an additional 5-year  
 19 period if the resolution authorizing the creation of such authority is adopted by the board of county commissioners  
 20 before the date prescribed in the preceding resolution for its termination. Upon passing such resolution for the  
 21 creation of the authority, the board of county commissioners shall appoint five commissioners to 5-year terms of  
 22 office, subsequently filling vacancies in the manner prescribed by 85-3-411.

23 (2) The board may create the authority for subsequent 5-year periods by following the procedure  
 24 provided in this section."  
 25

26 **Section 430.** Section 85-3-415, MCA, is amended to read:

27 **"85-3-415. Creation of authority by vote after resolution of county commissioners.** The board of  
 28 county commissioners of any county may, by resolution after a public hearing, submit the question of the creation  
 29 of a weather modification authority to the electors of the county at the next countywide election. Upon approval  
 30 by a majority of the votes cast, the board of county commissioners shall pass a resolution creating an authority

1 as described in 85-3-411. Such an authority has all powers provided by this chapter, including the authority to  
 2 ~~levy a tax~~ request funding as provided by 85-3-422."

3

4 **Section 431.** Section 85-3-422, MCA, is amended to read:

5 **"85-3-422. Tax certified by Funding for weather modification authority -- disposition of proceeds.**

6 (1) The authority may ~~certify annually to the board of county commissioners a tax on the taxable value of all~~  
 7 ~~taxable property in the county~~ request funding from the critical needs assessment commission provided for in  
 8 [section 11] for a weather modification fund. ~~Subject to 15-10-420, the tax may be levied by the board of county~~  
 9 ~~commissioners.~~ The weather modification fund may be used only for weather modification activities as provided  
 10 by 85-3-424. The tax certified by the authority is limited to the period of existence of the authority.

11 (2) The money in the weather modification fund must be invested to earn interest at the rate most  
 12 advantageous to the fund, consistent with law and prudent business practice."

13

14 **Section 432.** Section 85-3-423, MCA, is amended to read:

15 **"85-3-423. County budget waived for first appropriation -- conditions.** If an emergency condition  
 16 requiring prompt expenditure occurs immediately after an authority has been created by resolution of the board  
 17 of county commissioners and after ~~certification of a mill levy~~ a request for funding by the authority, the county  
 18 commissioners may appropriate, from money not otherwise appropriated in the general fund, money necessary  
 19 to carry out the provisions of this part."

20

21 **Section 433.** Section 85-7-306, MCA, is amended to read:

22 **"85-7-306. Development of water supply -- levy for expenses.** The board of commissioners of such  
 23 irrigation district shall have authority to develop the source of supply and increase the means of distribution of  
 24 water to the end that all owners of water rights under the system shall receive the amount of water which can be  
 25 beneficially used upon their lands within the district. The board may ~~levy against each irrigable acre of land in the~~  
 26 ~~district on account of~~ request funding from the critical needs assessment commission provided for in [section 11]  
 27 for administrative expenses, cost of maintenance and repairs, development of water supply, or enlargement of  
 28 distribution facilities."

29

30 **Section 434.** Section 85-7-1972, MCA, is amended to read:

1           **"85-7-1972. State contracts -- assessments.** In any contract entered into between an irrigation district  
 2 and the state of Montana under 85-7-1971 through 85-7-1975, the board of commissioners shall, in compliance  
 3 with such contract, ~~levy assessments against the lands benefited by the contract within the district, including such~~  
 4 ~~deficiency assessments~~ request funding from the critical needs assessment commission provided for in [section  
 5 11] as will enable the district to meet established or anticipated delinquencies in making payments to the state  
 6 of Montana because of the failure of landowners to pay the assessments levied against their lands in the district."

7

8           **Section 435.** Section 85-7-2014, MCA, is amended to read:

9           **"85-7-2014. Procedure after election or petition filed.** Upon an election or the filing of the petition  
 10 pursuant to 85-7-2013, the board of commissioners shall, by appropriate order or resolution:

11           (1) authorize and direct the issuance of the bonds of the district to the amount and for the purpose or  
 12 purposes specified in the election or petition;

13           (2) fix the numbers, denominations, and maturity or maturities of the bonds;

14           (3) specify the rate of interest on the bonds and whether it is payable annually or semiannually;

15           (4) designate the place and method of payment of the bonds and the interest on the bonds, within or  
 16 outside the state of Montana;

17           (5) prescribe the form of the bonds; and

18           (6) ~~provide for the levy of a special tax or assessment as provided in this chapter on all the lands in the~~  
 19 ~~district or for a levy on a subdistrict if the bonds are issued on behalf of the subdistrict,~~ request funding from the  
 20 critical needs assessment commission provided for in [section 11] for the irrigation and benefit of which the district  
 21 or subdistrict was organized and the bonds are issued or the contract is to be made, sufficient in an amount to  
 22 pay the interest on and principal of the bonds when due and all amounts to be paid to the United States under  
 23 any contract between the district and the United States for which bonds of the district have not been deposited  
 24 with the United States as provided in 85-7-1906."

25

26           **Section 436.** Section 85-7-2016, MCA, is amended to read:

27           **"85-7-2016. Confirmation by district court.** (1) Within 10 days after the adoption of the order or  
 28 resolution mentioned in 85-7-2014, the board of commissioners shall file a petition in the district court of the  
 29 judicial district where the office of the board is located to determine the validity of the proceedings relative to the  
 30 issuance of the bonds and the ~~levy of the special tax or assessment~~ request for funding from the critical needs



1 assessment commission provided for in [section 11].

2 (2) The action must be in the nature of a proceeding in rem, and jurisdiction of all parties interested must  
3 be had by giving notice. The petition must set forth:

4 (a) generally, the establishment and organization of the district;

5 (b) a certified copy of the election results or petition provided for in 85-7-2013;

6 (c) a certified copy of the order or resolution provided for in 85-7-2014;

7 (d) a request for the confirmation of the proceedings of the board stated in the petition and for the  
8 confirmation of the bond issue and the special tax or assessment levied to pay the bonds and interest thereon."

9

10 **Section 437.** Section 85-7-2017, MCA, is amended to read:

11 **"85-7-2017. Hearing and procedure in the district court.** (1) Upon the filing of a petition in the district  
12 court, the court shall fix the time for the hearing of the petition, which may not be less than 15 days from the date  
13 of filing the petition in the court, and shall order the clerk of the court to give notice of the filing of the petition and  
14 the date of the hearing by publication at least once a week for 2 weeks in a newspaper published or of general  
15 circulation in the county where the office of the board of commissioners of the district is situated and also by  
16 posting a written or printed copy of the notice in at least three public places in each division of the district. The  
17 first publication and posting may be not less than 15 days prior to the date fixed for the hearing.

18 (2) The notice must state the substance of the petition and the time and place fixed for the hearing on  
19 the petition and that any person interested in or whose rights may be affected by the issuance or sale of the  
20 bonds, the ~~levy of the special tax or assessment~~ request for funding, or the proceedings had or to be had by the  
21 board of commissioners with respect to those matters may, on or before the day fixed for the hearing of the  
22 petition, answer the petition and may appear at the hearing and contest the granting of the request of the petition  
23 and the entry of any order of confirmation.

24 (3) The provisions of Title 25 respecting the answer to a verified complaint are applicable to an answer  
25 to the petition. The persons answering the petition are the defendants in the proceeding, and the board of  
26 commissioners is the plaintiff. Every material statement of the petition not specifically controverted by the answer  
27 must be taken as true, and every holder of title or evidence of title to lands included in the district failing to answer  
28 the petition is considered to admit as true all the material statements of the petition. The procedure in the action  
29 is determined by Title 25.

