

SENATE BILL NO. 291

INTRODUCED BY G. HERTZ

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE THRESHOLD FOR APPROVAL OF CERTAIN BOND ELECTIONS; AMENDING SECTIONS 7-7-4235, 7-15-4218, 7-31-110, 67-11-303, AND 76-15-506, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 7-7-4235, MCA, is amended to read:

"7-7-4235. Percentage of electors required to authorize issuing of bonds. Whenever the question of issuing bonds for any purpose is submitted to the registered electors of a city or town, the determination of the approval or rejection of the bond proposition is made ~~by a majority of the votes cast on the issue~~ in the following manner:

(1) determine the total number of electors who were qualified to vote in the bond election;

(2) determine the total number of qualified electors who voted in the bond election from the tally sheet or sheets for the election;

(3) calculate the percentage of qualified electors voting in the bond election by dividing the number determined in subsection (2) by the number determined in subsection (1); and

(4) when the calculated percentage in subsection (3) is 40% or more, the bond proposition is considered approved and adopted if a majority of the votes cast were in favor of the proposition, otherwise it is considered rejected; or

(5) when the calculated percentage in subsection (3) is more than 30% but less than 40%, the bond proposition is considered approved and adopted if 60% or more of the votes cast were in favor of the proposition, otherwise it is considered rejected; or

(6) when the calculated percentage in subsection (3) is 30% or less, the bond proposition is considered rejected."

1           **Section 2.** Section 7-15-4218, MCA, is amended to read:

2           **"7-15-4218. Voter approval of urban renewal plan required when general obligation bonds to be**  
3 **used.** If the plan or any subsequent modification ~~thereof of the plan~~ involves financing by the issuance of  
4 general obligation bonds of the municipality as authorized in 7-15-4302(1) or the financing of water or sewer  
5 improvements by the issuance of revenue bonds under the provisions of part 44 of chapter 7 or of part 43 of  
6 chapter 13, the question of approving the plan and issuing ~~such the~~ bonds ~~shall~~must be submitted to a vote of  
7 the qualified electors of ~~such the~~ municipality, in accordance with the provisions governing municipal general  
8 obligation bonds under chapter 7, part 42, at the same election and ~~shall~~must be approved ~~by a majority of~~  
9 ~~those qualified electors voting on such question~~ in the manner provided for in 7-7-4235."

10

11           **Section 3.** Section 7-31-110, MCA, is amended to read:

12           **"7-31-110. Effect of election.** (1) ~~If a majority of the votes cast were for the contract and bonds are~~  
13 considered approved pursuant to subsection (3), then the contract is in full force and effect and the bonds shall  
14 must be issued and disposed of in the manner provided in this part.

15           (2) ~~If there was a tie vote or a majority of the votes were cast against the contract and bonds were~~  
16 not approved as provided in subsection (3), then the contract and surety bond given for its fulfillment are void  
17 and the bonds shallmay not be issued.

18           (3) The determination of the approval or rejection of the bond proposition is made in the following  
19 manner:

20           (a) determine the total number of electors who were qualified to vote in the bond election;

21           (b) determine the total number of qualified electors who voted in the bond election from the tally  
22 sheet or sheets for the election;

23           (c) calculate the percentage of qualified electors voting in the bond election by dividing the number  
24 determined in subsection (3)(b) by the number determined in subsection (3)(a); and

25           (d) when the calculated percentage in subsection (3)(c) is 40% or more, the bond proposition is  
26 considered approved and adopted if a majority of the votes cast were in favor of the proposition, otherwise it is  
27 considered rejected; or

28           (e) when the calculated percentage in subsection (3)(c) is more than 30% but less than 40%, the

1 bond proposition is considered approved and adopted if 60% or more of the votes cast were in favor of the  
2 proposition, otherwise it is considered rejected; or  
3 (f) when the calculated percentage in subsection (3)(c) is 30% or less, the bond proposition is  
4 considered rejected."

5

6 **Section 4.** Section 67-11-303, MCA, is amended to read:

7 **"67-11-303. (Temporary) Bonds and obligations.** (1) An authority may borrow money for any of its  
8 corporate purposes and issue its bonds for those purposes, including refunding bonds, in the form and upon the  
9 terms that it may determine, payable out of any revenue of the authority, including revenue derived from:

10 (a) an airport or air navigation facility or facilities;

11 (b) taxes levied pursuant to 67-11-301 or other law for airport purposes;

12 (c) grants or contributions from the federal government; or

13 (d) other sources.

14 (2) The bonds may be issued by resolution of the authority, without an election and without any  
15 limitation of amount, except that bonds may not be issued at any time if the total amount of principal and  
16 interest to become due in any year on the bonds and on any then-outstanding bonds for which revenue from  
17 the same source or sources is pledged exceeds the amount of revenue to be received in that year as estimated  
18 in the resolution authorizing the issuance of the bonds. The authority shall take all action necessary and  
19 possible to impose, maintain, and collect rates, charges, rentals, and taxes, if any is pledged, sufficient to make  
20 the revenue from the pledged source in the year at least equal to the amount of principal and interest due in  
21 that year.

