

HOUSE BILL NO. 435

INTRODUCED BY L. BISHOP

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A GATEWAY LOCAL OPTION TAX BY A VOTE OF  
5 THE QUALIFIED ELECTORS; PROVIDING THAT THE GATEWAY LOCAL OPTION TAX QUESTION DEFINE  
6 THE GEOGRAPHIC AREA WHERE THE TAX IS COLLECTED, THE RATE OF THE TAX, AND HOW THE  
7 REVENUE WILL BE SPLIT WITHIN THE COUNTY; PROVIDING THE GOODS AND SERVICES SUBJECT TO  
8 THE TAX; PROVIDING FOR A PORTION OF GATEWAY LOCAL OPTION TAX TO BE USED FOR PROPERTY  
9 TAX RELIEF; PROVIDING THAT AN EXISTING RESORT TAX MAY REMAIN IN EFFECT OR MAY BE  
10 DISCONTINUED; PROVIDING THAT A GATEWAY LOCAL OPTION TAX DISTRICT MAY GOVERN A  
11 GATEWAY LOCAL OPTION TAX; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA; AND PROVIDING  
12 AN IMMEDIATE EFFECTIVE DATE."

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

15  
16 NEW SECTION. **Section 1. Gateway local option tax -- definitions.** As used in [sections 1 through  
17 23], the following definitions apply:

- 18 (1) "Board of directors" means the board of directors of the gateway local option tax district.
- 19 (2) "Gateway community" means a municipality in a gateway county that is included in a tourist impact  
20 zone.
- 21 (3) "Gateway county" means a county:
  - 22 (a) that directly borders or includes a national park; or
  - 23 (b) that includes a resort area or resort community in which a resort tax is collected as provided in Title  
24 7, chapter 6, part 15.
- 25 (4) "Gateway local option tax district" means a district created under [sections 11 through 23].
- 26 (5) "Governing body" means:
  - 27 (a) the board of county commissioners of a gateway county in which a gateway local option tax is  
28 proposed or approved;
  - 29 (b) if the tourist impact zone includes only a gateway community, the city commission or city council of  
30 the gateway community; or

1 (c) if the qualified electors of the tourist impact zone establish a gateway local option tax district, the  
2 district board of directors.

3 (6) "Luxury" means any gift item, luxury item, or other item normally sold to the public or transient visitors  
4 or tourists. The term does not include food purchased unprepared or unserved, medicine, medical supplies and  
5 services, appliances, hardware supplies and tools, or any necessities of life.

6 (7) "Medical supplies" means items that are sold to be used for curative, prosthetic, or medical  
7 maintenance purposes, whether or not prescribed by a physician.

8 (8) "Medicine" means substances sold for curative or remedial properties, including both  
9 physician-prescribed and over-the-counter medications.

10 (9) "Outdoor gear" means gear for camping, hunting, hiking, skiing, biking, fishing, rafting, and other  
11 outdoor activities.

12 (10) "Qualified elector" means a person who is qualified to vote under 13-1-111 and is a resident of a  
13 tourist impact zone.

14 (11) (a) "Tourist impact zone" means a geographic area in a gateway county defining where gateway  
15 taxes are collected. The area must:

16 (i) have a high volume of tourist traffic;

17 (ii) follow approach corridors to a national park; and

18 (iii) have significant impacts from tourist traffic.

19 (b) A tourist impact zone that includes a gateway community must include the entire municipality.  
20

21 **NEW SECTION. Section 2. Gateway local option taxing authority -- specific delegation.** As  
22 required by 7-1-112, [sections 1 through 9] specifically delegate to the qualified electors of a tourist impact zone  
23 the power to authorize the tourist impact zone to impose a gateway local option tax within the boundary of the  
24 tourist impact zone.  
25

26 **NEW SECTION. Section 3. Limit on gateway local option tax rate -- goods and services subject**  
27 **to tax.** (1) The rate of a gateway local option tax must be established by the election petition or resolution  
28 provided for in [section 4], but the rate may not exceed 4%.