30 (4) A person interested in or whose rights may be affected by the issuance or sale of the bonds, the ~~levy~~

1 ~~of the special tax or assessment~~ request for funding, or the proceedings had or to be had by the board of  
 2 commissioners of the district in connection with the matters and the entry of any order of confirmation may enter  
 3 an appearance in the proceedings and answer the petition and contest the granting of the request of the petition."  
 4

5 **Section 438.** Section 85-7-2018, MCA, is amended to read:

6 **"85-7-2018. District court findings and order -- appeal.** (1) Upon the hearing, the district court shall  
 7 find and determine whether the provisions and requirements of the preceding section have been complied with  
 8 and whether notice of the filing of the petition in the district court and of the time and place of the hearing has  
 9 been given for the time and in the manner prescribed and may examine and determine the regularity, legality,  
 10 and validity of the proceedings preliminary and relative to the issuance of the bonds and the ~~levy of the special~~  
 11 ~~tax or assessment~~ request for funding in the petition mentioned and the legality and validity of the bonds and  
 12 special tax or assessment and all actions taken by the board of commissioners in connection with such matters  
 13 and shall hear all objections filed to the proceedings or any part thereof or to the issuance of the bonds or the ~~levy~~  
 14 ~~of the special tax or assessment~~ request for funding or any portion thereof. The court, in inquiring into the  
 15 regularity, legality, and validity of the proceedings, shall disregard any error, omission, or other irregularity which  
 16 does not affect the substantial rights of the parties to the proceedings. The court may ratify, approve, and confirm  
 17 the proceedings in whole or in part and may ratify, approve, and confirm the bonds and ~~special tax or assessment~~  
 18 request for funding and enter its judgment accordingly.

19 (2) From any such judgment, an appeal may be taken to the supreme court at any time within 10 days  
 20 from the entry of the judgment. The appeal shall be taken, perfected, and heard in the manner prescribed by Title  
 21 25 covering appeals from district courts to the supreme court. If no appeal is taken in time or if taken and the  
 22 judgment of the district court is affirmed by the supreme court, the judgment is final. The costs of the proceedings  
 23 shall be allowed or apportioned between the parties in the discretion of the court."  
 24

25 **Section 439.** Section 85-7-2101, MCA, is amended to read:

26 **"85-7-2101. ~~Tax or assessment~~ Supplemental funding to pay bonds and interest.** (1) All bonds and  
 27 the interest ~~thereon~~ issued under this chapter and all payments due or to become due to the United States under  
 28 any contract between the district and the United States for which the bonds of the district have not been deposited  
 29 with the United States as provided in 85-7-1906 must be paid by revenue derived from ~~a special tax or~~  
 30 ~~assessment levied upon all the lands included in the district, or upon all lands in a subdistrict of the district if the~~

1 bonds are issued by the district on behalf of the subdistrict, except upon those lands that have been included in  
 2 the district or subdistrict on account of the exchange or substitution of water under the provisions of 85-7-1912  
 3 sales and use tax revenue received under [section 1] and a supplemental funding request under [section 11]. All  
 4 lands in the district, or in a subdistrict if the bonds are issued on behalf of the subdistrict, at the time the bonds  
 5 are issued and all lands subsequently included which are chargeable under the provisions of this chapter remain  
 6 liable to be taxed and assessed for the payment of the bonds and interest and all payments due or to become  
 7 due to the United States under any contract between the district and the United States for which bonds of the  
 8 district have not been deposited with the United States as provided in 85-7-1906.

9 (2) The board of commissioners of the district, in the order or resolution authorizing and directing the  
 10 issuance of bonds of the district mentioned in 85-7-2014, shall provide for the ~~annual levy and collection of a~~  
 11 ~~special tax or assessment upon all the lands included in the district, or in a subdistrict if the bonds are to be~~  
 12 ~~issued on behalf of the subdistrict, and subject to taxation and assessment;~~ request for funding from the critical  
 13 needs assessment commission provided for in [section 11] sufficient in amount to meet the interest on the bonds  
 14 promptly when and as the interest accrues and to discharge the principal of the bonds at their maturity or  
 15 respective maturities and to meet all payments due or to become due to the United States under any contract  
 16 between the district and the United States for which bonds of the district have not been deposited with the United  
 17 States as provided in 85-7-1906, at the times the payments by the contract become due and payable."

18

19 **Section 440.** Section 85-7-2102, MCA, is amended to read:

20 **"85-7-2102. Added lands to pay proportional share of bonded indebtedness.** (1) Where a district  
 21 or subdistrict is extended after the construction of works of irrigation, including drainage works, to include other  
 22 irrigable lands, ~~the included lands are~~ sales and use tax revenue is chargeable with the proportion of the bonded  
 23 indebtedness incurred or authorized to be incurred by any district or subdistrict and the proportion of the  
 24 indebtedness incurred under any contract between the district and the United States for which bonds of the  
 25 district have not been deposited with the United States as provided in 85-7-1906, as the district court shall order,  
 26 as provided in 85-7-1808 through 85-7-1811 and 85-7-1841 through 85-7-1845. The board of commissioners of  
 27 the district shall ~~provide for the levy of a special tax or assessment against the included lands on account of~~  
 28 request funding from the critical needs assessment commission provided for in [section 11] for the bonds and the  
 29 interest on the bonds and on account of any payments under any contracts between the district and the United  
 30 States for which bonds of the district have not been deposited with the United States as provided in 85-7-1906.

1           (2) The ~~special tax or assessment shall be levied and collected as and in the manner as the special tax~~  
2 ~~assessment against the lands of the original district or subdistrict on account of~~ requested funding may be used  
3 for the payments under any contract between the district and the United States for which bonds of the district  
4 have not been deposited with the United States as provided in 85-7-1906, and on account of which the bonds  
5 and the interest on the bonds is provided for, ~~levied, and collected~~. Upon the extending of any district or  
6 subdistrict, the total of the bond indebtedness or indebtedness due to the United States shall be reapportioned,  
7 spread, and equalized upon and over the entire area, as provided in 85-7-2021."

8

9           **Section 441.** Section 85-7-2103, MCA, is amended to read:

10           **"85-7-2103. All irrigable lands chargeable alike.** (1) (a) All irrigable lands in each irrigation district and  
11 all lands in each subdistrict of the district, except those lands that are included within the district because of the  
12 exchange or substitution of water under the provisions of 85-7-1912, must pay at the same rate for all purposes  
13 for which the lands are charged, except as otherwise provided by law. There may be an administrative charge  
14 of \$5 to \$75 against each separately owned tract of land regardless of its size, as provided in 85-7-2104. The  
15 administrative charge is in addition to the annual tax levied under 85-7-2104.

16           (b) The administrative charge allowed pursuant to subsection (1)(a) may exceed \$75, but if the charge  
17 exceeds \$75, the charge must be determined based on the actual costs for administration of the district or  
18 subdistrict and the actual costs of distribution of water.

19           (2) Whenever water used for the irrigation of any lands within an irrigation district or subdistrict is  
20 obtained by pumping to different elevations, the cost of maintenance, operation, and pumping to each separate  
21 elevation must be apportioned and levied upon the lands lying under the ditch or ditches running from that  
22 particular elevation, in a manner determined fair and equitable by the board of commissioners after considering  
23 the facts in each case. This apportionment must be made by the board of commissioners and included each year  
24 in the assessment provided for by 85-7-2104. The amount of the assessment for maintenance, operation, and  
25 pumping of water to each separate elevation, whenever there are different elevations, must be determined by  
26 the board in a manner and upon notice to the persons interested in the district or subdistrict as the board in its  
27 rules may provide.

28           (3) Whenever a contract has been made with the United States, the lands within the district or of a  
29 subdistrict if the contract substantially benefits the subdistrict, whether originally included or later annexed to the  
30 district or subdistrict, must pay in accordance with the federal reclamation laws and the public notices, orders,

1 and regulations issued under the reclamation laws and in compliance with any contracts made by the United  
 2 States with the owners of the lands and in compliance with the contract between the districts and the United  
 3 States.

4 (4) Whenever a contract has been made with the state of Montana, the lands within the district or of a  
 5 subdistrict if the contract substantially benefits the subdistrict, whether originally included or later annexed to the  
 6 district or subdistrict, must pay in accordance with state laws and public notices and rules issued under the laws  
 7 and in compliance with any contract made by the state with the owners of the lands and in compliance with the  
 8 contract between the district and the state.

9 (5) Whenever the works necessary for the completed project are constructed progressively over a period  
 10 of years and whenever a portion of the lands within the district are or can be irrigated 1 year or more before the  
 11 completion of the entire project, those lands irrigated or that can be irrigated through the built portion of the project  
 12 must pay for the cost of operating that portion of the project serving them with irrigation water and must also pay  
 13 the portion of the interest charges as its irrigable area bears to the irrigable area of the entire project.

14 (6) Whenever lands have appurtenant to the land a partial water right or partial rights in a system of  
 15 irrigation other than that of the district or subdistrict, the amounts payable must be equitably apportioned.

