

1 HOUSE BILL NO. 14

2 INTRODUCED BY J. KEANE

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE JOBS IN MONTANA ACT; PROVIDING FUNDING
6 AND AUTHORIZATION FOR CAPITAL AND INFRASTRUCTURE PROJECTS STATEWIDE; CREATING THE
7 STATE TO COMMUNITY BOND ACCOUNT FOR GRANTS AND LOANS AND THE STATE AND LOCAL
8 INFRASTRUCTURE ACCOUNT; APPROPRIATING MONEY TO THE DEPARTMENT OF ADMINISTRATION
9 FOR CAPITAL PROJECTS AND FOR THE CONSTRUCTION OF THE STATE VETERANS' HOME IN
10 SOUTHWESTERN MONTANA; APPROPRIATING MONEY TO THE DEPARTMENTS OF COMMERCE AND
11 NATURAL RESOURCES AND CONSERVATION FOR GRANTS AND LOANS TO STATE AND LOCAL
12 ENTITIES FOR PROJECTS AND IMPROVEMENTS; PRIORITIZING PROJECT GRANTS AND LOANS;
13 AUTHORIZING PROJECT GRANTS AND LOANS AND AMOUNTS; APPROPRIATING MONEY TO THE
14 DEPARTMENT OF COMMERCE AND AUTHORIZING THE INTEGRATED TESTING CENTER;
15 REAUTHORIZING PROJECT GRANTS AND LOANS AUTHORIZED BY THE 64TH LEGISLATURE;
16 ESTABLISHING CONDITIONS FOR GRANTS AND LOANS; REQUIRING LOCAL GOVERNMENTS TO
17 PROVIDE MATCHING FUNDS FOR PROJECTS BASED ON A FORMULA; CREATING RULEMAKING
18 AUTHORITY; PROVIDING FOR OTHER MATTERS RELATING TO THE APPROPRIATIONS; AUTHORIZING
19 THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS;
20 AUTHORIZING TRANSFERS TO THE GENERAL FUND; CLARIFYING THAT CERTAIN ACCOUNTS ARE
21 SUBJECT TO LEGISLATIVE FUND TRANSFERS; AMENDING SECTIONS 15-10-420, 15-38-302, 17-5-703,
22 20-9-516, 90-6-701, AND 90-6-715, MCA; AMENDING SECTION 2, CHAPTER 461, LAWS OF 2009;
23 AMENDING SECTION 5, CHAPTER 324, LAWS OF 2011; AND PROVIDING AN IMMEDIATE EFFECTIVE
24 DATE."

25
26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

27
28 NEW SECTION. **Section 1. Jobs in Montana program -- definitions.** For the purposes of [sections
29 1 through 14], unless otherwise provided, the following definitions apply:

30 (1) "Authority only" means approval provided by the legislature to expend money that does not require

1 an appropriation, including grants, donations, auxiliary funds, proprietary funds, and university funds.

2 (2) "Capital project" means improvements or the planning, capital construction, environmental cleanup,
3 renovation, or major repair projects authorized in [sections 11 through 14].

4 (3) "CPA" means the capital projects account provided for in 17-5-803 and 17-5-804.

5 (4) "Infrastructure projects" means:

6 (a) drinking water systems;

7 (b) wastewater treatment;

8 (c) sanitary sewer or storm sewer systems;

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

10 (e) bridges;

11 (f) school districts' projects;

12 (g) irrigation systems; or

13 (h) conservation districts.

14 (5) "Local government" means an incorporated city or town, a county, a consolidated local government,
15 a tribal government, a county or multicounty water, sewer, irrigation, solid waste, school or conservation district,
16 or an authority as defined in 75-6-304.

17
18 **NEW SECTION. Section 2. Local infrastructure accounts -- use.** (1) There is a state to community
19 bond account for grants and loans in the state special revenue fund to provide grant and loan funding to local
20 governments for local infrastructure projects and the integrated testing center. The department of commerce shall
21 administer the account.

22 (2) There is a state and local infrastructure account in the state special revenue fund to provide grants
23 as authorized in [sections 17, 18, 23, and 25]. The department of commerce shall administer the account.

24
25 **NEW SECTION. Section 3. Authorization for local infrastructure project grants -- matching funds**
26 **requirement.** (1) The department of commerce is authorized to make up to \$50 million in grants to local
27 governments for infrastructure projects and the integrated testing center. The grants authorized in this section
28 are subject to the conditions set forth in [section 6].

29 (2) A local government shall provide one-to-one matching funds up to the first \$750,000 of grant funding
30 sought. For a grant request exceeding \$750,000, the relative participation ratio for the local government as

1 calculated pursuant to [section 5] is applied to the amount of the grant exceeding \$750,000.

2 (3) Funding for projects may be provided only as long as there are sufficient funds available from the
3 amount that was deposited or transferred into the state to community bond account for grants and loans
4 established in [section 2(1)]. Funding for these projects must be made available in the order that the grant
5 recipients satisfy the conditions described in [section 6(1)].

6 (4) If a grant recipient does not complete all of the conditions described in [section 6(1)] by September
7 30, 2018, any obligation to the grant recipient is extinguished.

8 (5) For a local government that is not a county, the county in which the local government is located must
9 also contribute its match rate as determined in [section 5].

10
11 **NEW SECTION. Section 4. Eligibility -- submission deadline -- priority -- rulemaking authority.**(1)

12 A local government may apply to the department of commerce for local infrastructure grants under [section 3].

13 (2) For a project that was submitted for approval to the 65th legislature for funding from the treasure state
14 endowment program but did not receive legislative approval for funding from the program, the amount of a grant
15 for the project under [this act] may not exceed the amount requested for the project for the treasure state
16 endowment program.

17 (3) All local governments shall submit grant requests and materials to the department by March 15, 2017,
18 in order to be eligible for funding under [section 3].

19 (4) For projects having equal ranking, the department shall give higher consideration to projects that
20 present a higher percentage of matching funds.

21 (5) The department is authorized to adopt rules necessary to implement [this act].

22
23 **NEW SECTION. Section 5. Formula for tribal or local government match rate based on relative**
24 **participation ratio.** (1) The match rate for a tribal or local government is calculated based on its relative
25 participation ratio.