29 (2) (a) A gateway local option tax is a tax on the retail value of all goods and services sold, except for  
30 goods and services sold for resale, within a tourist impact zone by the following establishments:

- 1 (i) hotels, motels, and other lodging or camping facilities including vacation rentals;  
2 (ii) restaurants, fast food stores, caterers, and other food service establishments;  
3 (iii) taverns, bars, nightclubs, lounges, and other public establishments that serve beer, wine, liquor, or  
4 other alcoholic beverages by the drink;  
5 (iv) destination ski resorts and other destination recreational facilities;  
6 (v) outfitters, hunting guides, fishing guides, and rafting companies;  
7 (vi) tour companies including but not limited to those that provide bus, car, or walking tours; and  
8 (vii) art galleries.
- 9 (b) Establishments that sell luxuries shall collect a tax on the luxuries.  
10 (c) Establishments that sell outdoor gear shall collect a tax on the outdoor gear.

11  
12 **NEW SECTION. Section 4. Gateway local option tax -- election required -- procedure -- notice.**

13 (1) A gateway local option tax may not be imposed or, except as provided in [section 5], amended or repealed  
14 unless the gateway local option tax question has been submitted to the qualified electors of the tourist impact  
15 zone and approved by a majority of the qualified electors voting on the question.

16 (2) The gateway local option tax question may be presented to the qualified electors of a proposed tourist  
17 impact zone by a petition of the qualified electors of the proposed tourist impact zone, as provided in 7-5-131  
18 through 7-5-135 and 7-5-137, to the governing body of the proposed tourist impact zone or by a resolution of the  
19 governing body of the proposed tourist impact zone.

20 (3) The petition or resolution referring the gateway local option tax question must state:

- 21 (a) the rate of the gateway local option tax;  
22 (b) the duration of the gateway local option tax;  
23 (c) the boundaries of all tourist impact zones to be subject to the gateway local option tax;  
24 (d) the dates the gateway local option tax will be collected;  
25 (e) the date the gateway local option tax becomes effective, which may not be earlier than 35 days after  
26 the election;  
27 (f) the purposes that may be funded by the gateway local option tax revenue;  
28 (g) how the gateway local option tax revenue will be split among the gateway county and gateway  
29 communities;  
30 (h) for a tourist impact zone that includes any portion of a county outside the municipal boundary,

1 whether the gateway local option tax is governed by the county commission or whether a gateway local option  
2 tax district is created and governed by a board of directors as provided in [sections 11 through 23]; and

3 (i) if the tourist impact zone only includes a gateway community, whether to require appointment of an  
4 advisory committee to prioritize annual expenditures.

5 (4) Upon passage of a resolution or upon receipt of an adequate petition, the governing body shall hold  
6 an election in accordance with Title 13, chapter 1, part 5.

7 (5) (a) Before the gateway local option tax question is submitted to the qualified electors of a tourist  
8 impact zone, the county commission shall provide notice of the goods and services subject to the gateway local  
9 option tax by a method described in 13-1-108.

10 (b) The notice must be given two times, with at least 6 days separating the notices. The first notice must  
11 be no more than 45 days prior to the election, and the last notice must be no less than 30 days prior to the  
12 election.

13 (6) Notice of the election must be given as provided in 13-1-108 and must include the information  
14 contained in subsection (3) of this section.

15 (7) The question of the imposition of a gateway local option tax may not be placed before the qualified  
16 electors more than once in any fiscal year.

17  
18 **NEW SECTION. Section 5. Gateway local option tax administration -- advisory committee.** (1) Not  
19 less than 30 days prior to the date the gateway local option tax becomes effective, the governing body shall enact  
20 an administrative ordinance governing the collection and reporting of the gateway local option tax. The  
21 administrative ordinance may be amended at any time as needed to effectively administer the gateway local  
22 option tax.

