

SENATE BILL NO. 162

INTRODUCED BY K. REGIER

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FUNDING AND AUTHORIZATION FOR INFRASTRUCTURE PROJECTS STATEWIDE; CREATING A LOCAL INFRASTRUCTURE GRANT ACCOUNT; ESTABLISHING FOUR STATEWIDE REGIONS TO RECEIVE EQUAL FUNDING FOR INFRASTRUCTURE FUNDING; AUTHORIZING THE STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE TO AWARD FUNDS FOR LOCAL INFRASTRUCTURE PROJECTS; ESTABLISHING CONDITIONS FOR GRANTS; AUTHORIZING THE DEPARTMENT OF COMMERCE TO ADMINISTER GRANTS AND DISBURSE FUNDS FOR LOCAL INFRASTRUCTURE PROJECTS; REQUIRING LOCAL GOVERNMENTS TO PROVIDE MATCHING FUNDS FOR PROJECTS; PROVIDING FOR A GENERAL FUND TRANSFER; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Definitions.** For the purposes of [this act], unless otherwise provided the following definitions apply:

(1) "Department" means the department of commerce.

(2) "Infrastructure projects" means:

(a) drinking water systems;

(b) wastewater treatment facilities;

(c) sanitary sewer or storm sewer systems;

(d) solid waste disposal and separation systems, including site acquisition, preparation, and monitoring;

(e) local roads;

(f) bridges; or

(g) buildings, equipment, and other facilities.

(3) "Interim committee" means the state administration and veterans' affairs interim committee for the interim commencing following the 65th legislative session.

(4) "Local government" means an incorporated city or town, a county, a consolidated local government, a public school district as provided in 20-6-101 and 20-6-701, a tribal government, a fire district, a conservation

1 district, a county or multicounty water, sewer, or solid waste district, or an authority as defined in 75-6-304.

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3 **NEW SECTION. Section 2. Regions.** (1) For purposes of [this act], grants are distributed among four
4 regions of Montana of approximately equal population based on 2015 census bureau estimates.

5 (2) The regions are established as follows:

6 (a) The north region includes the following counties: Golden Valley, Wheatland, Musselshell, Broadwater,
7 Meagher, Judith Basin, Petroleum, Powell, Cascade, Fergus, Lewis and Clark, Teton, Chouteau, Pondera, Hill,
8 Blaine, Liberty, Phillips, Toole, and Glacier.

9 (b) The south region includes the following counties: Carbon, Madison, Beaverhead, Stillwater, Park,
10 Gallatin, Sweet Grass, Silver Bow, Deer Lodge, Jefferson, Ravalli, and Granite.

11 (c) The east region includes the following counties: Powder River, Big Horn, Carter, Treasure,
12 Yellowstone, Fallon, Rosebud, Custer, Prairie, Wibaux, Dawson, Garfield, McCone, Richland, Roosevelt, Valley,
13 Daniels, and Sheridan.

14 (d) The west region includes the following counties: Mineral, Missoula, Lake, Sanders, Flathead, and
15 Lincoln.

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17 **NEW SECTION. Section 3. Local infrastructure account -- use -- authorization.** (1) There is within
18 the state special revenue fund provided for in 17-2-102 a local infrastructure grant program account to provide
19 grant funding to local governments for local infrastructure projects.

20 (2) The department shall administer the account and fund grant awards made by the interim committee.

21 (3) For the biennium beginning July 1, 2017, the department is authorized to distribute up to \$40 million
22 from the account for the purposes described in subsection (1).

23
24 **NEW SECTION. Section 4. Authorization for local infrastructure project grants -- matching funds**
25 **requirement.** (1) The interim committee is authorized to make grants to local governments for infrastructure
26 projects. The grants authorized in this section are subject to the conditions set forth in [section 7]. The interim
27 committee shall commit funds to projects until the funds deposited during the biennium beginning July 1, 2017,
28 into the local infrastructure grant program account established in [section 3(1)] are expended.

29 (2) (a) The interim committee shall award exactly one-quarter of the amount deposited into the local
30 infrastructure grant program account to local governments located in each of the four regions described in

1 [section 2], respectively.

2 (b) At least 20% of the sum allotted to a region must be granted to local governments located in counties
3 with a population equal to or less than the mean population of all counties in that region.

4 (3) A local government must provide one-to-one matching funds for a grant received under [this act].

5 (4) Funding for projects may be provided only as long as there are sufficient funds available to each
6 region from the amount that was deposited or transferred into the local infrastructure grant program account
7 during the biennium beginning July 1, 2017. Funding for each region for these projects must be made available
8 in the order that the grant recipients satisfy the conditions described in [section 7(1)].

