

HOUSE BILL NO. 301

INTRODUCED BY D. HALVORSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE DEBT LIMIT FOR AN ELEMENTARY DISTRICT,
5 A K-12 DISTRICT, OR A HIGH SCHOOL DISTRICT ~~TO 100% OF THE TAXABLE VALUE OF THE PROPERTY~~
6 ~~SUBJECT TO TAXATION~~; AMENDING SECTIONS 20-9-406 AND 20-9-407, MCA; AND PROVIDING AN
7 IMMEDIATE EFFECTIVE DATE."

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

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

12 **"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support**
13 **payment.** (1) (a) Except as provided in subsection (1)(c), the maximum amount for which an elementary district
14 or a high school district may become indebted by the issuance of general obligation bonds, including all
15 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,
16 outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations
17 of the district, is ~~50%~~ ~~100%~~ 80% of the taxable value of the property subject to taxation, as ascertained by the
18 last assessment for state, county, and school taxes previous to the incurring of the indebtedness.

19 (b) Except as provided in subsection (1)(c), the maximum amount for which a K-12 school district, as
20 formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including all
21 indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,
22 outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations
23 of the district, ~~is up to 100%~~ REGARDLESS OF WHETHER THE GENERAL OBLIGATION BONDS FINANCE ELEMENTARY
24 PROGRAM IMPROVEMENTS OR HIGH SCHOOL PROGRAM IMPROVEMENTS, IS THE SUM OF 80% of the taxable value of the
25 property IN ITS ELEMENTARY PROGRAM subject to taxation AND 80% OF THE TAXABLE VALUE OF THE PROPERTY IN ITS
26 HIGH SCHOOL PROGRAM SUBJECT TO TAXATION, as ascertained by the last assessment for state, county, and school
27 taxes previous to the incurring of the indebtedness.

28 (c) (i) ~~The~~ UNLESS THE MAXIMUM AMOUNT CALCULATED UNDER SUBSECTION (1)(A) YIELDS A GREATER AMOUNT,
29 THE maximum amount for which an elementary district or a high school district with a district mill value per
30 elementary ANB or per high school ANB that is less than the facility guaranteed mill value per elementary ANB

1 or high school ANB under 20-9-366 may become indebted by the issuance of general obligation bonds, including
2 all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants,
3 outstanding obligations under 20-9-471, and any other loans or notes payable that are held as general obligations
4 of the district, is ~~50%~~ 80% of the corresponding facility guaranteed mill value per ANB times 1,000 times the ANB
5 of the district. For a K-12 district, UNLESS THE MAXIMUM AMOUNT CALCULATED UNDER SUBSECTION (1)(B) YIELDS A
6 GREATER MAXIMUM AMOUNT, the maximum amount for which the district may become indebted is ~~50%~~ 80% of the
7 sum of the facility guaranteed mill value per elementary ANB times 1,000 times the elementary ANB of the district
8 and the facility guaranteed mill value per high school ANB times 1,000 times the high school ANB of the district.
9 For the purpose of calculating ANB under this subsection, a district may use the greater of the current year ANB
10 or the 3-year ANB calculated under 20-9-311.

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

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

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

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

1 (5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt
2 service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the
3 refunding bond issue is decreased accordingly.

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

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

9 **"20-9-407. Industrial facility agreement for bond issue in excess of maximum.** (1) In a school district
10 within which a new major industrial facility that seeks to qualify for taxation as class five property under 15-6-135
11 is being constructed or is about to be constructed, the school district may require, as a precondition of the new
12 major industrial facility qualifying as class five property, that the owners of the proposed industrial facility enter
13 into an agreement with the school district concerning the issuing of bonds in excess of the 50% limitation
14 prescribed in 20-9-406. Under an agreement, the school district may, with the approval of the voters, issue bonds
15 that exceed the limitation prescribed in this section by a maximum of 50% ~~100%~~ 80% of the estimated taxable
16 value of the property of the new major industrial facility subject to taxation when completed. The estimated taxable
17 value of the property of the new major industrial facility subject to taxation must be computed by the department
18 of revenue when requested to do so by a resolution of the board of trustees of the school district. A copy of the
19 department's statement of estimated taxable value must be printed on each ballot used to vote on a bond issue
20 proposed under this section.

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

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

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

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