16 (7) Whenever the owners of a portion of the lands within an irrigation district choose to install a gravity  
 17 system to irrigate those lands, the cost of constructing the gravity system must be apportioned among and levied  
 18 upon the lands irrigated by the gravity system in a manner determined to be equitable by the board. ~~The levy must~~  
 19 ~~be included each year in the assessment charged under 85-7-2104."~~

20

21 **Section 442.** Section 85-7-2104, MCA, is amended to read:

22 **"85-7-2104. Annual tax levy funding -- apportionment when tracts divided.** (1) (a) On or before the  
 23 first Monday in August each year, the board of commissioners of each irrigation district organized under parts  
 24 1 and 15 shall ascertain:

25 (i) the total amount required to be ~~raised~~ requested in that year for the general administrative expenses  
 26 of the district, including the cost of maintenance and repairs; and

27 (ii) the total amount to be ~~raised~~ requested that year for interest on and principal of the outstanding  
 28 bonded or other indebtedness of the district for which bonds of the district have not been deposited with the  
 29 United States as provided in 85-7-1906.

30 (b) The board shall ~~levy against each 40-acre tract or fractional lot, as designated by United States~~

1 government survey, or platted lot if land is subdivided in lots and blocks (or where land is owned in less than  
 2 40-acre tracts or in less than the platted lot, against each tract) in the district, that portion of the respective total  
 3 amounts to be raised that the total irrigable area of any tract or lot bears to the total irrigable area of the lands in  
 4 the district, so that each acre of irrigable land in the district is assessed and required to pay the same amount as  
 5 every other acre of irrigable land in the district, unless otherwise specifically provided by the board request  
 6 funding from the critical needs assessment commission provided for in [section 11]. The board may also charge  
 7 the administrative charge authorized in 85-7-2103(1).

8 (c) Indebtedness under subsection (1) includes debt incurred under any contract between the district  
 9 and the United States but excludes any indebtedness incurred by the district on behalf of a subdistrict.

10 (2) (a) On or before the first Monday in August each year, the board of commissioners of each irrigation  
 11 district organized under parts 1 and 15 for which a subdistrict has been created pursuant to 85-7-404 shall  
 12 determine the total amount to be ~~raised~~ requested that year for interest and principal payments on the outstanding  
 13 bonded or other indebtedness of the district incurred on behalf of the subdistrict.

14 (b) The board shall ~~levy against each 40-acre tract or fractional lot, as designated by United States~~  
 15 ~~government survey, or platted lot if land is subdivided in lots and blocks (or where land is owned in less than~~  
 16 ~~40-acre tracts or in less than the platted lot, against each tract) in the subdistrict, the portion of the total amount~~  
 17 ~~to be raised apportioned according to the ratio of the total irrigable area of the tract or lot to the total irrigable area~~  
 18 ~~of the lands in the subdistrict, so that each acre of irrigable land in the subdistrict is assessed and required to pay~~  
 19 ~~the same amount as every other acre of irrigable land in the subdistrict, unless otherwise specifically provided~~  
 20 ~~by the board~~ request funding from the critical needs assessment commission provided for in [section 11]. The  
 21 board may also charge the administrative charge authorized in 85-7-2103(1).

22 (3) ~~If the ownership of any 40-acre tract or other subdivision of land in the district or subdistrict is divided~~  
 23 ~~after a special tax or assessment against the land has been levied, each of the owners of a tract or subdivision~~  
 24 ~~is entitled to have the special tax or assessment equitably apportioned to and against the divisions of the tract~~  
 25 ~~or subdivision, so that each owner is enabled to pay a special tax or assessment against the owner's portion of~~  
 26 ~~the tract or subdivision and have the land discharged from the lien. The charge against any separately owned~~  
 27 ~~tract of land may not be less than \$5.~~

28 ~~————(4) The board of commissioners of an irrigation district or the board of county commissioners on behalf~~  
 29 ~~of a district may not levy property taxes as provided in Title 15, chapter 6, for district administration, operations,~~  
 30 ~~debt service, or any other district purpose."~~

1

2 **Section 443.** Section 85-7-2118, MCA, is amended to read:

3 **"85-7-2118. United States contracts -- cancellation of assessment request on amended contracts.**

4 In any case where the board of commissioners of any irrigation district has ~~made a levy or assessment~~ requested  
 5 funding under the provisions of 85-7-2104 through 85-7-2104 and 85-7-2106 and included therein any amount  
 6 due the United States under any contract or agreement for the purchase of any irrigation works or for the  
 7 operation and maintenance of any irrigation works, while acting as fiscal agent for the United States, or under  
 8 any authorization of the district by the United States to make collections of moneys for or on behalf of the United  
 9 States in connection with any federal reclamation project, as provided in 85-7-1906, and the United States shall  
 10 thereafter modify or supplement such contract or agreement so as to eliminate certain charges under said  
 11 contract or agreement or so as to make such charges due at a later date or dates than originally provided in said  
 12 contract or agreement, said board of commissioners are empowered to direct the cancellation of said ~~levy or~~  
 13 assessment request theretofore made to raise funds to pay the United States that are under such modification  
 14 or supplemental contract or agreement made due and payable at a later date or dates."  
 15

15

16 **Section 444.** Section 85-7-2119, MCA, is amended to read:

17 **"85-7-2119. United States contracts -- assessments request where district partly outside state.**

18 Where a contract has been entered into or may be hereafter entered into between an irrigation district and the  
 19 United States, the board of commissioners shall have the power to ~~levy assessments against all of the land within~~  
 20 ~~the district~~ request funding from the critical needs assessment commission provided for in [section 11] for any  
 21 and all of the purposes hereinbefore enumerated and, ~~in addition thereto, the power to levy assessments against~~  
 22 ~~any or all of the lands in said district in compliance with such contract.~~ Where irrigation works lie partly in the state  
 23 of Montana and partly in an adjacent state, the board of commissioners may contract with the district or districts  
 24 in the adjacent state for the mutual construction of works, operation and maintenance of works, drainage, and  
 25 other matters and things pertaining to said works and shall have the power to ~~levy assessments against any or~~  
 26 ~~all lands within the district~~ request funding from the critical needs assessment commission provided for in [section  
 27 11] necessary to carry out the provisions of such contract."  
 28

28

29 **Section 445.** Section 85-7-2132, MCA, is amended to read:

30 **"85-7-2132. Sinking fund for straight maturity bonds.** When straight maturity bonds are issued, the

1 board of commissioners of the district shall create and maintain a sinking fund sufficient to pay and discharge the  
 2 bonds at maturity. If the bonds are issued for 20 years or less, there shall be annually levied for the sinking fund  
 3 a special tax or assessment sufficient to produce a net amount represented by the quotient found by dividing the  
 4 aggregate amount of the principal of the bonds by the number of years the bonds have to run; but if the bonds  
 5 are issued for more than 20 years, it is not necessary to ~~levy a special tax or assessment~~ request funding from  
 6 the critical needs assessment commission provided for in [section 11] for sinking fund until the 20th year prior  
 7 to the maturity of the bonds, at which time and each year thereafter there shall be ~~levied and collected a special~~  
 8 ~~tax or assessment~~ requested funds sufficient to produce a net sum equal to one-twentieth part of the aggregate  
 9 amount of the principal of the bonds."

10

11 **Section 446.** Section 85-7-2137, MCA, is amended to read:

12 **"85-7-2137. Failure to levy or collect tax or assessment.** In the event that for any reason a ~~special~~  
 13 ~~tax or assessment provided for~~ request for funding from the critical needs assessment commission provided for  
 14 in [section 11] cannot or may not be ~~levied and collected~~ made in time to meet any interest falling due on any  
 15 bonds issued, the board of commissioners shall provide for and pay such interest when due, ~~either~~ out of any of  
 16 the funds in hand in the treasury of the district not otherwise appropriated ~~or by warrants drawn against the next~~  
 17 ~~district tax or assessment levied or to be levied. These warrants shall be in addition to those mentioned in~~  
 18 ~~85-7-2004."~~

19

20 **Section 447.** Section 85-7-2142, MCA, is amended to read:

21 **"85-7-2142. Misconduct in relation to bond funds.** (1) (a) Except as provided in subsection (1)(b),  
 22 when any officer or officers or board or body of officers of any irrigation district of the state are or shall be required  
 23 by law to ~~provide by a levy of taxes or by certifying~~ certify the amount of money required or otherwise a sinking  
 24 fund or fund required to pay at maturity any bonds hereafter issued or created, such officer or officers and the  
 25 members of such board or body of officers shall be jointly and severally liable to the irrigation district which they  
 26 represent if they shall fail to perform any such duties so required by law, as in this section hereby specified, in  
 27 an amount equal to the sum which would have been added to such fund had they performed such duty.

