

## HOUSE BILL NO. 211

INTRODUCED BY P. INGRAHAM

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING JUDGMENTS AGAINST LOCAL GOVERNMENTS THAT  
5 ARE NOT COVERED BY INSURANCE TO BE PAID FROM THE PROCEEDS OF GENERAL OBLIGATION  
6 BONDS; ADDING PAYMENT OF A JUDGMENT AS A PURPOSE FOR WHICH MUNICIPAL INDEBTEDNESS  
7 MAY OCCUR; EXCEPTING GENERAL OBLIGATION BONDS ISSUED TO PAY A JUDGMENT FROM PUBLIC  
8 VOTING REQUIREMENTS; ALLOWING A PRIVATE SALE OF GENERAL OBLIGATION BONDS UNDER  
9 CERTAIN CIRCUMSTANCES; AMENDING SECTIONS 7-6-4015, 7-7-4101, 7-7-4221, AND 7-7-4226, MCA;  
10 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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14 **Section 1.** Section 7-6-4015, MCA, is amended to read:

15 **"7-6-4015. Payments for judgments.** (1) Judgments against a local government that are not covered  
16 by insurance may be paid:

17 (a) from the general fund; or

18 (b) from the fund or funds supporting the local government operation that incurred the judgment.

19 (2) Judgments that are to be paid from the general fund:

20 (a) must be paid in the current fiscal year if there is sufficient money in the general fund to pay both the  
21 judgment and the general fund appropriations for the current fiscal year; or

22 (b) must be paid from additional tax levies made in each of the next 3 years if general fund money is  
23 insufficient to pay the judgment in the current fiscal year; or

24 (c) must be paid from the proceeds derived from general obligation bonds issued pursuant to 7-7-2202  
25 and 7-7-4101."

26  
27 **Section 2.** Section 7-7-4101, MCA, is amended to read:

28 **"7-7-4101. Purposes for which indebtedness may be incurred.** ~~The city or town council has power~~  
29 ~~to~~ The governing body of a municipality may contract an indebtedness on behalf of ~~a city or town~~ the municipality,  
30 upon the credit of the ~~city or town~~ municipality, by borrowing money, issuing bonds, issuing notes, entering into

1 leases, entering into lease-purchase agreements, or entering into installment purchase contracts for the following  
2 purposes:

3 (1) acquiring land for and designing and erecting public buildings;

4 (2) acquiring land for and designing and constructing sewers, sewage treatment and disposal plants,  
5 waterworks, reservoirs, reservoir sites, and lighting plants;

6 (3) supplying the city or town with water by contract and the construction or purchase of canals or ditches  
7 and water rights for supplying the city or town with water;

8 (4) designing and constructing bridges, docks, wharves, breakwaters, piers, jetties, and moles;

9 (5) acquiring, opening, or widening any street and improving the street by constructing, reconstructing,  
10 and repairing pavement, gutters, curbs, and vehicle parking strips and to pay all or any portion of the cost relating  
11 to the project;

12 (6) purchasing or leasing fire apparatus, street and other equipment, and personal property, including  
13 without limitation, vehicles, telephone systems, and photocopy and office equipment, including computer  
14 hardware and software;

15 (7) building, purchasing, designing, constructing, and maintaining devices intended to protect the safety  
16 of the public from open ditches carrying irrigation or other water;

17 (8) funding outstanding warrants and maturing bonds; ~~and~~

18 (9) repaying tax protests lost by the city, town, or other municipal corporation; and

19 (10) paying in full, compromising, settling, or satisfying any judgment rendered against the municipality  
20 by a court of competent jurisdiction."

21

22 **Section 3.** Section 7-7-4221, MCA, is amended to read:

23 **"7-7-4221. Election on question of incurring indebtedness -- exception.** (1) Except as provided in  
24 subsection (2) and 15-1-402, whenever the governing body of any municipality considers it necessary to issue  
25 bonds pledging the general credit of the municipality for any purpose authorized by law, the question of issuing  
26 the bonds ~~shall~~ must first be submitted to the registered electors of the city or town.

27 (2) It is not necessary to submit to the electors the question of issuing;

28 (a) refunding bonds to refund bonds issued and outstanding;

29 (b) or the question of issuing revenue bonds not pledging the general credit of the municipality under any  
30 laws of this state; or

1 (c) general obligation bonds pledging the general credit of the municipality for funding, paying in full,  
 2 compromising, settling, or satisfying any judgment rendered against the municipality in a court of competent  
 3 jurisdiction.

4 (3) All bonds sold without submitting the question of their issue to an election may be sold at a private  
 5 negotiated sale to the United States or the state of Montana or an agency, instrumentality, or corporation of the  
 6 United States or the state of Montana.

7 (4) Except as provided in subsection (3), the provisions of 7-7-4205, 7-7-4251, 7-7-4252, and 7-7-4254  
 8 with regard to the notice of sale, publication of notice, and manner and method of selling bonds by municipalities,  
 9 as applicable, apply to the sale of the bonds."

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11 **Section 4.** Section 7-7-4226, MCA, is amended to read:

12 **"7-7-4226. Resolution to submit question of issuing bonds to voters.** (1) When the governing body  
 13 of any municipality considers it necessary to issue bonds pledging the general credit of the municipality pursuant  
 14 to a statute of this state, the governing body shall pass and adopt a resolution.

15 (2) The resolution must:

16 (a) recite the purpose or purposes for which it is proposed to issue the bonds;

17 (b) fix the amount of bonds to be issued for each purpose;

18 (c) determine the number of years through which the bonds are to be paid, not exceeding the limits fixed  
 19 in 7-7-4205; and

20 (d) ~~unless the bonds are revenue bonds not pledging the general credit of the municipality~~ except as  
 21 provided in 7-7-4221, make provisions that are necessary for submitting the question to the registered electors  
 22 of the city or town at the next general city or town election, at an election that is conducted by mail ballot, as  
 23 provided in Title 13, chapter 19, or at a special election that is held in conjunction with a regular or primary  
 24 election and that the governing body may call for the purpose.

25 (3) Whenever the bond issuance is proposed by petition, the governing body shall, before submitting the  
 26 measure to the electors, pass a resolution containing the information required in this section and setting forth the  
 27 essential facts in regard to the filing and presentation of the petition."

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29 **NEW SECTION. Section 5. Effective date.** [This act] is effective on passage and approval.

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