22 (3) The bonds may be sold at public or private sale and may bear interest as provided in 17-5-102.  
23 Except as otherwise provided in this section, any bonds issued pursuant to this chapter by an authority may be  
24 payable as to principal and interest solely from revenue of the authority and must state on their face the  
25 applicable limitations or restrictions regarding the source from which the principal and interest are payable.

26 (4) Bonds issued by an authority or municipality pursuant to the provisions of this chapter are  
27 declared to be issued for an essential public and governmental purpose by a political subdivision within the  
28 meaning of 15-30-2110(2)(a).

1           (5)     For the security of bonds, the authority or municipality may by resolution make and enter into  
2 any covenant, agreement, or indenture and may exercise any additional powers authorized to be exercised by  
3 a municipality under Title 7, chapter 7, parts 44 and 45. The sums required from time to time to pay principal  
4 and interest and to create and maintain a reserve for the bonds may be paid from any revenue referred to in  
5 this chapter, prior to the payment of current costs of operation and maintenance of the facilities.

6           (6)     Subject to the conditions stated in this subsection, the governing body of any municipality  
7 having a population in excess of 10,000, with respect to bonds issued pursuant to this chapter by the  
8 municipality or by an authority in which the municipality is included, may by resolution covenant that in the  
9 event that at any time all revenue, including taxes, appropriated and collected for the bonds is insufficient to pay  
10 principal or interest then due, it shall, subject to 15-10-420, levy a general tax upon all of the taxable property in  
11 the municipality for the payment of the deficiency. The governing body may further covenant that at any time a  
12 deficiency is likely to occur within 1 year for the payment of principal and interest due on the bonds, it shall,  
13 subject to 15-10-420, levy a general tax upon all the taxable property in the municipality for the payment of the  
14 deficiency, and the taxes are limited to a rate estimated to be sufficient to produce the amount of the deficiency.  
15 In the event that more than one municipality having a population in excess of 10,000 is included in an authority  
16 issuing bonds pursuant to this chapter, the municipalities may apportion the obligation to levy taxes for the  
17 payment of, or in anticipation of, a deficiency in the revenue appropriated for the bonds in a manner that the  
18 municipalities may determine. The resolution must state the principal amount and purpose of the bonds and the  
19 substance of the covenant respecting deficiencies. A resolution may not be effective until the question of its  
20 approval has been submitted to the qualified electors of the municipality at a special election called for that  
21 purpose by the governing body of the municipality and a majority of the electors voting on the question have  
22 voted in favor of the resolution. The special election must be held in conjunction with a regular or primary  
23 election. The notice and conduct of the election is governed, to the extent applicable, as provided for municipal  
24 general obligation bonds in Title 7, chapter 7, part 42, for an election called by cities and towns and as provided  
25 for county general obligation bonds in Title 7, chapter 7, part 22, for an election called by counties. If a majority  
26 of the electors voting on the issue vote against approval of the resolution, the municipality may not make the  
27 covenant or levy a tax for the payment of deficiencies pursuant to this section, but the municipality or authority  
28 may issue bonds under this chapter payable solely from the sources referred to in subsection (1).

1           **67-11-303. (Effective January 1, 2024) Bonds and obligations.** (1) An authority may borrow money  
 2 for any of its corporate purposes and issue its bonds for those purposes, including refunding bonds, in the form  
 3 and upon the terms that it may determine, payable out of any revenue of the authority, including revenue  
 4 derived from:

- 5           (a) an airport or air navigation facility or facilities;
- 6           (b) taxes levied pursuant to 67-11-301 or other law for airport purposes;
- 7           (c) grants or contributions from the federal government; or
- 8           (d) other sources.

9           (2) The bonds may be issued by resolution of the authority, without an election and without any  
 10 limitation of amount, except that bonds may not be issued at any time if the total amount of principal and  
 11 interest to become due in any year on the bonds and on any then-outstanding bonds for which revenue from  
 12 the same source or sources is pledged exceeds the amount of revenue to be received in that year as estimated  
 13 in the resolution authorizing the issuance of the bonds. The authority shall take all action necessary and  
 14 possible to impose, maintain, and collect rates, charges, rentals, and taxes, if any is pledged, sufficient to make  
 15 the revenue from the pledged source in the year at least equal to the amount of principal and interest due in  
 16 that year.

17           (3) The bonds may be sold at public or private sale and may bear interest as provided in 17-5-102.  
 18 Except as otherwise provided in this section, any bonds issued pursuant to this chapter by an authority may be  
 19 payable as to principal and interest solely from revenue of the authority and must state on their face the  
 20 applicable limitations or restrictions regarding the source from which the principal and interest are payable.

21           (4) Bonds issued by an authority or municipality pursuant to the provisions of this chapter are  
 22 declared to be issued for an essential public and governmental purpose by a political subdivision.