23 (2) The administrative ordinance must specify:

24 (a) the times that gateway local option taxes collected by businesses are to be remitted to the governing  
25 body;

26 (b) the office responsible for receiving and accounting for the gateway local option tax receipts;

27 (c) the office responsible for enforcing the collection of the gateway local option taxes and the methods  
28 and procedures to be used in enforcing the collection of gateway local option taxes due; and

29 (d) the penalties for failure to report gateway local option taxes due, failure to remit taxes due, and  
30 violations of the administrative ordinance. The penalties may include:

- 1 (i) criminal penalties not to exceed a fine of \$1,000 or 6 months imprisonment, or both;
- 2 (ii) if the governing body prevails in a suit for the collection of gateway local option taxes, civil penalties
- 3 not to exceed 50% of the gateway local option taxes found due plus the costs and attorney fees incurred by the
- 4 governing body in the action;
- 5 (iii) revocation of a county or municipal business license held by the offender; and
- 6 (iv) any other penalties that may apply for violation of an ordinance.

7 (3) The administrative ordinance may include:

8 (a) further clarification and specificity in the categories of goods and services that are subject to the

9 gateway local option tax consistent with [section 3];

10 (b) authorization for business administration and prepayment discounts. The discount authorization may

11 allow each vendor and commercial establishment to:

12 (i) withhold up to 5% of the gateway local option taxes collected to defray their costs of administering

13 the tax collection; or

14 (ii) receive a refund of up to 5% of the gateway local option tax payment received from the vendor or

15 establishment by the governing body 10 days prior to the collection due date established by the administrative

16 ordinance.

17 (c) other administrative details needed to efficiently and effectively administer the tax.

18 (4) An advisory committee created pursuant to [section 4(3)(i)] may be given the authority to propose the

19 annual operating budget for the purposes that will be funded with the gateway local option tax revenue. The

20 governing body shall review and adopt the operating budget.

21

22 **NEW SECTION. Section 6. Use of gateway local option tax revenue -- bond issue -- pledge.** (1)

23 Unless otherwise restricted by the voter-approved tax authorization provided for in [section 4], a gateway county,

24 gateway community, or gateway local option tax district may appropriate and expend revenue derived from a

25 gateway local option tax for any activity, undertaking, or administrative service that the gateway county, gateway

26 community, or gateway local option tax district is authorized by law to perform, including costs resulting from

27 imposition of the tax.

28 (2) A gateway county, gateway community, or gateway local option tax district may issue bonds to

29 provide, install, or construct any of the public facilities, improvements, or undertakings authorized under 7-7-4101,

30 7-7-4404, and 7-12-4102.

1 (3) Bonds issued under this section must be authorized by a resolution of the gateway county, gateway  
2 community, or gateway local option tax district stating the terms, conditions, and covenants that the gateway  
3 county, gateway community, or gateway local option tax district considers appropriate. The bonds may be sold  
4 at a discount at a public or private sale.

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

15 (5) Bonds may not be issued that pledge proceeds of the gateway local option tax for repayment unless  
16 the gateway county, gateway community, or gateway local option tax district in the resolution authorizing issuance  
17 of the bonds determines that in any fiscal year the annual revenue expected to be derived from the gateway local  
18 option tax less the amount required to reduce property taxes pursuant to [section 7] equals at least 125% of the  
19 average amount of the principal and interest payable from the gateway local option tax on the bonds and any  
20 other outstanding bonds payable from the gateway local option tax, except any bonds to be refunded upon the  
21 issuance of the proposed bonds.

22  
23 **NEW SECTION. Section 7. Gateway local option tax -- property tax relief.** (1) Annually anticipated  
24 receipts from the gateway local option tax must be applied to reduce the tourist impact zone's property taxes for  
25 the fiscal year in an amount equal to at least 25% and not more than 50% of the gateway local option tax  
26 revenues received during the preceding fiscal year.

27 (2) A gateway county, gateway community, or gateway local option tax district that receives more  
28 gateway local option tax revenue than is included in the annual budget shall establish a property tax relief fund.  
29 All gateway local option tax revenue received in excess of the budget amount must be placed in the fund. The  
30 entire fund must be used to replace property taxes in the ensuing fiscal year.

1  
2           **NEW SECTION. Section 8. Gateway local option tax -- revision of boundaries -- election.** (1)

3 Property may be annexed into or removed from a tourist impact zone as provided in this section.

4           (2) The governing body may recommend that property be annexed into or removed from a tourist impact  
5 zone. Property annexed into a tourist impact zone must be contiguous to the existing tourist impact zone.