28 (b) When any such board shall fail or neglect to perform any such duty, no minority member of said board  
 29 who shall have moved said board or voted in favor of a performance of such duty shall be held liable.

30 (2) Any person or persons who shall take, use, appropriate, or permit to be taken, used, or appropriated



1 any portion of any such fund, as herein specified, for any purpose other than that permitted by law shall be jointly  
 2 and severally liable to the irrigation district to which said fund shall belong for the portion of such fund so  
 3 unlawfully taken, used, or appropriated."

4

5 **Section 448.** Section 85-8-615, MCA, is amended to read:

6 **"85-8-615. Procedure to levy additional assessments.** ~~Subject to 15-10-420, if~~ If in the first  
 7 assessment for construction the commissioners reported to the court a smaller sum than is needed to complete  
 8 the work of construction or if in any year an additional sum is necessary to pay the lawful indebtedness of the  
 9 drainage district, ~~further or additional assessments on the land (including improvements where benefited) and~~  
 10 ~~corporations benefited, proportioned on the last assessment of benefits that has been approved by the court,~~  
 11 ~~must be made by the commissioners of the drainage district under the order of the court~~ the commissioners shall  
 12 request funding from the critical needs assessment commission provided for in [section 11]. However, the total  
 13 assessments for original construction and any ~~additional assessments~~ requested funding, other than for  
 14 maintenance, incidental expense, and interest on bonds, may not exceed the total assessments of benefits as  
 15 provided in 85-8-342. Notice of the hearing of the application for the ~~additional assessment~~ requested funding  
 16 must be published at least once each week for 3 consecutive weeks in one newspaper published in each county  
 17 in which the lands, or any part of the lands, within the district are situated. The ~~further or additional assessment~~  
 18 ~~may be made payable in installments as specified in 85-8-611 and~~ funding must be treated and collected in the  
 19 same manner as the original assessments for construction confirmed by the court in the drainage district."

20

21 **Section 449.** Section 85-8-617, MCA, is amended to read:

22 **"85-8-617. Illegal assessments.** In case the court decides that any land should not have been assessed  
 23 for drainage purposes or that any assessment is void, the commissioners of the district shall:

24 (1) ~~levy an additional assessment on all of the assessable lands, irrigation ditches, railroads,~~  
 25 ~~corporations, and individual owners, based on the last assessment of the district approved by the court, sufficient~~  
 26 ~~to pay the sum lost to the district by reason of such void assessment~~ request funding from the critical needs  
 27 assessment commission provided for in [section 11]; or

28 (2) pay such sum out of the general fund of the district."

29

30 **Section 450.** Section 85-9-304, MCA, is amended to read:

1           **"85-9-304. Appointment of receiver --assessments.** (1) If a plan is not presented on or before the  
 2 date set by the court, the court shall appoint a receiver to terminate the affairs of the district under the supervision  
 3 of the court.

4           (2) Upon the appointment of a receiver, all authority of the directors ceases. However, until dissolution,  
 5 the receiver has authority to ~~levy assessments for~~ request funding from the critical needs assessment commission  
 6 provided for in [section 11] for:

7           (a) the payment of obligations of the district; and

8           (b) the costs of termination.

9           (3) The directors or, if there is a receiver, the receiver, with the approval of the court, shall make  
 10 assessments each year in an amount large enough to retire the obligations of the district.

11           (4) If a receiver has been appointed, the receiver shall direct, under court supervision, the disposition  
 12 of all ~~assessments~~ funds collected."

13

14           **Section 451.** Section 90-5-112, MCA, is amended to read:

15           **"90-5-112. Economic development levy -- supplemental funding.** (1) ~~Subject to 15-10-420, the~~ The  
 16 governing body of a city, county, or town is authorized to ~~levy a tax upon the taxable value of all taxable property~~  
 17 ~~in the city, county, or town~~ request funding from the critical needs assessment commission as provided in [section  
 18 11] for the purpose of economic development. ~~The governing body may:~~

19 ~~—— (a) submit the question of the mill levy to the qualified voters as provided in 15-10-425; or~~

20 ~~—— (b) approve the mill levy by a vote of the governing body.~~

21           (2) Funds derived from ~~this levy~~ the revenue allocation under [section 1] may be used for purchasing land  
 22 for industrial parks, constructing buildings to house manufacturing and processing operations, conducting  
 23 preliminary feasibility studies, promoting economic development opportunities in a particular area, and other  
 24 activities generally associated with economic development. These funds may not be used to directly assist an  
 25 industry's operations by loan or grant or to pay the salary or salary supplements of government employees.

26           (3) The governing body of the county, city, or town may ~~use the funds derived from this levy to~~ contract  
 27 with local development companies and other associations or organizations capable of implementing the economic  
 28 development function."

29

30           **Section 452.** Section 90-6-304, MCA, is amended to read:

1           **"90-6-304. (Temporary) Accounts established.** (1) There is within the state agency fund type a  
2 hard-rock mining impact account. Money is payable into this account from payments made by a mining developer  
3 in compliance with the written guarantee from the developer to meet the increased costs of public services and  
4 facilities as specified in the impact plan provided for in 90-6-307. The state treasurer shall draw warrants from  
5 this account upon order of the board.

6           (2) There is within the state special revenue fund a hard-rock mining impact trust account. Within this  
7 trust account, there is established a reserve amount not to exceed \$100,000.

8           (a) Money within the hard-rock mining impact trust account may be used:

9           (i) for the administrative and operating expenses of the board, as provided by 90-6-303(4);

10           (ii) to establish and maintain the reserve amount; and

11           (iii) for distribution to the counties of origin, as provided by 90-6-331 and this section.

12           (b) Money within the hard-rock mining impact trust account may be used for the administrative and  
13 operating expenses of the board if:

14           (i) the revenue provided under 15-37-117(1)(b) is less than the amount appropriated for the  
15 administrative and operating expenses of the board; or

16           (ii) the use of the reserve amount of revenue is necessary to allow the board to meet its quasi-judicial  
17 responsibilities under 90-6-307; or 90-6-311, ~~or 90-6-403(3)~~.

18           (3) Money is payable into the hard-rock mining impact trust account under the provisions of 15-37-117.  
19 After first deducting the administrative and operating expenses of the board, as provided in 90-6-303, and then  
20 establishing and maintaining the reserve amount of \$100,000, as provided in subsection (2) of this section, the  
21 remaining money must be segregated within the account by county of origin. (Terminates June 30, 2019--sec.  
22 5, Ch. 442, L. 2009.)

23           **90-6-304. (Effective July 1, 2019) Accounts established.** (1) There is within the state agency fund type  
24 a hard-rock mining impact account. Money is payable into this account from payments made by a mining  
25 developer in compliance with the written guarantee from the developer to meet the increased costs of public  
26 services and facilities as specified in the impact plan provided for in 90-6-307. The state treasurer shall draw  
27 warrants from this account upon order of the board.

28           (2) There is within the state special revenue fund a hard-rock mining impact trust account. Within this  
29 trust account, there is established a reserve amount not to exceed \$100,000.

30           (a) Money within the hard-rock mining impact trust account may be used:

- 1 (i) for the administrative and operating expenses of the board, as provided by 90-6-303(4);  
 2 (ii) to establish and maintain the reserve amount; and  
 3 (iii) for distribution to the counties of origin, as provided by 90-6-331 and this section.
- 4 (b) Money within the hard-rock mining impact trust account may be used for the administrative and  
 5 operating expenses of the board if:
- 6 (i) the revenue provided under 15-37-117(1)(b) is less than the amount appropriated for the  
 7 administrative and operating expenses of the board; or
- 8 (ii) the use of the reserve amount of revenue is necessary to allow the board to meet its quasi-judicial  
 9 responsibilities under 90-6-307; or 90-6-311, ~~or 90-6-403(3)~~.
- 10 (3) Money is payable into the hard-rock mining impact trust account under the provisions of 15-37-117.  
 11 After first deducting the administrative and operating expenses of the board, as provided in 90-6-303, and then  
 12 establishing and maintaining the reserve amount of \$100,000, as provided in subsection (2) of this section, the  
 13 remaining money must be segregated within the account by county of origin. The state treasurer shall draw  
 14 warrants from this account upon order of the board."