26 (2) (a) The relative participation ratio for a county is equal to its income to mill ratio divided by the median
27 income to mill ratio of all counties in Montana.

28 (b) The relative participation ratio for an incorporated city or town is equal to its income to mill ratio
29 divided by the median income to mill ratio of all incorporated cities and towns in Montana.

30 (c) The relative participation ratio for any other tribal or local government applicant is the same as for

the county in which it is located.*

(3) For a tribal or local government with a relative participation ratio of 1.0-1.5, the match rate is 12.5%. For a tribal or local government with a relative participation ratio greater than 1.5, the match rate is 25%. For a tribal or local government with a relative participation ratio of less than 1.0 there is no required match. For a tribal or local government that is not a county, the county in which the tribal or local government is located shall also contribute its match rate as determined above.

NEW SECTION. Section 6. Conditions of grants -- disbursement of funds. (1) The disbursement of grant funds for the projects chosen by the department of commerce pursuant to [section 3] 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 that is approved by the department.

(c) 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. 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 of commerce.

(e) When applicable, the grant recipient shall satisfactorily comply with any conditions described in the application (project) summaries section of the treasure state endowment program and the quality schools program 2019 biennium reports to the 65th legislature.

(f) The grant recipient shall satisfy other specific requirements considered necessary by the department of commerce to accomplish the purpose of the project as evidenced by the application to the department.

(2) With the exception of bridges, all projects must adhere to the design standards required by the department of environmental quality. Recipients of grants under [section 3] 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 3] are subject to the requirements of the

department of commerce 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 7. Disbursement of funds. (1) The department of commerce shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project expenses.

(2) If actual project expenses are lower than the projected expense of the project, the department shall reduce the amount of grant funds to be provided to grant recipients.

NEW SECTION. Section 8. Authorization to provide loans -- loan repayments to department -- conditions on loans -- transfer. (1) The department of commerce is authorized to make loans to local governments from the state to community bond account for grants and loans in [section 2(1)] for matching funds required for a local infrastructure project to receive a grant under [section 3]. A loan to a local government may not exceed the amount of matching funds required.

(2) Disbursement of loan proceeds for infrastructure projects under this section to a local government is subject to the conditions set forth in [section 6].

(3) The local government shall execute such security documents relating to the loan as the department of commerce may require prior to receiving loan proceeds, as may be described more particularly in rules of the department.

(4) Payments made by a local government to the department for repayment of a loan made pursuant to subsection (1) must be deposited in the debt service account as defined in 17-5-801 relating to the series of state bonds, the proceeds of which financed the local government loan.

NEW SECTION. Section 9. Maximum state funding available for infrastructure -- per project -- per county. (1) The maximum amount of state funding under [sections 3 through 8], whether through grants or loans, may not exceed \$2.5 million per project.

(2) The maximum amount of grant funding that may be received in a single county, including grant and loan funding under [sections 3 through 8] and any grant funding awarded by the 65th legislature, may not exceed \$5 million.

NEW SECTION. Section 10. Appropriation of grants and loans. (1) The amount of \$47 million is

appropriated for the biennium beginning July 1, 2017, to the department of commerce from the state to community bond account for grants and loans as authorized in [sections 3 through 9].

(2) The amount of \$3 million is appropriated for the biennium beginning July 1, 2017, to the department of commerce from the state to community bond account for grants and loans for the integrated testing center as authorized in [section 3].

NEW SECTION. Section 11. Authorization of and appropriations for capital projects. Upon passage and approval of [this act], the following projects, pursuant to 18-2-102, are authorized and approved and funds are appropriated to the department of administration from the indicated funding sources. The department of administration is authorized to transfer funding and authority between fund types. Funds not requiring legislative appropriation are included for the purposes of authorization only:

MONTANA UNIVERSITY SYSTEM

Romney Hall - MSU Bozeman

\$25 million (CPA) \$3 million (Authority only)

DEPARTMENT OF ADMINISTRATION

Montana Heritage Center/Babcock Museum - Helena \$27,682,000 (CPA)

Deferred Maintenance - Statewide up to \$3 million (CPA)

Deferred Maintenance - MUS - Statewide up to \$3 million (CPA)

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

Montana Mental Health Nursing Care Center Boiler and Heating System Replacement - Lewistown

\$2.5 million (CPA)

DEPARTMENT OF MILITARY AFFAIRS

Female Latrines - Statewide \$200,000 (CPA) \$200,000 (federal special revenue)

Statewide Roof Replacement and Repair - \$1.1 million (CPA) \$2.2 million (federal special revenue)

NEW SECTION. Section 12. Planning and design. The department of administration may proceed with the planning and design of capital projects prior to the receipt of other funding sources. The department may use interentity loans in accordance with 17-2-107 to pay planning and design costs incurred before the receipt

1 of funding from another funding source.

2
3 **NEW SECTION. Section 13. Capital projects -- contingent funds.** (1) Except as provided in
4 subsection (2), if a capital project is financed in whole or in part with appropriations contingent on the receipt of
5 funding from another funding source, the department of administration may not let the project go to bid until the
6 agency receiving funding has submitted a financial plan for approval by the director of the department of
7 administration.

8 (2) A financial plan may not be approved by the director if:

9 (a) the level of funding provided under the financial plan deviates substantially from the funding level
10 provided in [section 11] for that project; or

11 (b) the scope of the project is substantially altered or revised from the preliminary plans presented for
12 that project in the 2019 biennium long-range building program and as presented to the 65th legislature.

13
14 **NEW SECTION. Section 14. Review by department of environmental quality.** The department of
15 environmental quality shall review capital projects authorized in [section 11] for potential inclusion in the state
16 building energy conservation program under Title 90, chapter 4, part 6. When a review shows that a capital
17 project will result in energy improvements, the project must be submitted to the energy conservation program for
18 funding consideration. Funding provided under the energy conservation program guidelines must be used to
19 offset or add to the authorized funding for the project, with the amount dependent on the annual utility savings
20 resulting from the facility improvement. Agencies must be notified of potential funding after the review.

