

HOUSE BILL NO. 373

INTRODUCED BY S. STAFFANSON, C. CLARK, A. DOANE, A. KNUDSEN, W. MCKAMEY,
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A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE DEBT LIMIT FOR AN ELEMENTARY DISTRICT,
A K-12 DISTRICT, OR A HIGH SCHOOL DISTRICT; AMENDING SECTIONS 20-9-406 AND 20-9-407, MCA;
AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support payment -- oil and natural gas payment. (1) (a) Except as provided in subsection (1)(c), the maximum amount for which an elementary district or a high school district may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471, oil and natural gas revenue bonds to which a deficiency tax levy is pledged, and any other loans or notes payable that are held as general obligations of the district, is ~~50%~~ 100% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

(b) Except as provided in subsection (1)(c), the maximum amount for which a K-12 school district, as formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471, oil and natural gas revenue bonds to which a deficiency tax levy is pledged, and any other loans or notes payable that are held as general obligations of the district, ~~is up to 100%~~ regardless of whether the general obligation bonds finance elementary program improvements or high school program improvements, is the sum of 100% of the taxable value of the property in its elementary program subject to taxation and 100% of the taxable value of the property in its high school program subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

(c) (i) ~~The~~ Unless the maximum amount calculated under subsection (1)(a) yields a greater amount, the

1 maximum amount for which an elementary district or a high school district with a district mill value per elementary
2 ANB or per high school ANB that is less than the facility guaranteed mill value per elementary ANB or high school
3 ANB under 20-9-366 may become indebted by the issuance of general obligation bonds, including all
4 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,
5 outstanding obligations under 20-9-471, oil and natural gas revenue bonds to which a deficiency tax levy is
6 pledged, and any other loans or notes payable that are held as general obligations of the district, is ~~50%~~ of the
7 corresponding facility guaranteed mill value per ANB times 1,000 times the ANB of the district. For a K-12 district,
8 unless the maximum amount calculated under subsection (1)(b) yields a greater amount, the maximum amount
9 for which the district may become indebted is ~~50%~~ of the sum of the facility guaranteed mill value per elementary
10 ANB times 1,000 times the elementary ANB of the district and the facility guaranteed mill value per high school
11 ANB times 1,000 times the high school ANB of the district. For the purpose of calculating ANB under this
12 subsection, a district may use the greater of the current year ANB or the 3-year ANB calculated under 20-9-311.

13 (ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded
14 indebtedness under this subsection (1)(c), a district may include the ANB of the district plus the number of
15 students residing within the district for which the district or county pays tuition for attendance at a school in an
16 adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum
17 indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual
18 agreement. For the purpose of calculating ANB under this subsection, a district may use the greater of the current
19 year ANB or the 3-year ANB calculated under 20-9-311.

20 (2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by
21 special improvement district obligations or assessments against the school district or to general obligation bonds
22 issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the
23 amount are void, except as provided in this section.

24 (3) The maximum amount of impact aid revenue bonds that an elementary district, high school district,
25 or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of
26 the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the
27 issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal
28 of and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic
29 support payments of the school district for the current year.

30 (4) The maximum amount of oil and natural gas revenue bonds that an elementary district, high school

1 district, or K-12 school district may issue may not exceed a total aggregate amount equal to three times the
 2 average of the school district's annual oil and natural gas production taxes received pursuant to 15-36-331,
 3 15-36-332, and 20-9-310 for the 2 fiscal years immediately preceding the issuance of the bonds. At the time of
 4 the issuance of the bonds, the average annual payment of principal of and interest on the oil and natural gas
 5 revenue bonds each year may not exceed 35% of the total oil and natural gas production taxes received by the
 6 school district under the limitations in 20-9-310 for the immediately preceding fiscal year. If the oil and natural gas
 7 revenue bonds are also secured by a deficiency tax levy as provided in 20-9-437, the debt limitation provided in
 8 subsection (1) of this section applies to the bonds.

9 (5) When the total indebtedness of a school district has reached the limitations prescribed in this section,
 10 the school district may pay all reasonable and necessary expenses of the school district on a cash basis in
 11 accordance with the financial administration provisions of this chapter.

12 (6) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt
 13 service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the
 14 refunding bond issue is decreased accordingly.

15 (7) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue
 16 received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education
 17 under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707.

18 (8) The state reimbursement for school facilities program created in 20-9-370 and 20-9-371 may only
 19 be calculated on up to 50% of the taxable value of the property subject to taxation."

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21 **Section 2.** Section 20-9-407, MCA, is amended to read:

22 **"20-9-407. Industrial facility agreement for bond issue in excess of maximum.** (1) In a school district
 23 within which a new major industrial facility that seeks to qualify for taxation as class five property under 15-6-135
 24 is being constructed or is about to be constructed, the school district may require, as a precondition of the new
 25 major industrial facility qualifying as class five property, that the owners of the proposed industrial facility enter
 26 into an agreement with the school district concerning the issuing of bonds in excess of the ~~50%~~ limitation
 27 prescribed in 20-9-406. Under an agreement, the school district may, with the approval of the voters, issue bonds
 28 that exceed the limitation prescribed in this section by a maximum of ~~50%~~ 100% of the estimated taxable value
 29 of the property of the new major industrial facility subject to taxation when completed. The estimated taxable value
 30 of the property of the new major industrial facility subject to taxation must be computed by the department of

1 revenue when requested to do so by a resolution of the board of trustees of the school district. A copy of the
2 department's statement of estimated taxable value must be printed on each ballot used to vote on a bond issue
3 proposed under this section.

4 (2) Pursuant to the agreement between the new major industrial facility and the school district and as
5 a precondition to qualifying as class five property, the new major industrial facility and its owners shall pay, in
6 addition to the taxes imposed by the school district on property owners generally, as much of the principal and
7 interest on the bonds provided for under this section as represents payment on an indebtedness in excess of the
8 limitation prescribed in 20-9-406. After the completion of the new major industrial facility and when the
9 indebtedness of the school district no longer exceeds the limitation prescribed in this section, the new major
10 industrial facility is entitled, after all the current indebtedness of the school district has been paid, to a tax credit
11 over a period of no more than 20 years. The credit must as a total amount be equal to the amount that the facility
12 paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within
13 the district.

14 (3) A major industrial facility is a facility subject to the taxing power of the school district, whose
15 construction or operation will increase the population of the district, imposing a significant burden upon the
16 resources of the district and requiring construction of new school facilities. A significant burden is an increase in
17 ANB of at least 20% in a single year."

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

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