9 (5) If a grant recipient does not complete all of the conditions described in [section 7(1)] by September
10 30, 2018, any obligation to the grant recipient is extinguished.

11 (6) Any funds not expended or encumbered in the biennium beginning July 1, 2017, revert from the local
12 infrastructure grant program account to the general fund.

13 (7) Funds previously invested in a project by a local government counts toward the local government's
14 matching fund requirement.

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16 **NEW SECTION. Section 5. Eligibility -- submission deadline -- priority -- application requirements.**

17 (1) The department shall create a form for grant requests made under [this act] that is similar to the form used
18 for grants made under the treasure state endowment program established in 90-6-701. All applicants must
19 document previous efforts to maintain the local infrastructure project for which it makes a grant request.

20 (2) The department shall make the form available on its website by May 1, 2017. All grant requests must
21 be submitted to the department by August 15, 2017.

22 (3) A local government may apply to the interim committee for local infrastructure grants under [section
23 4]. A local government that submitted a grant request for a local infrastructure project to the department of
24 commerce within the last 2 years and did not receive approval by the 65th legislature may resubmit the same
25 grant request to the interim committee by July 1, 2017, without resubmitting the other grant materials if there is
26 no material change to the originally submitted grant request.

27 (4) Projects that were approved for funding from the treasure state endowment program by the 65th
28 legislature are not eligible for grants under [this act].

29 (5) For a project that was submitted for approval to the 65th legislature for funding from the treasure state
30 endowment program but that did not receive legislative approval for funding from the program, the amount of a

grant for the project under [this act] may not exceed the amount of funding recommended for the project as described in the treasure state endowment program's 2017 biennium report to the 65th legislature.

(6) All local governments that do not submit a grant request pursuant to subsection (3) shall submit grant requests and materials to the department by August 15, 2017, in order to be eligible for funding under [section 4].

(7) The interim committee shall issue a final list of grant recipients for each region by October 15, 2017.

NEW SECTION. Section 6. Criteria for local road grants -- application requirements. (1) Grants for local road projects made pursuant to [section 4] are available for:

(a) deferred maintenance, rehabilitation, and restoration, including projects designed to extend the life of existing road surfaces by pothole filling, crack sealing, chip sealing, graveling, asphaltting, and overlaying; and

(b) reconstruction.

(2) A local road project for reconstruction should be designed in accordance with road standards adopted by the local government, the Montana county gravel road standards established by the local technical assistance program at Montana state university, or the standards of the American association of state highway and transportation officials, as applicable.

NEW SECTION. Section 7. Conditions for grants -- disbursement of funds. (1) The disbursement of grant funds for the projects chosen by the interim committee pursuant to [section 4] is subject to completion of the following conditions:

(a) The grant recipient shall document that other matching funds required for completion of the project are firmly committed.

(b) The grant recipient must have a project management plan. A plan may include estimates of engineering costs or other bids or proposals to execute the project.

(c) (i) The grant recipient must be in compliance with the auditing and reporting requirements provided in 2-7-503 and have established a financial accounting system that the department can reasonably ensure conforms to generally accepted accounting principles.

(ii) Tribal governments shall comply with auditing and reporting requirements provided for in office of management and budget circular A-133.

(d) The grant recipient shall execute a grant agreement with the department.

(2) With the exception of local roads and bridges, all projects must adhere to the design standards required by the department of environmental quality. Recipients of grants under [section 4] that are not subject to the department of environmental quality design standards shall adhere to generally accepted industry standards, such as recommended standards for wastewater facilities or recommended standards for water works, published by the Great Lakes-Upper Mississippi River board of state and provincial public health and environmental managers, latest edition.

(3) When applicable, recipients of grants under [section 4] are subject to the requirements of the department as described in the most recent edition of the treasure state endowment program project administration manual adopted by the department by administrative rule.

NEW SECTION. Section 8. Other powers and duties of interim committee.(1) After the interim committee issues a final list of grant recipients for each region, the department shall disburse grant funds from the local infrastructure grant program account established in [section 3(1)] on a reimbursement basis as grant recipients incur eligible project expenses for each of the four regions outlined in [section 2].

(2) If actual project expenses are lower than the projected expense of the project, the interim committee may, at its discretion:

(a) reduce the amount of grant funds to be provided to grant recipients in proportion to all other project funding sources; or

(b) authorize the use of the remaining authorized grant amounts for the construction of additional infrastructure components directly related to the approved project that will further enhance the overall system.

NEW SECTION. Section 9. General fund transfer. By August 1, 2017, there is transferred \$40 million from the general fund to the local infrastructure grant program account established in [section 3(1)].

NEW SECTION. Section 10. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. Section 11. Effective date. [This act] is effective on passage and approval.

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