- 15
- 16 **Section 453.** Section 90-6-305, MCA, is amended to read:
- 17 **"90-6-305. Hard-rock mining impact board -- general powers.** (1) The board may:
- 18 (a) retain professional staff, including its administrative staff, and retain consultants and advisers,  
 19 notwithstanding the provisions of 2-15-121;
- 20 (b) adopt rules governing its proceedings, determinations, and administration of this part;
- 21 (c) make payments to local government units from money paid to the hard-rock mining impact account  
 22 as provided in 90-6-307;
- 23 (d) make determinations as provided in 90-6-307; and 90-6-311, ~~and 90-6-403(3)~~; and
- 24 (e) accept grants and other funds to be used in carrying out this part.
- 25 (2) The provisions of the Montana Administrative Procedure Act apply to the proceedings and  
 26 determinations of the board."

- 27
- 28 **Section 454.** Section 90-6-307, MCA, is amended to read:
- 29 **"90-6-307. Impact plan to be submitted.** (1) After an application for a permit for a large-scale mineral  
 30 development is made under 82-4-335, the person seeking the permit shall submit to the affected counties and

1 the board an impact plan describing the economic impact the large-scale mineral development will have on local  
2 government units and shall file proof of the submission to the counties with the board. Whenever an  
3 environmental impact statement on the permit application is prepared under 75-1-201, the lead agency shall  
4 cooperate to the fullest extent practicable with the affected local government units to eliminate duplication of effort  
5 in data collection. The governing bodies of the affected counties shall publish notice of the submission of an  
6 impact plan at least once in a newspaper of general circulation in the county. The mineral developer and the  
7 affected local government units shall ensure that the impact plan includes:

8 (a) a timetable for development, including the opening date of the development and the estimated closing  
9 date;

10 (b) the estimated number of persons coming into the impacted area as a result of the development;

11 (c) the increased capital and operating cost to local government units for providing services that can be  
12 expected as a result of the development;

13 (d) the financial or other assistance that the developer will give to local government units to meet the  
14 increased need for services.

15 (2) In the impact plan, the developer shall commit itself to pay all of the increased capital and net  
16 operating cost to local government units that will be a result of the development, ~~as identified in the impact plan,~~  
17 ~~whether from tax prepayments, as provided in 90-6-309, special industrial local government facility impact bonds,~~  
18 ~~as provided in 90-6-310, or other funds obtained from the developer,~~ and shall provide a time schedule within  
19 which it will do so. The plan may provide for funding from other revenue sources or funding mechanisms if the  
20 developer guarantees that the amount to be provided from these sources will be paid.

21 (3) Upon request of the governing body of an affected unit of local government, the mineral developer,  
22 prior to the end of the 90-day review period, shall provide financial or other assistance as necessary to prepare  
23 for and evaluate the impact plan. The governing body of the affected county shall contract with the developer to  
24 obtain the requested financial assistance for each unit of local government within the county. Any disbursements  
25 to a unit of local government under this subsection must be credited against future tax liabilities, if any.

26 (4) The governing body of the county where the fiscal impacts on local government units are forecasted  
27 in the impact plan to be most costly shall, within 90 days after receipt of the impact plan from the developer,  
28 conduct a public hearing on the impact plan.

29 (5) An affected local government unit that has not been identified in an impact plan submitted to the  
30 board as being likely to experience increased capital and operating costs for providing services that can be

1 expected as a result of the development may object to the impact plan under the provisions of this section if the  
2 local government unit clearly demonstrates that it is likely to experience increased capital and operating costs  
3 from the mineral development.

4 (6) An affected local government unit shall, within 90 days after receipt of the impact plan from the  
5 developer, notify the board in writing if that local government unit objects to the impact plan, specifying the  
6 reasons for the objection. During the 90-day period, an affected local government unit may petition for one 30-day  
7 extension by submitting a written request to the board stating the need and justification for the extension. The  
8 board shall grant the extension unless it finds that there is no reasonable basis for the request. If an objection  
9 is not received within the 90-day period or any extension of the period, the impact plan is approved without any  
10 review by the board. An approved plan is binding and may only be altered under the amendment provisions of  
11 90-6-311.

12 (7) If objections are received from a local government unit, the board shall, within 10 days, notify the  
13 developer and forward a copy of the local government unit's objections to the developer. The local government  
14 unit and the developer have 30 days, or a longer period if both the local government unit and the developer  
15 request an extension, to resolve the objection. If the objections are not resolved, the board shall conduct a  
16 hearing on the validity of the objections. The hearing must be held in the affected county or, if objections are  
17 received from local government units in more than one county, must be held in the county which, in the board's  
18 judgment, is more greatly affected. The provisions of the Montana Administrative Procedure Act apply to the  
19 conduct of the hearing. The impact plan filed by the developer does not carry a presumption of correctness at  
20 the hearing.

21 (8) Following the hearing, the board shall, within 60 days, make findings as to those portions of the  
22 impact plan that were objected to and, if appropriate, amend the impact plan accordingly. The findings and impact  
23 plan, as amended, must be served by the board upon all parties. A local government unit or the developer, if  
24 aggrieved by the decision of the board, is entitled to judicial review, as provided by Title 2, chapter 4, part 7, in  
25 the district court in and for the judicial district in which the hearing was held.

26 (9) The developer shall, within 30 days of receipt of the approved impact plan, provide the board with  
27 a written guaranty that the developer will meet the increased costs of public services and facilities as specified  
28 in the approved impact plan and according to the time schedule contained in the approved impact plan.

29 (10) The developer may make payments as specified in the approved impact plan directly to a local  
30 government unit or to the board. The governing body of a local government unit receiving payments shall deposit

1 the payments into an impact fund. The developer and the affected governing body shall each issue to the board  
2 written verification of each payment and its intended use in compliance with the impact plan. The board shall  
3 deposit payments received from a developer into the hard-rock mining impact account established by 90-6-304.

4 (11) The board shall notify the department of environmental quality of its receipt of the written guaranty  
5 of payment and of any failure of the developer to comply with this section.

6 (12) Upon receipt of evidence that an affected local government unit identified in the approved impact  
7 plan is providing or is preparing to provide an additional service or facility provided for in the approved impact  
8 plan, the board shall, if the hard-rock mining impact account is used to deliver payments to the local government  
9 unit, pay to that local government unit, in one sum or in parts, the money from the hard-rock mining impact  
10 account identified in the plan as the increased cost to the local government unit of providing that public service  
11 or facility.

12 (13) If it is determined that an objection filed by an affected local government unit under subsections (5)  
13 and (6) or 90-6-311(3) is valid and it results in some remedial order by the board or court of competent  
14 jurisdiction, the local government unit must be awarded and the developer shall pay reasonable costs and  
15 attorney fees associated with any administrative or judicial appeals filed under this section. Any attorney fees and  
16 costs awarded are in addition to any amounts paid by the developer under this part.

17 (14) Upon a determination by the department of environmental quality that a permittee under 82-4-335  
18 has become or will become a large-scale mineral developer, the permittee may petition the board for a waiver  
19 of the impact plan requirement. The board may grant a waiver or conditional waiver of this requirement only if it  
20 has provided notice and opportunity for hearing to the permittee and to all affected local government units. The  
21 board shall adopt criteria under which a waiver may be granted. A waiver issued by the board may be revoked  
22 as provided in the conditional waiver or if the permittee and contractors at the mineral development increase their  
23 payrolls from the date of the waiver by 75 or more persons. However, any revocation must be requested by an  
24 affected local government unit, and notice and opportunity for hearing must be given to the permittee and all  
25 affected local government units. The board shall notify the board of land commissioners of any waiver that has  
26 been revoked.

27 (15) When a person who holds an operating permit under 82-4-335 and who has filed an impact plan fails  
28 to comply with the review and implementation requirements in this part and part 4 of this chapter, the board shall  
29 certify to the board of land commissioners that the failure to comply has occurred and shall certify when a  
30 permittee who has previously failed to comply comes into compliance."

1

2           **Section 455.** Section 90-6-405, MCA, is amended to read:

3           "**90-6-405. Employee surveys.** ~~(1)~~ Each large-scale mineral development ~~subject to the provisions of~~

4 ~~90-6-403 and 90-6-404~~ shall, on or before May 1 of each year, conduct a survey of its employees and promptly

5 submit a report of its findings to the department of revenue. The report must include:

6           ~~(a)~~(1) the number of mineral development employees residing within each affected county;

7           ~~(b)~~(2) the number of mineral development employees residing within each affected municipality;

8           ~~(c)~~(3) the number of mineral development students residing in each affected high school district; and

9           ~~(d)~~(4) the number of mineral development students residing in each affected elementary school district.

