STATEMENT OF PURPOSE

RS20695C2

The purpose of this legislation is to amend Idaho Code § 42-5240 to clarify that assessments from ground water districts are liens against the lands of the member ground water users and those liens shall have a priority superior to the liens of mortgages and deeds of trust whether prior in time or not until paid provided that notice of the assessment delinquency is sent to the mortgage or deed of trust holder at least sixty (60) days prior to any foreclosure sale of the property. The legislation further provides that in any sale of the property the purchaser at such sale shall take the property subject to all annual assessments of the district subsequent in time to the assessment for which the foreclosure occurred.

This legislation is proposed to provide clear and specific language that identifies the security available to mortgage and deed of trust holders in those cases where assessments from ground water districts are pledged to incur indebtedness. The amendment is needed to provide assurance to institutional lenders and bond issuers that ground water districts assessments provide adequate security in the event of default. Without the changes it will be more difficult and expensive for the ground water districts to borrow money needed for required mitigation.

Nothing in this legislation alters or affects any liens of water related districts or entities authorized pursuant to state law.

FISCAL NOTE

Enactment of this legislation will not have a negative impact upon the state's general fund or other state or local funds.

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