23           (5) For the security of bonds, the authority or municipality may by resolution make and enter into  
 24 any covenant, agreement, or indenture and may exercise any additional powers authorized to be exercised by  
 25 a municipality under Title 7, chapter 7, parts 44 and 45. The sums required from time to time to pay principal  
 26 and interest and to create and maintain a reserve for the bonds may be paid from any revenue referred to in  
 27 this chapter, prior to the payment of current costs of operation and maintenance of the facilities.

28           (6) Subject to the conditions stated in this subsection, the governing body of any municipality

1 having a population in excess of 10,000, with respect to bonds issued pursuant to this chapter by the  
2 municipality or by an authority in which the municipality is included, may by resolution covenant that in the  
3 event that at any time all revenue, including taxes, appropriated and collected for the bonds is insufficient to pay  
4 principal or interest then due, it shall, subject to 15-10-420, levy a general tax upon all of the taxable property in  
5 the municipality for the payment of the deficiency. The governing body may further covenant that at any time a  
6 deficiency is likely to occur within 1 year for the payment of principal and interest due on the bonds, it shall,  
7 subject to 15-10-420, levy a general tax upon all the taxable property in the municipality for the payment of the  
8 deficiency, and the taxes are limited to a rate estimated to be sufficient to produce the amount of the deficiency.  
9 In the event that more than one municipality having a population in excess of 10,000 is included in an authority  
10 issuing bonds pursuant to this chapter, the municipalities may apportion the obligation to levy taxes for the  
11 payment of, or in anticipation of, a deficiency in the revenue appropriated for the bonds in a manner that the  
12 municipalities may determine. The resolution must state the principal amount and purpose of the bonds and the  
13 substance of the covenant respecting deficiencies. A resolution may not be effective until the question of its  
14 approval has been submitted to the qualified electors of the municipality at a special election called for that  
15 purpose by the governing body of the municipality and ~~a majority of the electors~~ voting on the question have  
16 voted in favor of the resolution as provided in 7-7-4235. The special election must be held in conjunction with a  
17 regular or primary election. The notice and conduct of the election is governed, to the extent applicable, as  
18 provided for municipal general obligation bonds in Title 7, chapter 7, part 42, for an election called by cities and  
19 towns and as provided for county general obligation bonds in Title 7, chapter 7, part 22, for an election called by  
20 counties. If ~~a majority of the electors~~ voting on the issue vote against approval of the resolution, the municipality  
21 may not make the covenant or levy a tax for the payment of deficiencies pursuant to this section, but the  
22 municipality or authority may issue bonds under this chapter payable solely from the sources referred to in  
23 subsection (1)."

24

25 **Section 5.** Section 76-15-506, MCA, is amended to read:

26 **"76-15-506. Bonds authorized -- election.** (1) Whenever a board of supervisors deems it necessary,  
27 it may issue bonds payable from revenues, assessments, or both, or the district may use other financing as  
28 provided for by this part and part 6 for the cost of works.

1           (2)     The board of supervisors may call an election to be held in accordance with Title 13, chapter 1,  
2 part 5.

3           (3)     If ~~from the returns of the election it appears that the majority of votes cast at the election was in~~  
4 ~~favor of and assented to the incurring of the indebtedness~~ the bonds are considered approved pursuant to  
5 subsection (4), then the board of supervisors may by resolution provide for the issuance of the bonds.

6           (4)     The determination of the approval or rejection of the bond proposition is made in the following  
7 manner:

8           (a)     determine the total number of electors who were qualified to vote in the bond election;

9           (b)     determine the total number of qualified electors who voted in the bond election from the tally  
10 sheet or sheets for the election;

11           (c)     calculate the percentage of qualified electors voting in the bond election by dividing the number  
12 determined in subsection (4)(b) by the number determined in subsection (4)(a); and

13           (d)     when the calculated percentage in subsection (4)(c) is 40% or more, the bond proposition is  
14 considered approved and adopted if a majority of the votes cast were in favor of the proposition, otherwise it is  
15 considered rejected; or

16           (e)     when the calculated percentage in subsection (4)(c) is more than 30% but less than 40%, the  
17 bond proposition is considered approved and adopted if 60% or more of the votes cast were in favor of the  
18 proposition, otherwise it is considered rejected; or

19           (f)     when the calculated percentage in subsection (4)(c) is 30% or less, the bond proposition is  
20 considered rejected.

21           ~~(4)~~(5)   The issuance of bonds must be carried out in accordance with 7-7-4426 and 7-7-4432 through  
22 7-7-4435. The validity of the bonds, use of the bond revenue, and the refunding of the bonds must be done in  
23 accordance with the provisions of 7-7-4425, 7-7-4430, 7-7-4501(2) and (3), and 7-7-4502 through 7-7-4505.

24           ~~(5)~~(6)   Any bonds issued under this part and part 6 have the same force, value, and use as bonds  
25 issued by a municipality and are exempt from taxation as property within the state of Montana."

26  
27           NEW SECTION. Section 6. Applicability. [This act] applies to bond elections held on or after [the  
28 effective date of this act].

\*\*\*\*

1

- END -