10 ~~———(2) The initial allocation of the increase in taxable valuation made as provided in 90-6-403 and 90-6-404~~

11 ~~shall be made on the basis of the place of residence of employees and the district of enrollment of students as~~

12 ~~projected in the approved impact plan for that period of time between the issuance and validation of the permit~~

13 ~~and the submission of an employee survey as provided for in this section."~~

14

15           NEW SECTION. **Section 456. Repealer.** The following sections of the Montana Code Annotated are

16 repealed:

17 2-9-318.                   Attachment and execution.

18 7-2-2750.                 Procedure to collect and transmit taxes when several counties involved.

19 7-2-4111.                 Tax base -- maintenance agreements.

20 7-2-4810.                 Jurisdiction of municipality to levy tax to pay existing indebtedness.

21 7-3-1310.                 Limitation on tax levy.

22 7-3-1311.                 Authority for special taxes and special service districts.

23 7-6-1507.                 Resort community tax -- property tax relief.

24 7-6-2521.                 All-purpose levy authorized for counties.

25 7-6-2522.                 All-purpose levy.

26 7-6-2524.                 Changes from all-purpose levy.

27 7-6-4014.                 Restriction on tax-financed expenditures if voter approval required.

28 7-6-4035.                 Tax levies for boards and commissions -- bond exemption.

29 7-6-4036.                 Fixing tax levy.

30 7-6-4401.                 General taxing power of municipalities.



- 1 7-6-4406. Authority to levy special taxes and assessments.
- 2 7-6-4421. Authorization for tax levy and collection by municipality.
- 3 7-6-4451. All-purpose mill levy authorized.
- 4 7-6-4453. Certain special mill levies also available.
- 5 7-6-4454. Certification of all-purpose levy to county officers.
- 6 7-6-4455. Changes from all-purpose mill levy method.
- 7 7-7-2265. Tax levy for payment of bonds.
- 8 7-7-2266. Procedure in case of insufficient tax levy -- individual liability of county commissioners.
- 9 7-7-2303. Term of refunding general obligation bonds.
- 10 7-7-4265. Tax levy for payment of bonds.
- 11 7-7-4266. Procedure in case of insufficient tax levy -- individual liability of council members.
- 12 7-11-1112. Financing.
- 13 7-12-1133. Assessment of costs -- area, lot, taxable valuation, square footage, and flat-fee options
- 14 -- provisions for property classifications.
- 15 7-12-2158. Resolution for levy and assessment of tax.
- 16 7-12-2159. Notice of resolution for levy and assessment of tax -- protest and hearing.
- 17 7-12-2165. Procedure to correct assessment and relevel and collect tax.
- 18 7-12-2191. Change in outstanding principal of district -- relevel of assessments.
- 19 7-12-2202. Apportionment of costs of maintaining lighting system.
- 20 7-12-4176. Resolution for tax levy upon district property.
- 21 7-12-4177. Notice of resolution for tax levy -- protest and hearing.
- 22 7-12-4178. Hearing on resolution for tax levy.
- 23 7-12-4181. Collection of district assessments by county clerk -- certification.
- 24 7-12-4186. Procedure to correct assessment and relevel and collect tax.
- 25 7-12-4192. Change in outstanding principal of district -- relevel of assessments.
- 26 7-13-124. Resolution to assess and levy tax for making improvements.
- 27 7-13-125. Term of assessment for costs of construction.
- 28 7-13-126. Notice of resolution to assess and levy tax for making improvements -- protest.
- 29 7-13-127. Hearing on protest.
- 30 7-13-145. Hearing and notice on tax levy for operation and maintenance.

1	7-13-146.	Preparation and filing of district budget.
2	7-13-2280.	Levy of special assessments.
3	7-13-2281.	Notice of resolution for levy of assessment hearing.
4	7-13-2282.	Hearing on assessment.
5	7-13-2285.	Procedure to correct assessment and to relevy.
6	7-13-2290.	Protest procedures for property created as condominium -- assessment of condominium
7		property.
8	7-13-2304.	Notice of intention to levy tax.
9	7-13-2305.	Legal sufficiency of notice.
10	7-13-2306.	Contents of notice -- hearing and protest.
11	7-13-2307.	Hearing on protest to levy of tax.
12	7-13-2308.	Payment of tax under protest -- action to recover.
13	7-13-2309.	Collection of taxes.
14	7-13-2310.	Taxes to be lien.
15	7-13-2333.	Issuance of revenue or special assessment bonds without election.
16	7-13-3020.	Resolution to assess and levy tax for making improvements.
17	7-13-3021.	Notice of resolution to assess and levy tax for making improvements -- protest.
18	7-13-3022.	Term of assessment for costs of construction.
19	7-13-3003.	Resolution of intention to create district.
20	7-13-3023.	Hearing on protest.
21	7-13-3024.	Assessments and other charges as lien.
22	7-13-3028.	Hearing and notice on tax levy for operation and maintenance.
23	7-13-4309.	Procedure to collect sewer or water charges.
24	7-14-110.	Qualifications to vote on mill levy question.
25	7-14-232.	Mill levy authorized.
26	7-14-233.	Collection of tax -- role of county treasurer.
27	7-14-1132.	County tax levy.
28	7-14-1633.	Election required to impose mill levy.
29	7-14-1634.	Collection of tax and disposition of funds.
30	7-14-2501.	General road tax authorized.

- 1 7-14-2503. Special municipal bridge tax authorized.
- 2 7-14-2807. Tax levy for public ferry -- combined ferry and bridge fund.
- 3 7-14-4106. Payment for cost of removing waste.
- 4 7-14-4713. Estimates of expenses -- tax levy.
- 5 7-14-4734. Expense estimate -- assessments and tax levy.
- 6 7-15-4282. Authorization for tax increment financing.
- 7 7-15-4285. Determination and report of original, actual, and incremental taxable values.
- 8 7-15-4286. Procedure to determine and disburse tax increment.
- 9 7-15-4287. Provision for use of portion of tax increment.
- 10 7-15-4291. Agreements to remit unused portion of tax increments.
- 11 7-15-4293. Adjustment of base taxable value following change of law or local disaster.
- 12 7-15-4294. Assessment agreements.
- 13 7-16-4105. Authorization to levy tax for various cultural, social, and recreational facilities.
- 14 7-16-4113. Tax levy for band concerts.
- 15 7-33-2211. Levy against certain properties prohibited.
- 16 7-34-2133. Levy of district taxes.
- 17 15-1-116. Manufactured home considered as improvement to real property -- requirements.
- 18 15-1-118. Reversal of declaration that manufactured home is real property.
- 19 15-1-213. Mediation of valuation disputes -- other property taxpayers.
- 20 15-1-409. Exclusion of certain property subject to property tax protest -- guaranteed tax base -- tax  
21 refund.
- 22 15-6-133. Class three property -- description -- taxable percentage.
- 23 15-6-134. Class four property -- description -- taxable percentage.
- 24 15-6-143. Class ten property -- description -- taxable percentage.
- 25 15-6-301. Definitions.
- 26 15-6-302. Property tax assistance -- rulemaking.
- 27 15-6-305. Property tax assistance program -- fixed or limited income.
- 28 15-6-311. Disabled veteran program.
- 29 15-7-110. Purpose -- reappraisal cycle.
- 30 15-7-111. Periodic reappraisal of certain taxable property.

1	15-7-112.	Equalization of valuations.
2	15-7-113.	Program exclusive.
3	15-7-114.	Law supplemental.
4	15-7-201.	Legislative intent -- value of agricultural property.
5	15-7-202.	Eligibility of land for valuation as agricultural.
6	15-7-203.	Agricultural uses only considered in valuation.
7	15-7-206.	Improvements on agricultural land.
8	15-7-207.	Continuance of valuation as agricultural land.
9	15-7-208.	Reclassification by department.
10	15-7-209.	Reclassification by owner -- lien.
11	15-7-210.	Tax on change of use of part of tract.
12	15-7-212.	Tract crossing county line -- whole.
13	15-7-403.	Rollback tax -- computation.
14	15-8-113.	Appeal from percentage assignment.
15	15-8-205.	Initial assessment of class four trailer, manufactured home, and mobile home property
16		-- when.
17	15-8-402.	Property of person.
18	15-8-404.	Property of particular types of firms.
19	15-8-405.	Street railroads, bridges, and ferries.
20	15-8-406.	Assessment of public utilities in one county.
21	15-8-408.	Personal property.
22	15-8-409.	Property not otherwise specified.
23	15-8-503.	Undistributed property of deceased persons.
24	15-8-511.	Undivided interest in common elements of condominium project -- definition.
25	15-8-512.	Common elements serving residential or commercial development.
26	15-10-201.	Tax levies to be made in mills and tenths and hundredths of mills.
27	15-10-401.	Declaration of policy.
28	15-10-402.	Property tax limited to 1996 levels.
29	15-10-406.	Limitation of applicability.
30	15-10-425.	Mill levy election.