6           (3) If the board of directors of a gateway local option tax district recommends annexation or removal, the  
7 board shall submit its recommendation to the board of county commissioners, along with a description or map  
8 of the existing district and a description or map of the area proposed to be annexed or removed.

9           (4) The governing body shall give notice as required in 13-1-108 of the election to be held in the area  
10 proposed to be annexed into or removed from the tourist impact zone. The election must be held in accordance  
11 with Title 13, chapter 1, part 5.

12           (5) If a majority of the votes cast by qualified electors on the question of annexation or removal of the  
13 property are in favor of annexation or removal, the governing body shall enter into its minutes an order, by  
14 resolution, annexing or removing the property and shall cause to be created a map of the tourist impact zone that  
15 shows the annexed property or the removed property. Immediately following the adoption of the resolution, the  
16 governing body shall file with the county clerk and recorder a copy of the resolution and the map.

17           (6) If a gateway local option tax district governed the district before annexation, the gateway local option  
18 tax district shall continue to operate, and the members shall continue to serve the members' terms. Upon  
19 occurrence of a vacancy or the expiration of a member's term, residents of the area that has been annexed are  
20 eligible for election or appointment to the board of directors under the provisions of [sections 18 through 20].

21  
22           **NEW SECTION. Section 9. Coordination with other local option taxes.** (1) A geographic area may  
23 only be included in one tourist impact zone.

24           (2) A gateway local option tax may not be imposed in a resort community, resort area, or resort area  
25 district that existed before [the effective date of this act]. However, an existing resort community, resort area, or  
26 resort area district may elect to terminate its resort tax and subject itself to a gateway local option tax.

27  
28           **NEW SECTION. Section 10. Gateway local option tax district authorized.** (1) Except as provided  
29 in subsection (2), the qualified electors of a proposed tourist impact zone may create a gateway local option tax  
30 district by proceeding under the provisions of [sections 11 through 23].

1 (2) If the tourist impact zone boundaries are the same as the boundaries of a gateway community, a local  
2 option tax district may not be created.

3  
4 **NEW SECTION. Section 11. Petition to create gateway local option tax district.** (1) The qualified  
5 electors of a proposed tourist impact zone may present, at a regular meeting, a petition requesting the  
6 establishment of a gateway local option tax district to the board of county commissioners of the county in which  
7 the proposed gateway local option tax district is located. The petition must meet the requirements of 7-5-131  
8 through 7-5-135 and 7-5-137.

9 (2) The petition must include a description or map of the proposed tourist impact zone boundaries.

10  
11 **NEW SECTION. Section 12. Gateway local option tax district -- notice of petition -- hearing**  
12 **required.** (1) The board of county commissioners shall publish the text of the petition described in [section 11],  
13 as provided in 7-1-2121, in the county in which the proposed gateway local option tax district lies and shall publish  
14 the date, time, and place that a public hearing on the petition will be held.

15 (2) In addition to the requirements of subsection (1), the board of county commissioners shall publish  
16 the text of the petition described in [section 11] in a newspaper of general circulation in the county within which  
17 the proposed gateway local option tax district lies.

18 (3) A person wishing to comment on the creation of the proposed gateway local option tax district may  
19 file, by first-class mail or otherwise, comments with the clerk and recorder of the county in which the proposed  
20 gateway local option tax district lies.

21  
22 **NEW SECTION. Section 13. Gateway local option tax district -- hearing on petition.** (1) At the  
23 hearing for which notification has occurred under [section 12], the board of county commissioners shall accept  
24 comments supporting and opposing the petition. The board of county commissioners may adjourn the hearing  
25 from time to time, but the hearing must be completed within 4 weeks of its commencement.

26 (2) Upon concluding the hearing on the petition, the board of county commissioners shall determine  
27 whether the petition complies with the requirements of [sections 11 through 23] and enter its determination into  
28 the minutes of a regularly scheduled meeting.