21
22 **NEW SECTION. Section 15. Authorization of bonds -- conditions.** (1) The board of examiners is
23 authorized to issue and sell general obligation bonds in one or more series and from time to time for the purposes
24 described in subsection (3) in addition to the amount of general obligation bonds outstanding on January 1, 2017.

25 (2) The bonds under this section must be issued in accordance with the terms and in the manner
26 required by Title 17, chapter 5, part 8. The authority granted to the board of examiners by this section is in
27 addition to any other authorization to the board of examiners to issue and sell general obligation bonds.

28 (3) On [the effective date of this act], the board of examiners is authorized to issue and sell up to
29 \$140,560,701 in general obligation bonds and deposit the proceeds as follows:

30 (a) \$62,482,000 of the proceeds from the bonds sold under this section must be deposited in the capital

1 projects account provided for in 17-5-803 and 17-5-804;

2 (b) \$50 million of the proceeds from the bonds sold under this section must be deposited in the state to
3 community bond account for grants and loans provided for in [section 2(1)]; and

4 (c) \$28,078,701 of the proceeds from the bonds sold under this section must be deposited in the state
5 and local infrastructure account provided for in [section 2(2)].
6

7 NEW SECTION. **Section 16. Authorization of bonds -- state veterans' home in southwestern**
8 **Montana.** (1) Upon passage and approval of [this act], in addition to the amount of general obligation bonds
9 outstanding on January 1, 2017, and authorized under [section 15(3)], the board of examiners is authorized to
10 issue and sell up to \$16,815,000 in general obligation bonds in one or more series in accordance with Title 17,
11 chapter 5, part 8, for the purpose of funding the construction and associated costs of the state veterans' home
12 in southwestern Montana.

13 (2) The proceeds of the bonds authorized in subsection (1) are deposited into the capital projects
14 account and appropriated to the department of administration to be used for the construction of the state veterans'
15 home in southwestern Montana.

16 (3) If federal grant funds for the construction of the veterans' home are received prior to the bonds being
17 issued, the authority to issue bonds as provided for in subsection (1) is extinguished in an amount equal to the
18 federal grants received.

19 (4) If federal grant funds for the construction of the veterans' home are received after the bonds are
20 issued, the federal grant funds must be deposited and applied to debt service obligations associated with the
21 construction of the state veterans' home in southwestern Montana.
22

23 NEW SECTION. **Section 17. Appropriations for renewable resource grants.** (1) There is
24 appropriated from the state and local infrastructure account established in [section 2(2)] to the department of
25 natural resources and conservation up to \$2,981,640 for grants to political subdivisions and local governments
26 for the biennium beginning July 1, 2017. The funds referred to in this subsection must be awarded by the
27 department to the named entities for the described purposes and in the grant amounts listed in subsection (3),
28 subject to the conditions set forth in [sections 19 and 20] and the contingencies described in the renewable
29 resource grant and loan program January 2017 report to the 65th legislature.

30 (2) Funds must be awarded up to the amounts approved in subsection (3) in the following listed order

of priority until available funds are expended. Funds not accepted or used by higher-ranked projects must be provided for projects farther down the priority list that would not otherwise receive funding. If at any time a grant sponsor determines that a project will not begin before June 30, 2019, the sponsor shall notify the department of natural resources and conservation. After all eligible projects are funded, remaining funds may be used for any renewable resource project authorized under this section.

(3) The following are the prioritized grant projects:

RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

Applicant/Project	Amount
Helena Valley Irrigation District	
(Gate Automation)	\$125,000
Granite County	
(Flint Creek Dam Resource Enhancement)	\$125,000
Bozeman, City of	
(Sunset Hills Cemetery and Lindley Park Water Conservation)	\$125,000
Broadwater Conservation District	
(Avalanche Irrigation District Irrigation System Improvements)	\$125,000
Medicine Lake, Town of	
(Wastewater System Improvements)	\$125,000
Ward Irrigation District	
(Canal Intake Improvements)	\$125,000
Sweet Grass County Conservation District	
(Boe-Engle Ditch Diversion Infrastructure Improvements)	\$106,640
Beaverhead Conservation District	
(Poindexter Slough Fishery Enhancement, Phase 3)	\$125,000
Crow Tribe of Indians	
(Wastewater Collection System Improvement, Phase 3)	\$125,000
Stillwater Conservation District	
(Yanzick/Brey-Riddle Ditches Irrigation System Improvements)	\$125,000
Lewis and Clark County Sewer District	
(Wastewater System Improvements)	\$125,000

1	Froid, Town of	
2	(Wastewater System Improvements)	\$125,000
3	Townsend, City of	
4	(Wastewater System Improvements)	\$125,000
5	South Wind Water and Sewer District	
6	(Water and Wastewater System Improvements, Phase 3)	\$125,000
7	Poplar, City of	
8	(Wastewater System Improvements)	\$125,000
9	Lower Yellowstone Irrigation Project	
10	(Lateral O Check and Terminal Wasteway Rehabilitation)	\$125,000
11	Stillwater County - Absarokee Sewer Rural Special Improvement District	
12	(Wastewater System Improvements)	\$125,000
13	Ryegate, Town of	
14	(Wastewater System Improvements)	\$125,000
15	Huntley Project Irrigation District	
16	(Lower Main Canal Lining, Phase 2)	\$125,000
17	Helena Valley Irrigation District	
18	(Lateral 14.8 Rehabilitation, Phase 1)	\$125,000
19	Broadwater Conservation District	
20	(Big Springs Ditch Water Conservation, Phase 2)	\$125,000
21	Thompson Falls, City of	
22	(Wastewater System Improvements)	\$125,000
23	Pondera County Conservation District	
24	(Pondera County Canal & Reservoir Company KB2 Canal Rehabilitation)	\$125,000
25	Malta Irrigation District	
26	(Exeter Siphon Replacement)	\$125,000
27	Sidney Water User Irrigation District	
28	(Main Canal Pipeline Conversion)	\$125,000
29	Buffalo Rapids Irrigation District 2	
30	(Shirley Main Canal Rehabilitation)	\$125,000