- 1 15-15-102. Application for reduction in valuation.
- 2 15-15-103. Examination of applicant -- failure to hear application.
- 3 15-16-103. Special improvement districts with annual interest payments -- collection of special  
4 assessments for all special improvements.
- 5 15-23-105. Apportionment among counties.
- 6 15-23-106. Report to the counties.
- 7 15-23-715. New or expanding underground mines -- tax abatement.
- 8 15-24-201. Definitions.
- 9 15-24-202. Payment of tax -- interest and penalty -- display of tax-paid sticker.
- 10 15-24-203. Tax receipt -- when production required.
- 11 15-24-204. Failure to display or produce declaration, sticker, or receipt -- penalty.
- 12 15-24-205. Sections limited to taxable trailers and manufactured homes.
- 13 15-24-206. Declaration of destination on imported mobile homes and manufactured homes --  
14 display -- tax receipt -- exemptions.
- 15 15-24-207. Department to make rules.
- 16 15-24-208. Penalty for moving mobile home or manufactured home on which taxes due.
- 17 15-24-209. Limit on delinquent mobile home or manufactured home taxes chargeable to security  
18 interest holder.
- 19 15-24-210. Notice of impending sale to certain lienholders.
- 20 15-24-211. Mobile home or housetrailer -- transfer of interest.
- 21 15-24-212. Cancellation of delinquent property taxes on mobile home or housetrailer.
- 22 15-24-301. Personal property brought into state -- assessment -- exceptions -- custom combine  
23 equipment.
- 24 15-24-302. Collection procedure.
- 25 15-24-303. Proration of tax on personal property -- refund.
- 26 15-24-304. Prorated fee in lieu of tax -- aircraft.
- 27 15-24-305. Taxation of motion picture and television commercial property.
- 28 15-24-701. Production credit associations -- assessment and payment.
- 29 15-24-801. Savings and loan associations -- taxation.
- 30 15-24-1401. Definitions.

- 1 15-24-1402. New or expanding industry -- assessment -- notification.
- 2 15-24-1501. Remodeling, reconstruction, or expansion of buildings or structures -- assessment  
3 provisions -- levy limitations.
- 4 15-24-1502. Tax exemption and abatement for remodeling, reconstruction, or expansion of certain  
5 commercial property -- approval.
- 6 15-24-1601. Purpose.
- 7 15-24-1602. Definitions.
- 8 15-24-1603. Historic property tax abatement -- levy limitations.
- 9 15-24-1604. Eligibility.
- 10 15-24-1605. Responsibilities of local governing bodies -- local review board -- design review process.
- 11 15-24-1606. Responsibilities of the state historic preservation office.
- 12 15-24-1607. Disqualification and penalty.
- 13 15-24-1701. Suspension and cancellation of collection of certain property taxes on commercial  
14 property -- subordination of county tax lien -- local government discretion.
- 15 15-24-1702. Resolution to suspend or cancel delinquent taxes.
- 16 15-24-1703. Application of suspension or cancellation.
- 17 15-24-1801. Definitions.
- 18 15-24-1802. Business incubator tax exemption -- procedure.
- 19 15-24-1901. Definitions.
- 20 15-24-1902. Industrial park tax exemption -- procedure -- termination.
- 21 15-24-2001. Definitions.
- 22 15-24-2002. Building and land tax exemption -- procedure -- termination.
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- 24 15-24-3202. Gray water system for newly constructed residence -- tax abatement.
- 25 15-24-3203. Common gray water and potable water systems for newly constructed multiple dwelling  
26 projects -- tax abatement.
- 27 15-24-3204. Change in property -- fraudulent application.
- 28 15-24-3211. Report to interim committee.
- 29 15-30-2336. Refundable income tax credit -- statewide equalization property tax levies on principal  
30 residence -- rules.

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2	15-44-102.	Definitions.
3	15-44-103.	Legislative intent -- value of forest lands -- valuation zones.
4	15-44-105.	Administration -- rules.
5	19-9-209.	Taxing authority of employers.
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7	20-5-324.	Tuition report and payment provisions.
8	20-6-412.	Property tax valuation after district boundary change.
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16	20-9-323.	Ending fund balance limits.
17	20-9-331.	Basic county tax for elementary equalization and other revenue for county equalization
18		of elementary BASE funding program.
19	20-9-332.	Fines and penalties proceeds for elementary county equalization.
20	20-9-333.	Basic county tax for high school equalization and other revenue for county equalization
21		of high school BASE funding program.
22	20-9-335.	Formula for apportionment of county equalization money.
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24	20-9-346.	Duties of superintendent of public instruction for state and county equalization aid
25		distribution.
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29	20-9-366.	Definitions.
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- 1 school facilities.
- 2 20-9-368. Amount of guaranteed tax base aid.
- 3 20-9-369. Duties of superintendent of public instruction and department of revenue.
- 4 20-9-370. Definitions.
- 5 20-9-371. Calculation and uses of school facility entitlement amount.
- 6 20-9-401. Applicable laws for school district bonding.
- 7 20-9-402. Definition of school district for bonding purposes.
- 8 20-9-403. Bond issues for certain purposes.
- 9 20-9-404. Contracts and bonds for joint construction.
- 10 20-9-405. Proportional joint ownership -- disposition of money.
- 11 20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support  
12 payment -- oil and natural gas payment.
- 13 20-9-407. Industrial facility agreement for bond issue in excess of maximum.
- 14 20-9-408. Definition of forms of bonds.
- 15 20-9-410. Limitation of term and interest -- timing for redemption.
- 16 20-9-411. Dates of issue and payments.
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- 18 20-9-421. Election to authorize the issuance of school district bonds and the methods of  
19 introduction.
- 20 20-9-422. Additional requirements for trustees' resolution calling bond election.
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- 22 20-9-424. Validation of petition -- election administrator's certificate.
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- 27 20-9-429. Trustees' resolution to issue school district bonds pursuant to public sale.
- 28 20-9-430. Sale of school district bonds and notice of public sale.
- 29 20-9-431. Publication of notice of sale of school district bonds.
- 30 20-9-432. Sale of school district bonds.



- 1 20-9-433. Form and execution of school district bonds.
- 2 20-9-434. Registration of school district bonds by county treasurer and copy for preservation.
- 3 20-9-435. Delivery of school district bonds and disposition of sale money.
- 4 20-9-436. County attorney to assist in proceedings.
- 5 20-9-437. School district liable on bonds.
- 6 20-9-438. Preparation of general obligation debt service fund budget -- operating reserve.
- 7 20-9-439. Computation of net levy requirement for general obligation bonds -- procedure when levy
- 8 inadequate.
- 9 20-9-440. Payment of debt service obligations -- termination of interest.
- 10 20-9-441. Redemption of bonds -- investment of debt service fund money.
- 11 20-9-442. Entries of payments and notification of school district.
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- 13 20-9-444. Liability of officers for failure to provide fund for payment of bonds.
- 14 20-9-445. Liability for misuse of bond payment fund.
- 15 20-9-446. Duty of county attorney to prosecute.
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- 18 20-9-465. Action to restrain bond issue -- time for bringing.
- 19 20-9-471. Issuance of obligations -- authorization -- conditions.
- 20 20-9-472. Security for impact aid revenue bonds -- agreement of state.
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- 22 20-9-474. Oil and natural gas revenue bond debt service reserve account.
- 23 20-9-502. Purpose and authorization of building reserve fund by election -- levy for school
- 24 transition costs.
- 25 20-9-503. Budgeting, tax levy, and use of building reserve fund.
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- 1 20-9-533. Technology acquisition and depreciation fund -- limitations.
- 2 20-9-534. Statutory appropriation for school technology purposes.
- 3 20-9-543. School flexibility fund -- uses.
- 4 20-9-544. District school flexibility fund levy.
- 5 20-9-615. Voluntary rural residential impact payments.
- 6 20-9-630. School district block grants.
- 7 20-10-141. Schedule of maximum reimbursement by mileage rates.
- 8 20-10-144. Computation of revenue and net tax levy requirements for district transportation fund
- 9 budget.
- 10 20-10-145. State transportation reimbursement.
- 11 20-10-146. County transportation reimbursement.
- 12 20-10-147. Bus depreciation reserve fund.
- 13 20-15-305. Adult education tax levy.
- 14 20-15-313. Tax levy.
- 15 20-15-314. Tax levy for community college service region.
- 16 20-15-325. Emergency budget limitation, preparation, and adoption procedures.
- 17 20-15-326. Determination of available financing -- fixing and levying property taxation for emergency
- 18 budget.
- 19 20-25-439. Vocational-technical education -- mill levy required.
- 20 71-3-1506. Tax deficiency lien.
- 21 76-5-1114. Determination of assessment.
- 22 76-15-515. Regular assessment.
- 23 76-15-519. Application of general law on levy and collection.
- 24 76-15-532. Limitations -- reduction or repeal of special administrative assessment.
- 25 85-7-307. Tax levy.
- 26 85-7-2105. Cancellation of tax levy under certain conditions.
- 27 85-7-2134. Levy of taxes and assessments by county commissioners.
- 28 85-8-601. Certification and collection of district taxes.
- 29 85-8-618. Assessment of unassessed, benefited lands.
- 30 85-8-624. Assessments on improvements -- taxpayers' approval, limitations, and election

