

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 616

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO LOCAL IMPROVEMENT DISTRICTS; AMENDING SECTION 50-1722, IDAHO
2 CODE, TO PROVIDE THAT WHEN A LOCAL IMPROVEMENT DISTRICT IS CREATED BY
3 RESOLUTION OF THE COUNCIL NO BONDS, REGISTERED WARRANTS OR INTERIM
4 WARRANTS IN AN AMOUNT OF FIVE HUNDRED THOUSAND DOLLARS OR MORE MAY
5 BE ISSUED UNLESS SUCH ISSUANCE IS APPROVED, EITHER BY NOT LESS THAN
6 SIXTY PERCENT OF THE RESIDENT OWNERS OR TWO-THIRDS OF THE OWNERS OF
7 PROPERTY SUBJECT TO ASSESSMENT WITHIN SUCH LOCAL IMPROVEMENT DISTRICT
8 VOTING ON THE QUESTION AT AN ELECTION CALLED FOR THAT PURPOSE OR BY
9 PETITION SIGNED BY NOT LESS THAN SIXTY PERCENT OF THE RESIDENT OWNERS
10 OR TWO-THIRDS OF THE OWNERS OF PROPERTY SUBJECT TO ASSESSMENT WITHIN
11 SUCH LOCAL IMPROVEMENT DISTRICT, TO PROVIDE APPLICATION TO INTERIM
12 WARRANTS, REGISTERED WARRANTS OR BONDS THAT HAD BEEN ISSUED PRIOR TO THE
13 EFFECTIVE DATE OF THIS ACT AND TO MAKE TECHNICAL CORRECTIONS; DECLARING
14 AN EMERGENCY AND PROVIDING APPLICATION.
15

16 Be It Enacted by the Legislature of the State of Idaho:

17 SECTION 1. That Section 50-1722, Idaho Code, be, and the same is hereby
18 amended to read as follows:

19 50-1722. BONDS -- REGISTERED WARRANTS -- INTERIM WARRANTS. If the
20 council determines to make assessments payable in installments as is
21 provided in section 50-1715, Idaho Code, it shall be by ordinance issued in
22 the name of the municipality improvement bonds of the improvement district
23 payable from assessments levied against the property within the district.
24 Such bonds shall be payable each year from and after the date of the bonds
25 and shall be of such denomination and bear interest, payable annually,
26 at such rate as is determined by the council, but in no event shall such
27 rate of interest be greater than the rate of interest borne by the unpaid
28 assessments.

29 The bonds shall be in such form and denomination as may be provided by
30 the council and they shall mature serially over a period not exceeding thirty
31 (30) years. The council may reserve the right to redeem any of the bonds
32 at its option on any interest payment at such price or prices as determined
33 by the council. The bonds shall be signed by the mayor of the city, the
34 chairman of the board of county commissioners, the president of the highway
35 district, or the chairman of the board of directors of a water and/or sewer
36 district, as the case may be, and shall be countersigned by the treasurer
37 and attested by the clerk of the municipality. No bond or coupon shall be
38 invalid because an officer whose manual or facsimile signature thereon
39 has ceased to hold office at the time of the delivery of the bonds so long
40 as he held the office at the time such signature was placed on the bond or
41 coupon. The coupons attached thereto shall bear the facsimile signatures of
42 said officers and each bond shall have the seal of the municipality affixed

1 thereto. Each bond shall provide that the principal thereof and the interest
2 thereon are payable solely from the principal of ~~an~~ and interest on the
3 unpaid assessments levied in the district to pay the total cost and expenses
4 of the project concerned.

5 In lieu of bonds, registered warrants may be issued under the same
6 circumstances and in the same manner as bonds, such warrants to be issued
7 in payment of any or all costs or expenses of the improvements to the amount
8 said costs or expenses were set out in the engineer's report. The warrants
9 shall be redeemable in numerical order and further shall be subject to all
10 provisions of this code relating to local improvement bonds so far as the
11 same may be applicable, including, but not limited to, the provisions of
12 sections 50-1762 ~~to~~ through 50-1769, Idaho Code.

13 If the council shall determine to issue and sell bonds, it may, for
14 the purpose of meeting any cost and expenses of making the improvements,
15 as the same are installed prior to the sale of the bonds, issue interim
16 warrants of the district payable to the contractor, or other proper person,
17 upon estimates of the engineer, bearing interest at a rate provided by the
18 council, which interim warrants, together with the interest due thereon at
19 the date of the issue of the bonds, shall be redeemed and retired from the
20 proceeds of the sale of the bonds or prepayment of assessments.

21 Bonds issued hereunder shall have all the requisites of negotiable
22 paper under the Uniform Commercial Code, ~~and~~ and shall not be invalid for
23 irregularity or defect in the proceedings for their issuance, sale or
24 delivery, and shall be incontestable in the hands of bona fide purchasers
25 or holders for value thereof. Nothing herein contained shall prohibit
26 any municipality from issuing bonds or warrants in the denomination of one
27 hundred dollars (\$100), or an even multiple thereof, except that bond number
28 1 of any issue may be of a denomination other than one hundred dollars (\$100).

29 When a local improvement district is initiated by resolution of the
30 council as outlined in section 50-1706, Idaho Code, no bonds, registered
31 warrants or interim warrants in an amount of five hundred thousand dollars
32 (\$500,000) or more may be issued unless such issuance is approved, either
33 by not less than sixty percent (60%) of the resident owners or two-thirds
34 (2/3) of the owners of property subject to assessment within such local
35 improvement district voting on the question at an election called for that
36 purpose and held on the May or November dates provided in section 34-106,
37 Idaho Code, or by petition signed by not less than sixty percent (60%) of
38 the resident owners or two-thirds (2/3) of the owners of property subject
39 to assessment within such local improvement district. If approved, bonds,
40 registered warrants or interim warrants of five hundred thousand dollars
41 (\$500,000) or more may be issued.

42 The election requirements contained herein shall not apply to bonds,
43 registered warrants or interim warrants that may be issued primarily to
44 redeem and retire interim warrants, registered warrants or bonds that had
45 been issued prior to the effective date of this act.

46 SECTION 2. An emergency existing therefor, which emergency is hereby
47 declared to exist, this act shall be in full force and effect on and after its
48 passage and approval and shall apply to all issuance or reissuance of bonds,
49 registered warrants or interim warrants of five hundred thousand dollars or

1 more by a local improvement district initiated after the effective date of
2 this act.