1	Fort Shaw Irrigation District	
2	(D-System Water Conservation)	\$125,000
3	Cascade, Town of	
4	(Wastewater System Improvements)	\$125,000
5	Helena, City of	
6	(Westside Wastewater System Improvements)	\$125,000
7	Eureka, Town of	
8	(Wastewater Expansion and Improvement, Phase 1B)	\$100,000
9	Whitefish, City of	
10	(Wastewater System Improvements)	\$125,000
11	Black Eagle - Cascade County Water and Sewer District	
12	(Sewer Main Slip Lining)	\$125,000
13	Thompson Falls, City of	
14	(Water System Improvements)	\$125,000
15	Dutton, Town of	
16	(Water System Improvements)	\$125,000
17	Fallon County	
18	(Baker Lake Restoration)	\$100,000
19	Madison County	
20	(Big Hole Streambank Rehabilitation)	\$125,000
21	Glen Lake Irrigation District	
22	(Costich Drop Rehabilitation, Phase 1)	\$125,000
23	Harlowton, City of	
24	(Water System Improvements, Phase 4)	\$125,000
25	Alberton, Town of	
26	(Water System Improvements)	\$125,000
27	Buffalo Rapids Irrigation District 1	
28	(Lateral 20.6 Pipeline Conversion, Phase 2)	\$125,000
29	Chouteau County Conservation District	
30	(Ranching for Rivers: Cost Share to Landowners)	

1	for Infrastructure Improvements for Grazing	
2	Management on the Missouri River)	\$125,000
3	Judith Gap, Town of	
4	(Wastewater System Improvements, Phase 2)	\$125,000
5	Flathead Conservation District	
6	(Krause Creek Restoration)	\$116,000
7	Sanders County Sewer District at Paradise	
8	(Wastewater System Improvements)	\$125,000
9	Jefferson County	
10	(Jefferson Slough Eurasian Watermilfoil Control)	\$96,530
11	Huntley Project Irrigation District	
12	(Tunnel 2 - Discharge Line Rehabilitation)	\$125,000
13	Simms County Sewer District	
14	(Wastewater System Improvements)	\$125,000
15	Cut Bank, City of	
16	(Water System Improvements)	\$125,000
17	MT DNRC-Water Resources Division	
18	(Flint Creek Water Project- Allendale Canal Intake & Fish Screen)	\$125,000
19	Sheridan, Town of	
20	(Water System Improvements)	\$125,000
21	Fort Peck Tribes	
22	(Lateral L-42M Rehabilitation, Phase 1)	\$125,000
23	Toston Irrigation District	
24	(Main Canal Rehabilitation)	\$125,000
25	Laurel, City of	
26	(Water System Improvements)	\$125,000
27	Clinton Irrigation District	
28	(Main Canal Wasteway Rehabilitation and Intake Canal Improvements)	\$125,000
29	Tin Cup Water and Sewer District	
30	(Water Conservation)	\$125,000

1	Jordan, Town of	
2	(Wastewater System Improvements)	\$125,000
3	Lincoln County	
4	(Ksanka Creek Restoration - Highway 93 to Osloski Road)	\$125,000
5	Manhattan, Town of	
6	(Wastewater System Improvements)	\$125,000
7	Lower Musselshell Conservation District	
8	(Musselshell River Channel Migration Zone Mapping)	\$125,000
9	Shelby, City of	
10	(Water System Improvements)	\$125,000
11	MT DNRC-Water Resources Division	
12	(Broadwater Missouri Canal System Study and Masterplan)	\$100,000
13	MT DNRC-Water Resources Division	
14	(East Fork Rock Creek Main Canal Lining)	\$125,000
15	Roundup, City of	
16	(Water System Improvements)	\$125,000
17	Custer County	
18	(Custer County Miles City Flood Control)	\$125,000
19	Scobey, City of	
20	(Water System Improvements)	\$125,000
21	Wilsall Water District	
22	(Water System Improvements)	\$125,000
23	Hot Springs, Town of	
24	(Water System Improvements)	\$125,000
25	Winifred, Town of	
26	(Water System Improvements)	\$125,000
27	MT DNRC-Water Resources Division	
28	(Nevada Creek Water Project - Douglas Canal Lining Replacement)	\$125,000
29	Denton, Town of	
30	(Water System Improvements)	\$125,000

1	Fort Benton, City of	
2	(Water System Improvements)	\$125,000
3	Absarokee Water and Sewer District	
4	(Water System Improvements)	\$125,000
5	Hysham Irrigation District	
6	(Re-Lift Canal Improvement)	\$125,000
7	Deer Lodge, City of	
8	(Municipal Well Replacement)	\$125,000
9	Flathead Conservation District	
10	(Whitefish Water Treatment Plan and Resource Optimization)	\$86,000
11	Toole County Conservation District	
12	(Eagle Aquifer Evaluation, North-Central Montana)	\$116,230
13	Missoula County	
14	(Sunset West Water System Improvements)	\$125,000
15	Gallatin Local Water Quality District	
16	(Bridger Range Front Hydrogeologic Investigation)	\$125,000
17	Missoula, City of	
18	(Restoration and Migration of Public	
19	Access Damage - Clark Fork River, Phase 1)	\$125,000
20	Circle, Town of	
21	(Water System Improvements)	\$125,000
22	Stanford, Town of	
23	(Water System Improvements)	\$125,000
24	West Great Falls Flood Control & Drainage District	
25	(Riverbank Erosion Rehabilitation and Repairs)	\$125,000
26	Nine Mile Water and Sewer District	
27	(Water System Improvements)	\$125,000
28	MT Bureau of Mines and Geology - MT Tech	
29	(Irrigation Efficiencies and Domestic Groundwater Supplies)	\$125,000
30	Brady County Water and Sewer District	

1	(Water System Improvements)	\$109,400
2	Bigfork County Water and Sewer District	
3	(Water Storage and Distribution Improvements)	\$125,000
4	Chinook, City of	
5	(Water System Upgrades)	\$125,000
6	Lockwood Irrigation District	
7	(Pump Station Rehabilitation)	\$125,000
8	RAE County Water and Sewer District	
9	(Falcon Hollow #2 Well)	\$125,000
10	Malta, City of	
11	(Water System Improvements)	\$125,000
12	Lockwood Water and Sewer District	
13	(Water System Improvements)	\$125,000
14	Ekalaka, Town of	
15	(Flood Study)	\$125,000
16	Conrad, City of	
17	(Water System Improvement)	\$125,000
18	Sweet Grass County Conservation District	
19	(Yellowstone River Channel Stabilization	
20	and Surface Water Protection, Phase 2)	\$125,000

21

22 **NEW SECTION. Section 18. Appropriations for reclamation and development grants.** (1) The

23 amount of \$2,929,574 is appropriated to the department of natural resources and conservation from the state and

24 local infrastructure account established in [section 2(2)] for grants to political subdivisions and local governments

25 during the biennium beginning July 1, 2017. The funds in this subsection must be awarded by the department

26 to the named entities for the described purposes and in the grant amounts set out in subsection (3) subject to the

27 conditions set forth in [sections 19 and 20] and the contingencies described in the reclamation and development

28 grant program January 2017 report to the 65th legislature.

