

## HOUSE BILL NO. 11

INTRODUCED BY KASTEN

BY REQUEST OF THE DEPARTMENT OF COMMERCE AND THE OFFICE OF BUDGET AND PROGRAM  
PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF  
COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS  
THROUGH THE TREASURE STATE ENDOWMENT PROGRAM AND APPROPRIATING MONEY TO THE  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR FINANCIAL ASSISTANCE TO  
REGIONAL WATER AUTHORITIES FOR REGIONAL WATER PROJECTS; AUTHORIZING GRANTS FROM  
THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT; APPROPRIATING FUNDS FROM  
THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT;  
PLACING CONDITIONS UPON GRANTS AND FUNDS; APPROPRIATING MONEY TO THE DEPARTMENT  
OF COMMERCE FOR EMERGENCY GRANTS; TERMINATING CERTAIN TREASURE STATE ENDOWMENT  
GRANTS; AMENDING SECTION 1, CHAPTER 213, LAWS OF 1995; REPEALING SECTION 9, CHAPTER 435,  
LAWS OF 2001; AND PROVIDING EFFECTIVE DATES."

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

**NEW SECTION. Section 1. Appropriations from treasure state endowment special revenue  
account.** (1) There is appropriated to the department of commerce the interest earnings of the treasure state  
endowment special revenue account to finance grants authorized by this section.

(2) The funds appropriated in this section must be used by the department to make grants to the  
governmental entities listed in subsection (3) for the described purposes and in amounts not to exceed the  
amounts set out in subsection (3). The appropriations are subject to the conditions set forth in [sections 1  
through 3] and described in the treasure state endowment program 2005 biennium report to the 58th legislature.  
The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in subsection (3). 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 [section 3] until interest earnings deposited into the treasure state  
endowment special revenue account during the 2005 biennium are expended.

1	(3) The following applicants and projects are authorized for grants in the order of their priority:	
2	Applicant/Project Grant Amount	
3	1. Lewis and Clark County (bridge)	\$170,575
4	2. Judith Basin County/Geyser District (water)	330,000
5	3. Madison County (bridge)	174,529
6	4. Chinook, City of (wastewater)	500,000
7	5. Sweet Grass County (bridge)	235,954
8	6. Stillwater County (bridge)	500,000
9	7. Power-Teton County District (water)	500,000
10	8. Richland County (bridge)	351,625
11	9. Stanford, Town of (water)	500,000
12	10. Hamilton, City of (water)	500,000
13	11. Troy, City of (water)	500,000
14	12. Scobey, City of (wastewater)	500,000
15	13. Missoula, City of (wastewater)	500,000
16	14. Blaine County (bridge)	322,782
17	15. Upper-Lower River Road District (water and wastewater)	500,000
18	16. Polson, City of (water)	500,000
19	17. Conrad, City of (water)	500,000
20	18. Glendive, City of (storm water)	139,133
21	19. Sheaver's Creek District (water)	500,000
22	20. Gallatin County (bridge)	500,000
23	21. Gardiner/Park County District (water)	500,000
24	22. Phillips County Green Meadow District (water)	112,500
25	23. Geraldine, Town of (water)	500,000
26	24. Missoula County (wastewater)	499,335
27	25. Ramsay County District (water)	255,000
28	26. Cooke City-Park County District (water)	500,000
29	27. <del>Worden-Ballentine</del> <u>WORDEN-BALLANTINE</u> District (water)	500,000
30	28. Wolf Point, City of (wastewater)	500,000

1	29. Ryegate, Town of (water)	478,700
2	30. Cascade County (bridge)	230,840
3	31. Libby, City of (water & wastewater)	500,000
4	32. Beaverhead County District-Wisdom (wastewater)	500,000
5	33. Hill County (bridge)	175,803
6	34. Jordan, Town of (water)	459,883
7	35. Pablo-Lake County District (wastewater)	500,000
8	36. Ekalaka, Town of (wastewater)	154,197
9	37. Pondera County (bridge)	137,500
10	38. Black Eagle District (wastewater)	214,200
11	39. Lake County Solid Waste District (solid waste)	500,000
12	40. Sheridan County (bridge)	210,775
13	41. Whitefish, City of (water)	500,000
14	42. Belgrade, City of (wastewater)	500,000
15	43. Yellowstone County (bridge)	172,710

