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RESOLUTION 2020-08

DISSOLUTION OF RURAL SPECIAL IMPROVEMENT DISTRICTS

It is the intent of the Montana Association of Counties to amend laws pertaining to dissolution of special districts.

WHEREAS, MCA 7-12-21, provides for the creation, maintenance, and operation of rural improvement districts in Montana; and

WHEREAS, Counties have converted varying entities and informal associations into the Rural Improvement Districts for maintenance and operating expenses allowed under the provisions of MCA 7-12-21, including road districts or road associations; and

WHEREAS, rural improvement districts in Montana have a well-established process for creation and management but not a clearly identified mechanism for dissolution, which can be confounding when road associations or road districts have been converted to Rural Improvement Districts.

NOW, THEREFORE BE IT RESOLVED that the Montana Association of Counties will seek to establish legislation to amend the law to provide for a clear and clean mechanism for dissolution of rural special improvement districts under MCA 7-12-21.

SPONSOR:	LEWIS & CLARK COUNTY
RECOMMENDATION:	DO PASS
REFERRED TO:	MACO TRANSPORTATION COMMITTEE
ADOPTED:	ANNUAL CONFERENCE – OCTOBER 1, 2020

ADDITIONAL INFORMATION

NEW SECTION

7-12-21XX. Dissolution of district. (1) A district created under Part 21 may be dissolved if it is considered to be in the best interest of the county, the inhabitants of the district, if the purpose for creating the district has been fulfilled, or if the lifetime of the improvement is reaching expiration.

(2) Whenever the public interest or convenience may require, the governing body may pass a resolution of intention to dissolve a district. The dissolution of a district may not occur if the district lacks sufficient funds to liquidate all charges existing against the district prior to the date of dissolution.

(3) After the passage of the resolution provided for in subsection (2), the clerk of the local government shall publish a notice, as provided in [7-1-2121](#) or [7-1-4127](#), of the intention to dissolve the district. A copy of the notice must be mailed, as provided in [7-1-2122](#), to each person, firm, or corporation or the agent of the person, firm, or corporation owning real property within the proposed district listed in the owner's name upon the last-completed assessment roll for state, county, and school district taxes.

(4) (a) The notice must specify the boundaries of the district to be dissolved, the date of the passage of the resolution of intention to dissolve, the date set for the passage of the resolution of dissolution, and the resolution may be passed unless the county clerk receives written protest in advance from the owners of property in the district. Further proceedings may not be taken for a period of 6 months from the date when a protest was received by the county clerk if the board of county commissioners finds the protest is made by the owners of property in the district assessed for more than 50% of the cost of the improvements or, if the costs of the improvements within the district have been met, 50% of the annual maintenance as determined by the method or methods of assessment described in the resolution of intention.

Right to protest dissolution of district. (1) (a) Except as provided in subsections (1)(b), at any time within 30 days after the date of the first publication of the notice of the passage of the resolution of intention, any owner of property liable for the assessments within the district may make written protest against the dissolution. The protest must be in writing, identify the property in the district owned by the protestor, and except as provided in [7-12-2141](#), be signed by all owners of the property. The protest must be delivered to the county clerk, who shall endorse on the protest document the date of its receipt by the county clerk.

(b) If the period described in subsection (1)(a) includes a holiday as enumerated in [1-1-216](#), other than a Sunday, the period must be extended for an additional 2 days.

(3) (a) For purposes of this section, "owner" means, as of the date a protest is filed, the record owner of fee simple title to the property.

(b) The term does not include a tenant of or other holder of a leasehold interest in the property.

(c) In determining whether or not sufficient protests have been filed, property owned by a governmental entity must be considered the same as any other property in the district.

(d) The decision of the governing body is final and conclusive.

(7) Any assets remaining after all debts and obligations of the district have been paid, discharged, or irrevocably settled must be:

(a) deposited in the general fund of the local government;

(b) in the case of multicounty districts, divided in accordance with their interlocal agreement and deposited in the general fund of each county; or

(c) transferred to a new improvement district which has been created to provide improvements to substantially the same area as provided by the dissolved improved district.

(8) If the remaining assets are derived from private grants or gifts that restrict the use of those funds, the funds must be returned to the grantor or donor.