29 (2) Funds must be awarded up to the amounts approved in this section in the order of priority listed in

30 subsection (3) until available funds are expended. Funds not accepted or used by higher-ranked projects must

be provided for projects farther down the priority list that would not otherwise receive funding. After all eligible projects are funded, remaining funds may be used for any reclamation and development project authorized under this section.

(3) The following are the prioritized grant projects:

Applicant/Project	Amount
Granite Conservation District	
(Flint Creek Watershed Metals Remediation	
- Fred Burr Creek, Rumsey Mill Tailings)	\$500,000
Montana Department of Environmental Quality	
(Tramway Creek Mine Reclamation Project)	\$432,500
Harlowton, City of	
(Removal of Contaminated Soils and Free	
Product at the Harlowton Roundhouse in Harlowton, MT)	\$300,000
Lewistown, City of	
(Cleanup of the Central Post and	
Treating Company in Lewistown, MT)	\$475,000
East Helena Public Schools	
(Dartman Field Reclamation Project)	\$500,000
Confederated Salish and Kootenai Tribes	
(Revais Creek Mine Tailings Reclamation)	\$302,074
Missoula County Community and Planning Services	
(Ninemile Creek Housem Placer Mine Reclamation)	\$420,000
Lincoln Conservation District	
(Tobacco River Restoration Project -	
Engineering and Implementation)	\$395,136
Richland County Conservation District	
(Mitigating Impacts to the Fox Hills/Hell	
Creek Aquifer, Richland County)	\$454,419
Montana Department of Environmental Quality	
(Upper Blackfoot Mining Complex - Wetland Connection)	\$300,000

1	Deer Lodge, City of	
2	(Milwaukee Roundhouse CECRA Site Passenger	
3	Refueling Area VCRA Program Remediation)	\$294,250
4	City and County of Butte-Silver Bow, Planning Department	
5	(Butte-Silver Bow Erosion Control	
6	and Vegetation Enhancement Program)	\$185,307
7	Fort Belknap Indian Community	
8	(Landusky Pit and Swift Gulch Capture Wells to Reduce Acid Mine Discharge to	
9	State Waters and the Fort Belknap	
10	Indian Reservation, Montana)	\$132,000
11	Montana Department of Environmental Quality	
12	(Basin Creek Mine - Phase 2 Site Stability Project)	\$300,000
13	Ruby Valley Conservation District	
14	(California Creek Mining Reclamation -	
15	Multi-Phase Stream and Floodplain Restoration)	\$62,625
16	Deer Lodge Valley Conservation District	
17	(Mt. Haggin Uplands Restoration Project)	\$74,405
18	Mile High Conservation District	
19	(Conifer Encroachment Reduction Project)	\$32,809
20	Deer Lodge Valley Conservation District	
21	(Oregon Creek Placer Mine Reclamation)	\$58,610
22	Roosevelt County	
23	(Kenco Refinery Cleanup)	\$275,000

24

25 **NEW SECTION. Section 19. Coordination of fund sources for grants to political subdivisions and**

26 **local governments.** A project sponsor listed under [section 18] may not receive funds from both the reclamation

27 and development grants program and the renewable resource grant and loan program for the same project during

28 the same biennium.

29

30 **NEW SECTION. Section 20. Conditions of grants.** Disbursement of funds under [sections 17 through

1 18] is subject to the following conditions that must be met by the project sponsor:

2 (1) A scope of work and budget for the project must be approved by the department of natural resources
3 and conservation. Any changes in scope of work or budget subsequent to legislative approval may not change
4 project goals and objectives. Changes in activities that would reduce the public or natural resource benefits as
5 presented in department of natural resources and conservation reports and applicant testimony to the 65th
6 legislature may result in a proportional reduction in the grant amount.

7 (2) The project sponsor shall show satisfactory completion of conditions described in the
8 recommendation section of the project narrative of the program report to the legislature for the biennium ending
9 June 30, 2019, or, in the case of planning grants issued under [sections 17 through 18], completion of conditions
10 specified at the time of written notification of approved grant authority.

11 (3) The project sponsor must have a fully executed grant agreement with the department.

12 (4) Any other specific requirements considered necessary by the department must be met to accomplish
13 the purpose of the grant as evidenced from the application to the department or from the proposal as presented
14 to the legislature.

15

16 NEW SECTION. **Section 21. Other appropriations.** There is appropriated to any entity of state
17 government that receives a grant under [sections 17 through 18] the amount of the grant upon award of the grant
18 by the department of natural resources and conservation. Grants to entities from prior bienniums are reauthorized
19 for completion of contract work.

20

21 NEW SECTION. **Section 22. Approval of grants -- completion of biennial appropriation.** The
22 legislature, pursuant to 90-2-1111, approves the reclamation and development grants listed in [section 18]. The
23 authorization of these grants completes a biennial appropriation from the state and local infrastructure account
24 established in [section 2(2)].

25

26 NEW SECTION. **Section 23. Appropriations for treasure state endowment program.** (1) There is
27 appropriated to the department of commerce \$15,064,432 for the biennium beginning July 1, 2017, from the state
28 and local infrastructure account established in [section 2(2)] to finance treasure state endowment program grants
29 authorized by subsection (2).