29  
30 **NEW SECTION. Section 14. Gateway local option tax district -- election required -- notice.** (1)



1 Upon a determination that the petition complies with the provisions of [sections 11 through 23], the board of  
 2 county commissioners of the county in which the tourist impact zone lies shall conduct an election in accordance  
 3 with Title 13, chapter 1, part 5.

4 (2) Notice of the election must be made as provided in 13-1-108 and must:

5 (a) describe the purpose of the proposed gateway local option tax district; and

6 (b) state the name of the proposed gateway local option tax district, which must include the words "local  
 7 option tax district".

8

9 **NEW SECTION. Section 15. Resolution creating gateway local option tax district upon favorable**

10 **vote.** (1) If a majority of the votes cast on the question of creating the gateway local option tax district are in favor  
 11 of creating the gateway local option tax district, the board of county commissioners shall enter into its minutes  
 12 an order, by resolution, creating the gateway local option tax district.

13 (2) Immediately following adoption of the resolution creating the gateway local option tax district, the  
 14 board of county commissioners shall file with the secretary of state and the county clerk and recorder a copy of  
 15 the resolution.

16

17 **NEW SECTION. Section 16. General powers of gateway local option tax district.** (1) A gateway  
 18 local option tax district may:

19 (a) have perpetual succession;

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

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

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

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

24 (2) (a) Subject to subsection (2)(b), the board of directors for a gateway local option tax district that does  
 25 not have perpetual succession may submit the question of extension of the term of the gateway local option tax  
 26 district directly to the qualified electors in an election conducted in accordance with Title 13, chapter 1, part 5. If  
 27 the electorate extends the term of the gateway local option tax district, the provisions of this part continue to  
 28 apply.

29 (b) The board of directors may not submit a question to the qualified electors to extend the term of a  
 30 gateway local option tax district until the expiration of at least one-half of the existing term of the gateway local

1 option tax, as provided for in [section 4]. If a vote to extend the term fails, successive votes to extend the term  
2 may be taken no more than once each year.

3 (3) The board of directors shall exercise the powers described in [sections 11 through 23].  
4

5 **NEW SECTION. Section 17. Gateway local option tax district board powers related to gateway**  
6 **local option tax revenue -- bonds -- election -- restrictions.** (1) The board of directors of a gateway local  
7 option tax district may:

8 (a) appropriate and expend revenue from a gateway local option tax for any activity, undertaking, or  
9 administrative service authorized in the resolution creating a gateway local option tax and adopting a gateway  
10 local option tax;

11 (b) adopt administrative ordinances necessary to aid in the collection or reporting of gateway local option  
12 tax and in the expenditure of gateway local option tax revenue; and

13 (c) except as provided in subsection (2), if approved by four of the five board members, issue bonds to  
14 provide, install, or construct any of the public facilities, improvements, or capital projects authorized as provided  
15 in subsection (1)(a) and pledge for repayment of the bonds the revenue derived from the gateway local option  
16 tax.

17 (2) A gateway local option tax district may not issue bonds to construct any single-purpose public facility,  
18 improvement, or capital project in an amount exceeding \$500,000 without the approval of a majority of the  
19 qualified electors voting at an election conducted in accordance with Title 13, chapter 1, part 5.

20 (3) The provisions of [section 6(3)] apply to the issuance of bonds by a gateway local option tax district,  
21 and the board of directors shall conclude that the projected useful life of the public facilities, improvements, or  
22 capital projects will be greater than the term of the bonds that were issued to construct the public facilities,  
23 improvements, or capital projects.

24 (4) Gateway local option tax revenue that is pledged by a gateway local option tax district to the  
25 repayment of bonds must be sufficient to pay the principal and interest on the bonds in each year when the  
26 principal and interest is due. Bonds do not constitute debt for the purpose of any statutory debt limitation. A  
27 gateway local option tax district may not issue bonds pledging proceeds of the gateway local option tax for  
28 repayment unless the board of directors in the resolution authorizing issuance of the bonds determines that the  
29 annual principal and interest payment on the bonds issued will not cumulatively exceed 25% of the average of  
30 gateway local option tax revenue received by the district during the preceding 5 years. Bonds may not be issued

1 for a term longer than the remaining duration of the gateway local option tax district.