- 1 procedures.
- 2 90-5-110. Taxation of projects.
- 3 90-6-309. Tax prepayment -- large-scale mineral development.
- 4 90-6-310. Local government facility impact bonds.
- 5 90-6-403. Jurisdictional revenue disparity -- conditioned exemption and reallocation of certain
- 6 taxable valuation.
- 7 90-6-404. Allocation of taxable valuation for local taxation purposes.
- 8 90-6-801. Short title.
- 9 90-6-802. Purpose.
- 10 90-6-803. Definitions.
- 11 90-6-809. Quality schools facility grant program -- legislature to authorize grants -- types of grants
- 12 available.
- 13 90-6-810. Procedure for approval of projects -- role of department and governor -- approval by
- 14 legislature.
- 15 90-6-811. Priorities for projects -- application of criteria -- consideration of project attributes --
- 16 adjustments for educationally relevant factors.
- 17 90-6-812. Conditions for grants.
- 18 90-6-818. Disbursement of funds -- department discretion when actual expenses are less than
- 19 projected expenses.
- 20 90-6-819. Department to adopt rules.
- 21 90-7-116. Taxation of certain projects financed by authority.
- 22 90-7-230. Taxation of projects.

23

24 **NEW SECTION. Section 457. Transition -- appointment of members of critical needs assessment**

25 **commission -- term of office.** (1) Except as provided in subsection (2), the members of the critical needs

26 assessment commission are elected from each district as provided in [section 6].

27 (2) The critical needs assessment commission provided for in [sections 3 through 16] must be composed

28 of five members who must be qualified electors of the district from which they are elected, with each member

29 being elected from a separate district of the state. At the next general election, five commissioners must be

30 elected. Of the first commissioners elected, three must serve for a term of 2 years and two for a term of 4 years.

1 At the commission's first meeting, the initial five members shall determine by lot which of them will serve the terms  
2 less than 4 years.

3 (3) For the purpose of subsection (2), determination by lot includes a drawing on marked pieces of paper  
4 or playing cards or any other random method adopted by the commission. The commission shall provide the  
5 results of the determination to the secretary of state within 30 days of the first meeting.

6  
7 **NEW SECTION. Section 458. Transition -- appointment of members of school infrastructure**

8 **needs assessment commission -- term of office.** (1) Except as provided in subsection (2), the members of  
9 the school infrastructure needs assessment commission are elected from each district as provided in [section 43].

10 (2) The school infrastructure needs assessment commission provided for in [sections 41 through 53]  
11 must be composed of five members who must be qualified electors of the district from which they are elected,  
12 with each member being elected from a separate district of the state. At the next general election, five  
13 commissioners must be elected. Of the first commissioners elected, three must serve for a term of 2 years and  
14 two for a term of 4 years. At the commission's first meeting, the initial five members shall determine by lot which  
15 of them will serve the terms less than 4 years.

16 (3) For the purpose of subsection (2), determination by lot includes a drawing on marked pieces of paper  
17 or playing cards or any other random method adopted by the commission. The commission shall provide the  
18 results of the determination to the secretary of state within 30 days of the first meeting.

19  
20 **NEW SECTION. Section 459. Transition -- property tax revenue from 2017 assessments.** All  
21 revenue from property taxes that were imposed before January 1, 2018, must be distributed in the same manner  
22 as the revenue would have been distributed by the law in effect prior to [the effective date of this act].

23  
24 **NEW SECTION. Section 460. Transition -- closure of department of revenue county offices.** The  
25 department of revenue shall close offices located in the various counties that are utilized for property tax  
26 administration by no later than December 31, 2018.

27  
28 **NEW SECTION. Section 461. Notification to tribal governments.** The secretary of state shall send  
29 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
30 Chippewa tribe.

1  
2           **NEW SECTION. Section 462. Codification instruction.** (1) [Sections 1 and 2] are intended to be  
3 codified as an integral part of Title 15, chapter 1, part 1, and the provisions of Title 15, chapter 1, part 1, apply  
4 to [sections 1 and 2].

5           (2) [Section 3] is intended to be codified as an integral part of Title 2, chapter 15, part 10, and the  
6 provisions of Title 2, chapter 15, part 10, apply to [section 3].

7           (3) [Sections 4 through 16] are intended to be codified as an integral part of Title 7, chapter 6, and the  
8 provisions of Title 7, chapter 6, apply to [sections 4 through 16].

9           (4) [Sections 17 through 24] are intended to be codified as an integral part of Title 15, and the provisions  
10 of Title 15 apply to [sections 17 through 24].

11           (5) [Section 25] is intended to be codified as an integral part of Title 15, chapter 6, part 2, and the  
12 provisions of Title 15, chapter 6, part 2, apply to [section 25].

13           (6) [Sections 26 through 36] are intended to be codified as an integral part of Title 15, chapter 68, and  
14 the provisions of Title 15, chapter 68, apply to [sections 26 through 36].

15           (7) [Section 37] is intended to be codified as an integral part of Title 15, chapter 10, part 1, and the  
16 provisions of Title 15, chapter 10, part 1, apply to [section 37].

17           (8) [Sections 38 and 39] are intended to be codified as an integral part of Title 20, chapter 9, and the  
18 provisions of Title 20, chapter 9, apply to [sections 38 and 39].

19           (9) [Section 40] is intended to be codified as an integral part of Title 2, chapter 15, part 10, and the  
20 provisions of Title 2, chapter 15, part 10, apply to [section 40].

21           (10) [Sections 41 through 54] are intended to be codified as an integral part of Title 20, chapter 9, and  
22 the provisions of Title 20, chapter 9, apply to [sections 41 through 54].

23  
24           **NEW SECTION. Section 463. Saving clause.** [This act] does not affect rights and duties that matured,  
25 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

26  
27           **NEW SECTION. Section 464. Severability.** If a part of [this act] is invalid, all valid parts that are  
28 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
29 the part remains in effect in all valid applications that are severable from the invalid applications.

30

1            NEW SECTION. **Section 465. Two-thirds vote required.** Because [section 54] requires the state to  
2 assume all existing bonded indebtedness of school districts, Article VIII, section 8, of the Montana constitution  
3 requires a vote of two-thirds of the members of each house of the legislature for passage.

4  
5            NEW SECTION. **Section 466. Contingent voidness -- future property taxes.** (1) If state law is  
6 amended so that the exemptions from property taxes for class three property formerly described in 15-6-133,  
7 class four property formerly described in 15-6-134, or class ten property formerly described in 15-6-143 are  
8 terminated, then the amendments to section 15-68-102 by [this act] are void as of the effective date of the change  
9 in state law.

10            (2) The department of revenue shall notify the code commissioner of the occurrence of any determination  
11 made pursuant to subsection (1) and the date of the occurrence.

12

13            NEW SECTION. **Section 467. Effective date.** [This act] is effective January 1, 2018.

14

15            NEW SECTION. **Section 468. Applicability.** [This act] applies to tax years beginning after December  
16 31, 2017.

17

- END -