30 (2) The following applicants and projects are authorized for grants and listed in the order of their priority:

	Other Infrastructure Applicant (project type)	Grant Amount
1		
2	1. Sanders County Sewer District (wastewater)	\$750,000
3	2. Beaverhead County Jackson Water & Sewer District (water)	\$294,000
4	3. Denton, Town of (water)	\$625,000
5	4. Helena, City of (wastewater)	\$750,000
6	5. Absarokee Water & Sewer District (water)	\$500,000
7	6. Medicine Lake, Town of (wastewater)	\$625,000
8	7. Froid, Town of (wastewater)	\$750,000
9	8. Cut Bank, City of (water)	\$750,000
10	9. Eureka, Town of (wastewater)	\$555,000
11	10. Nine Mile Water & Sewer District (water)	\$750,000
12	11. South Wind Water & Sewer District (water & wastewater)	\$750,000
13	12. Livingston, City of (wastewater)	\$625,000
14	13. Townsend, City of (wastewater)	\$625,000
15	14. Scobey, City of (water)	\$500,000
16	15. Manhattan, Town of (wastewater)	\$611,800
17	16. Stanford, Town of (water)	\$500,000
18	17. Hot Springs, Town of (water)	\$478,632
19	18. Sheridan, Town of (water)	\$625,000
20	19. Simms County Sewer District (wastewater)	\$750,000
21	20. Circle, Town of (water)	\$625,000
22	21. Lockwood Water & Sewer District (water)	\$625,000
23	22. Harlowton, City of (water)	\$750,000
24	23. Cascade, Town of (wastewater)	\$500,000
25	24. Shelby, City of (water)	\$750,000
26	25. Dutton, Town of (water)	\$500,000
27	26. Flaxville, Town of (wastewater)	\$625,000
28	27. Butte-Silver Bow (wastewater)	\$349,286

29 (3) Funding for the projects numbered 1 through 24 in subsection (2) will be provided only as long as
30 there are sufficient funds available from the amount that was deposited into the state and local infrastructure

account in [section 2(2)] for the biennium ending June 30, 2019. Funding for the projects will be made available in the order that the grant recipients satisfy the conditions described in [section 3]. Projects numbered 25 through 27 listed in subsection (2) that have satisfied the conditions described in [section 3] may receive grant funds only if one or more of the applicants for projects numbered 1 through 24 have terminated their request for award funds in writing prior to the end of the biennium ending June 30, 2019.

(4) There is appropriated to the department of commerce \$1,690,041 for the biennium beginning July 1, 2017, from the state and local infrastructure account established in [section 2(2)] to finance treasure state endowment program grants authorized by subsection (5).

(5) The following applicants and projects are authorized for grants and listed in the order of their priority:

Bridge Applicant	Grant Amount
1. Missoula County	\$500,000
2. Park County	\$107,957
3. Madison County	\$237,284
4. Prairie County	\$160,000
5. Gallatin County	\$684,800

(6) If sufficient funds are available, this section constitutes a valid obligation of funds to the grant recipients listed in subsections (2) and (5) for purposes of encumbering the state and local infrastructure account funds for the biennium beginning July 1, 2017, pursuant to 17-7-302. However, a grant recipient's entitlement to receive funds is dependent on the grant recipient's compliance with the conditions described in [section 3] and on the availability of funds.

(7) Funding for projects in subsections (2) and (5) will be provided only as long as there are sufficient funds available from the amount that was deposited into the state and local infrastructure account. Funding for these projects will be made available in the order that the grant recipients satisfy the conditions described in [section 3]. However, any of the projects listed in subsections (2) and (5) that have not completed the conditions described in [section 3] by September 30, 2018, must be reviewed by the next regular session of the legislature to determine if the authorized grant should be withdrawn.

(8) The funds appropriated in this section must be used by the department to make grants to the governmental entities listed in subsections (2) and (5) for the described purposes and in amounts not to exceed the amounts set out in subsections (2) and (5). The grants authorized in this section are subject to the conditions set forth in [sections 3 and 6] and described in the treasure state endowment program 2019 biennium report to

the 65th legislature. The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in subsections (2) and (5). The department shall commit funds to projects listed in subsections (2) and (5), up to the amounts authorized, based on the manner of and subject to the limitations on disbursement set forth in [sections 3 and 6] until the funds deposited into the state and local infrastructure account are expended.

(9) Grant recipients shall complete all of the conditions described in [section 3] by September 30, 2020, or any obligation to the grant recipient will cease.

NEW SECTION. Section 24. Approval of grants -- completion of biennial appropriations. (1) The legislature, pursuant to 90-6-701, authorizes grants for the projects identified in [section 23].

(2) The authorization of these grants completes a biennial appropriation from the state and local infrastructure account as established in [section 2(2)].

(3) Grants to entities from prior bienniums are reauthorized for completion of contract work.

NEW SECTION. Section 25. Appropriations for quality schools grant program. (1) There is appropriated to the department of commerce \$5,413,014 from the state and local infrastructure account established in [section 2(2)] to be used to finance quality schools program grants authorized by this section for the biennium beginning July 1, 2017.

(2) The funds appropriated in subsection (1) must be used by the department to make grants to the public school districts listed in subsection (3) for the described purposes and in amounts not to exceed the amounts set out in subsection (3). The appropriation is subject to the conditions set forth in 90-6-812 and described in the quality schools facility grant program 2019 biennium report to the 65th legislature. The department shall commit funds to projects listed in subsection (3), up to the amounts authorized, based on the manner of disbursement set forth in subsections (4) and (5), until the funds appropriated to finance grants in subsection (1) are expended.

(3) The following applicants and projects are authorized for grants and listed in the order of their priority:

Applicant/Project	Grant Amount
1. St. Ignatius K-12 (building repair)	\$680,511
2. Grass Range ELE (asbestos abatement)	\$55,631
3. Miles City ELE (fire system upgrades)	\$352,834
4. Libby K-12 (heating and ventilation repair)	\$1,075,000

1	5. Custer County HS (drainage and roof upgrades)	\$953,576
2	6. Grass Range HS (fire system upgrades)	\$77,183
3	7. Wolf Point HS (storm drain system upgrades)	\$918,600
4	8. Polson ELE (replace boiler and system)	\$1,224,679
5	9. Geraldine K-12 (replace unsafe seating)	\$75,000

6 (4) A grant recipient's entitlement to receive funds is dependent on the grant recipient's compliance with
7 the conditions set forth in 90-6-812 and on the availability of funds.