2

3 **NEW SECTION. Section 18. Gateway local option tax district governed by board -- composition**

4 **-- qualifications -- term of office.** (1) The board of directors is the governing body of the gateway local option  
5 tax district and is composed of five members, to be elected as provided in [section 19].

6 (2) To qualify for the board of directors, a person must be a resident of the tourist impact zone.

7 (3) Directors shall serve for a term of 4 years from the date of their election, except, of the directors  
8 elected at the first election, three directors shall serve for a term of 2 years and two shall serve for a term of 4  
9 years.

10 (4) At the first meeting of the board, the directors shall determine by lot which of them shall serve the  
11 terms of less than 4 years. Each succeeding term is 4 years.

12

13 **NEW SECTION. Section 19. Gateway local option tax district board election.** (1) The first election  
14 of the board of directors and each succeeding election must be held in accordance with Title 13, chapter 1, part  
15 5.

16 (2) A declaration of candidacy for the board of directors may be filed with the election administrator of  
17 the county conducting the election for the gateway local option tax district. A declaration of candidacy must be  
18 filed within the time period specified in 13-1-502.

19 (3) (a) If the number of candidates filing a petition is insufficient to complete board membership, the  
20 existing board shall appoint as many members as are needed to complete the five-member board.

21 (b) An appointee to the board of directors must be elected by a majority of those voting at an election  
22 conducted on the date established pursuant to 13-1-504(1)(b) during the next year following the appointment.  
23 If an appointee does not receive a majority of votes cast in the election, the appointee's term expires, and the  
24 board of directors shall initiate the process described in this subsection (3).

25

26 **NEW SECTION. Section 20. Gateway local option tax district board -- vacancy.** (1) If a vacancy on  
27 the board of directors occurs by death, resignation, or removal from the gateway local option tax district, the  
28 remaining directors shall appoint a director to fill the vacancy. The term of the appointment coincides with the term  
29 that became vacant.

30 (2) An appointee to the board of directors must be elected by a majority of those voting at an election

1 conducted in accordance with Title 13, chapter 1, part 5, as soon as possible following the appointment. If an  
 2 appointee does not receive a majority of the votes cast in the election, the appointee's term expires and the board  
 3 shall initiate the process to fill the vacancy as provided in subsection (1).

4  
 5 **NEW SECTION. Section 21. Gateway local option tax district board -- meetings.** (1) The board of  
 6 directors shall meet at a regularly scheduled time and place. The board of directors shall provide public notice  
 7 of any change in the time and place of the board meetings.

8 (2) All board of directors meetings are open to the public unless, under the terms of Article II, section 9,  
 9 of the Montana constitution or 2-3-203, the presiding officer determines that the demands of individual privacy  
 10 clearly exceed the merits of public disclosure.

11 (3) A majority of the board of directors constitutes a quorum for the transaction of business.

12 (4) The board of directors may act only by ordinance or resolution.

13  
 14 **NEW SECTION. Section 22. Referendum to dissolve gateway local option tax district.** (1) On  
 15 receipt of a petition to dissolve the gateway local option tax district, signed by more than 50% of the qualified  
 16 electors of the gateway local option tax district, the board of directors shall set a date for a public hearing on  
 17 dissolution of the gateway local option tax district. The hearing date must be at least 45 days and no more than  
 18 60 days after the date on which the board schedules the date of the hearing. A notice of the public hearing on  
 19 dissolution must be published as provided in 7-1-2121. The published notice must include notice to creditors of  
 20 the gateway local option tax district to present claims owed by the gateway local option tax district to the board  
 21 of directors prior to the date set for the dissolution hearing.

22 (2) After the hearing, the board of directors shall submit the question of the gateway local option tax  
 23 district's dissolution to a vote of the qualified electors voting in an election conducted in accordance with Title 13,  
 24 chapter 1, part 5.