8 (5) Grants to recipients listed in subsection (3) that have not completed all of the conditions described
9 in 90-6-812 by September 30, 2018, must be reviewed by the next regular session of the legislature to determine
10 if the authorized grant should be withdrawn.

11
12 **NEW SECTION. Section 26. Approval of grants -- completion of biennial appropriation.** The
13 legislature, pursuant to 90-6-809 and 90-6-810, approves the quality schools facility grants listed in [section 25].
14 The authorization of these grants completes a biennial appropriation from the state and local infrastructure
15 account established in [section 2(2)].

16
17 **NEW SECTION. Section 27. Condition of grants -- disbursement of funds.** The disbursement of
18 grant funds for the projects specified in [section 25(3)] is subject to the conditions set forth in 90-6-812.

19
20 **NEW SECTION. Section 28. Fund transfers.** On or before June 30, 2019, the state treasurer shall
21 transfer to the general fund up to:

22 (1) \$17.08 million of interest earnings from the treasure state endowment special revenue account
23 established in 17-5-703(3)(c);

24 (2) \$11.3 million from the school facility and technology state special revenue account established in
25 20-9-516;

26 (3) \$6.07 million of the interest earnings from the treasure state endowment regional water system
27 special revenue account established in 90-6-715;

28 (4) \$6.32 million from the natural resource projects state special revenue account established in
29 15-38-302;

30 (5) \$11.3 million from the long-range building special revenue account established in 17-7-205; and

(6) \$5.2 million from the state special revenue account for the state veterans' home in southwestern Montana established in section 2, Chapter 461, Laws of 2009.

Section 29. Section 15-10-420, MCA, is amended to read:

"15-10-420. Procedure for calculating levy. (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half of the average rate of inflation for the prior 3 years.

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

(2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit, including newly taxable property.

(3) (a) For purposes of this section, newly taxable property includes:

- (i) annexation of real property and improvements into a taxing unit;
- (ii) construction, expansion, or remodeling of improvements;
- (iii) transfer of property into a taxing unit;
- (iv) subdivision of real property; and
- (v) transfer of property from tax-exempt to taxable status.

(b) Newly taxable property does not include an increase in value that arises because of an increase in the incremental value within a tax increment financing district.

(4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the

1 release of taxable value from the incremental taxable value of a tax increment financing district because of:

2 (i) a change in the boundary of a tax increment financing district;

3 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

4 (iii) the termination of a tax increment financing district.

5 (b) If a tax increment financing district terminates prior to the certification of taxable values as required
6 in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment
7 financing district terminates. If a tax increment financing district terminates after the certification of taxable values
8 as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.

9 (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was
10 constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current
11 year market value of that property less the previous year market value of that property.

12 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real
13 property that results in the property being taxable as class four property under 15-6-134 or as nonqualified
14 agricultural land as described in 15-6-133(1)(c).

15 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

16 (a) school district levies established in Title 20; or

17 (b) a mill levy imposed for a newly created regional resource authority.

18 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received
19 under 15-6-131 and 15-6-132.

20 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

21 (a) may increase the number of mills to account for a decrease in reimbursements; and

22 (b) may not increase the number of mills to account for a loss of tax base because of legislative action
23 that is reimbursed under the provisions of 15-1-121(7).

24 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes
25 of 15-10-108, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the
26 department may not exceed the mill levy limits established in those sections. The mill calculation must be
27 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
28 calculation must be rounded up to the nearest tenth of a mill.

29 (9) (a) The provisions of subsection (1) do not prevent or restrict:

30 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

- (ii) a levy to repay taxes paid under protest as provided in 15-1-402;
- (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;
- (iv) a levy for the support of a study commission under 7-3-184;
- (v) a levy for the support of a newly established regional resource authority;
- (vi) the portion that is the amount in excess of the base contribution of a governmental entity's property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703; ~~or~~
- (vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining county under 7-2-2807 upon relocation of a county boundary; or
- (viii) a levy for the purpose of repaying a loan made under [section 8] to finance matching funds for infrastructure projects in order to be eligible to receive a grant under [section 3].
- (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.
- (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.
- (11) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit."

Section 30. Section 15-38-302, MCA, is amended to read:

"15-38-302. Natural resources projects state special revenue account created -- revenue allocated -- limitations on appropriations from account. (1) There is a natural resources projects state special revenue account within the state special revenue fund established in 17-2-102.

(2) ~~There~~ Subject to legislative fund transfers, there must be paid into the natural resources projects state special revenue account money allocated from:

- (a) the interest income of the resource indemnity trust fund under the provisions of 15-38-202;
- (b) the resource indemnity and ground water assessment tax under the provisions of 15-38-106;
- (c) the oil and natural gas production tax as provided in 15-36-331; and
- (d) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource loan

1 debt service fund above debt service requirements as provided in and subject to the conditions of 85-1-619.

2 (3) Appropriations may be made from the natural resources projects state special revenue account for
3 grants and loans for designated projects and the activities authorized in 85-1-602 and 90-2-1102."

4
5 **Section 31.** Section 17-5-703, MCA, is amended to read:

6 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,
7 section 5, of the Montana constitution is composed of the following funds:

8 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
9 severance tax must be deposited;

10 (b) a treasure state endowment fund;

11 (c) a treasure state endowment regional water system fund;

12 (d) a coal severance tax permanent fund;

13 (e) a coal severance tax income fund; and

14 (f) a big sky economic development fund.

15 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
16 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
17 months and retain that amount in the coal severance tax bond fund.

18 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
19 (2)(a) must be transferred from that fund as provided in subsections (3) and (4).

20 (3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment
21 fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in
22 subsection (2) to be retained in the fund.

23 (b) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment
24 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that
25 is specified in subsection (2) to be retained in the fund.

26 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
27 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
28 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
29 ~~Earnings~~ Subject to legislative fund transfers, earnings not transferred to the treasure state endowment special
30 revenue account must be retained in the treasure state endowment fund.

(d) The state treasurer shall monthly transfer from the treasure state endowment regional water system fund to the treasure state endowment regional water system special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account for regional water systems authorized under 90-6-715. ~~Earnings~~ Subject to legislative fund transfers, earnings not transferred to the treasure state endowment regional water system special revenue account must be retained in the treasure state endowment regional water system fund.

(4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the big sky economic development fund to the economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must be retained in the big sky economic development fund.

(5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L. 2015.)

17-5-703. (Effective July 1, 2031) Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;

(b) a treasure state endowment fund;

(c) a coal severance tax permanent fund;

(d) a coal severance tax income fund; and

(e) a big sky economic development fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) The amount in the coal severance tax bond fund in excess of the amount required in subsection

(2)(a) must be transferred from that fund as provided in subsections (3) and (4).

(3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. ~~Earnings~~ Subject to legislative fund transfers, earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.

(4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall monthly transfer from the big sky economic development fund to the economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must be retained in the big sky economic development fund.

(5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund."

Section 32. Section 20-9-516, MCA, is amended to read:

"20-9-516. School facility and technology account. (1) There is a school facility and technology account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide money to schools for:

- (a) major deferred maintenance;
- (b) improving energy efficiency in school facilities;
- (c) critical infrastructure in school districts;
- (d) emergency facility needs;
- (e) technological improvements; and

(f) state reimbursement for school facilities as provided in 20-9-371.

(2) ~~There~~ Subject to legislative fund transfers, there must be deposited in the account:

(a) an amount of money equal to the income attributable to the difference between the average sale value of 18 million board feet and the total income produced from the annual timber harvest on common school trust lands during the fiscal year; and

(b) the income received from certain lands and riverbeds as provided in 17-3-1003(5)."

Section 33. Section 90-6-701, MCA, is amended to read:

"90-6-701. Treasure state endowment program created -- definitions. (1) (a) There is a treasure state endowment program that consists of:

(i) the treasure state endowment fund established in 17-5-703;

(ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(b) The treasure state endowment program may borrow from the board of investments to provide additional financial assistance for local government infrastructure projects under this part, provided that no part of the loan may be made from retirement funds.

(2) ~~Interest~~ Subject to legislative fund transfers, interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part, to provide funding to the department of commerce for the administrative costs of the treasure state endowment program, and to repay loans from the board of investments.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

(i) drinking water systems;

(ii) wastewater treatment;

(iii) sanitary sewer or storm sewer systems;

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

or

(v) bridges.

(b) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as defined in 75-6-304.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1).

(e) "Tribal government" means a federally recognized Indian tribe within the state of Montana."

Section 34. Section 90-6-715, MCA, is amended to read:

"90-6-715. (Temporary) Special revenue account -- use. (1) (a) ~~The~~ Subject to legislative fund transfers, the treasure state endowment regional water system special revenue account may be used to:

(i) provide matching funds to plan and construct regional drinking water systems in Montana;

(ii) pay the debt service for regional water system bond issues;

(iii) provide funding of administrative expenses for state and local entities associated with regional drinking water systems; and

(iv) pay the costs of eligible projects on an interim basis pending the receipt of grant and loan funds by those systems or entities.

(b) Except for the debt service administrative expenses and payment of the costs of eligible projects on an interim basis provided for in subsection (1)(a), each state dollar must be matched equally by local funds. Federal and state grants may not be used as a local match.

(2) Up to 25% of the local matching funds required under subsection (1) for the treasure state endowment regional water system may be in the form of debt that was incurred by local government entities included in the regional water system to construct individual drinking water systems before the individual systems were connected to the regional system. However, the amount of an individual entity's debt that may be used for matching funds is limited to the amount necessary to allow the entity to maintain its water service charges below the hardship standard established by the department through administrative rules adopted under 90-6-710.

(3) The funds in the account are further restricted to be used to finance regional drinking water systems that supply water to large geographical areas and serve multiple local governments, such as projects in north central Montana, from the waters of the Tiber reservoir, that will provide water for domestic use, industrial use, and stock water for communities and rural residences that lie south of the Canadian border, west of Havre, north of Dutton, and east of Cut Bank and in northeastern Montana, from the waters of the Missouri River, that will provide water for domestic use, industrial use, and stock water for communities and rural residences that lie south

of the Canadian border, west of the North Dakota border, north of the Missouri River, and east of range 39.

(4) The funds must be administered by the department of natural resources and conservation for eligible projects. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L. 2015.)"

Section 35. Section 2, Chapter 461, Laws of 2009, is amended to read:

"Section 2. Account -- state veterans' home in southwestern Montana. There is an account in the state special revenue fund established in 17-2-102. ~~The Subject to legislative fund transfers, the~~ cigarette tax collections allocated in 16-11-119(1)(b) must be deposited in the account. ~~Money deposited in the account is subject to appropriation by the 62nd legislature and may be used only for capital construction of a state veterans' home in southwestern Montana at the site selected pursuant to [section 1]."~~

Section 36. Section 5, Chapter 324, Laws of 2011, is amended to read:

"Section 5. Capital project appropriations. ~~(1) There is appropriated \$4,812,500 from state special revenue account established in section 2, Chapter 461, Laws of 2009, to the department of administration for the southwestern Montana veterans' home project.~~

~~(2)(1)~~ There is appropriated ~~\$8,937,500~~ \$16,815,500 from the federal special revenue fund to the department of administration for the southwestern Montana veterans' home project.

~~(3)(2)~~ The department of administration is authorized to transfer the ~~appropriations~~ appropriation in ~~subsections subsection (1) and (2)~~ among the necessary fund types for this project."

NEW SECTION. Section 37. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

NEW SECTION. Section 38. Codification instruction. [Sections 1 through 9] are intended to be codified as an integral part of Title 90, chapter 6, and the provisions of Title 90, chapter 6, apply to [sections 1 through 9].

NEW SECTION. Section 39. 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,

1 the part remains in effect in all valid applications that are severable from the invalid applications.

2

3 NEW SECTION. **Section 40. Creation of state debt -- two-thirds vote required.** Because [sections
4 15 and 16] authorize the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote
5 of two-thirds of the members of each house of the legislature for passage.

6

7 NEW SECTION. **Section 41. Effective date.** [This act] is effective on passage and approval.

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