25  
 26 **NEW SECTION. Section 23. Resolution dissolving gateway local option tax district upon**  
 27 **favorable vote.** (1) If a majority of the votes cast on the question of dissolving the gateway local option tax district  
 28 are in favor of dissolving the gateway local option tax district, the board of county commissioners shall enter into  
 29 its minutes an order, by resolution, dissolving the gateway local option tax district. The resolution must contain,  
 30 explicitly or by reference, an orderly plan of dissolution that includes distribution of any remaining revenue:

1 (a) to the county general fund; or

2 (b) for property tax relief within the gateway local option tax district.

3 (2) Immediately following adoption of the resolution dissolving the gateway local option tax district, the  
4 board of county commissioners shall file with the secretary of state and the county clerk and recorder a copy of  
5 the resolution.

6 (3) The gateway local option tax district is dissolved as provided in the plan of dissolution.

7

8 **Section 24.** Section 7-7-4424, MCA, is amended to read:

9 **"7-7-4424. Undertakings to be self-supporting.** (1) (a) Except as provided in subsections (1)(b) and  
10 (1)(c), the governing body of a municipality issuing bonds pursuant to this part shall prescribe and collect  
11 reasonable rates, fees, or charges for the services, facilities, and commodities of the undertaking and shall revise  
12 the rates, fees, or charges from time to time whenever necessary so that the undertaking is and remains  
13 self-supporting.

14 (b) The property taxes specifically authorized to be levied for the general purpose served by an  
15 undertaking ~~or, any~~ resort taxes approved, levied, and appropriated to an undertaking in compliance with  
16 7-6-1501 through 7-6-1509, or any gateway local option tax approved, levied, and appropriated to an undertaking  
17 in compliance with [sections 1 through 9] constitute revenue of the undertaking and may not result in an  
18 undertaking being considered not self-supporting.

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

21 (2) The rates, fees, or charges prescribed, along with any appropriated property tax collections, gateway  
22 local option tax collections, or resort tax collections, must produce revenue at least sufficient to:

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

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

26

27 **Section 25.** Section 7-7-4428, MCA, is amended to read:

28 **"7-7-4428. Covenants in resolution authorizing issuance of bonds.** Any resolution or resolutions  
29 authorizing the issuance of bonds under this part may contain covenants as to:

30 (1) the purpose or purposes to which the proceeds of sale of the bonds may be applied and the

1 disposition of the proceeds;

2 (2) the use and disposition of the revenue of the undertaking for which the bonds are to be issued,  
3 including the creation and maintenance of reserves and including the pledge or appropriation of all or a portion  
4 of the property and resort tax revenue referred to in 7-7-4424 or the gateway local option tax revenue referred  
5 to in [section 5];

6 (3) the transfer, from the general fund of the municipality to the account or accounts of the undertaking,  
7 of an amount equal to the cost of furnishing the municipality or any of its departments, boards, or agencies with  
8 the services, facilities, or commodities of the undertaking;

9 (4) the issuance of other or additional bonds payable from the revenue of the undertaking;

10 (5) the operation and maintenance of the undertaking;

11 (6) the insurance to be carried on the undertaking and the use and disposition of insurance money;

12 (7) books of account and the inspection and audit of the books; and

13 (8) the terms and conditions upon which the holders or trustees of the bonds or any proportion of the  
14 bonds are entitled to the appointment of a receiver by the district court having jurisdiction. The receiver may:

15 (a) enter and take possession of the undertaking;

16 (b) operate and maintain the undertaking;

17 (c) prescribe rates, fees, or charges, subject to the approval of the public service commission; and

18 (d) collect, receive, and apply all revenue thereafter arising from the undertaking in the same manner  
19 as the municipality itself might do."

20

21 **NEW SECTION. Section 26. Codification instruction.** [Sections 1 through 23] are intended to be  
22 codified as an integral part of Title 7, chapter 6, and the provisions of Title 7, chapter 6, apply to [sections 1  
23 through 23].

24

25 **NEW SECTION. Section 27. Saving clause.** [This act] does not affect rights and duties that matured,  
26 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

27

28 **NEW SECTION. Section 28. Effective date.** [This act] is effective on passage and approval.

29

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