16           (4) If sufficient funds are available, this section constitutes a valid obligation of funds to the grant  
 17 recipients listed in subsection (3) for purposes of encumbering the treasure state endowment special revenue  
 18 account funds received during the 2005 biennium under 17-7-302. However, a grant recipient's entitlement to  
 19 receive funds is dependent on the grant recipient's compliance with the conditions described in [section 3(1)]  
 20 and on the availability of funds.

21           (5) If funds deposited into the treasure state endowment special revenue account during the biennium  
 22 ending June 30, 2005, are insufficient to fully fund the projects numbered 1 through 40 in subsection (3) that  
 23 have satisfied the conditions described in [section 3(1)] by June 30, 2005, THE 59TH LEGISLATURE IS ENCOURAGED  
 24 TO GIVE PRIORITY TO FUNDING these projects ~~will be funded~~ from deposits into the treasure state endowment  
 25 special revenue account made during the 2007 biennium, before projects authorized by the 59th legislature  
 26 receive funding from the account. However, any of the projects numbered 1 through 40 listed in subsection (3)  
 27 that have not completed the conditions described in [section 3(1)] by January 1, 2005, must be reviewed by the  
 28 next regular session of the legislature to determine if the authorized grant should be withdrawn.

29           (6) Projects numbered 41 through 43 listed in subsection (3) that have satisfied the conditions described  
 30 in [section 3(1)] may not receive grant funds unless sufficient funds have been deposited into the treasure state

1 endowment special revenue account to fully fund the projects numbered 1 through 40 in subsection (3).  
2 However, if a subsequent legislature withdraws funding for any of the projects numbered 1 through 40 listed in  
3 subsection (3), those funds could be made available to projects numbered 41 through 43 listed in subsection  
4 (3) that have completed the conditions described in [section 3(1)], unless that subsequent legislature designates  
5 that those funds are to be used to fund applications under its review.

6 (7) In the event that any remaining funds deposited into the treasure state endowment special revenue  
7 account are insufficient to fully fund one of the grant recipients listed in subsection (3), the department may make  
8 the remaining funds from the treasure state endowment special revenue account available to the grant recipient  
9 on condition that the grant recipient is able to firmly commit the balance of the amount necessary to fund the  
10 project in its entirety.

11  
12 **NEW SECTION. Section 2. Approval of grants -- completion of appropriation.** (1) The legislature,  
13 pursuant to 90-6-701, authorizes grants for the projects identified in [section 1(3)].

14 (2) The authorization of these grants completes an appropriation from the treasure state endowment  
15 special revenue account provided for in 17-5-703(4)(c).

16  
17 **NEW SECTION. Section 3. Conditions and manner of disbursement of grant funds.** (1) The  
18 disbursement of grant funds under [sections 1 through 3] for the projects specified in [section 1(3)] is subject to  
19 completion of the following conditions:

20 (a) The grant recipient shall execute a grant agreement with the department of commerce.

21 (b) The scope of work and budget for the project as approved by the department in the grant agreement  
22 must be consistent with the intent and circumstances under which the application was originally ranked by the  
23 department and approved by the legislature. The department may not approve amendments to the scope of work  
24 or budget affecting activities or improvements that would materially alter the intent and circumstances under  
25 which the application was originally ranked by the department and approved by the legislature.

26 (c) The grant recipient must have a project management plan that is approved by the department.

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

29 (e) The grant recipient must be in compliance with the auditing and reporting requirements provided  
30 for in 2-7-503 and have established a financial accounting system that the department can reasonably ensure

1 conforms to generally accepted accounting principles. Tribal governments shall comply with auditing and  
2 reporting requirements provided for in OMB Circular A-133.

3 (f) The grant recipient shall satisfactorily comply with any conditions described in the application  
4 (project) summaries section of the treasure state endowment program 2005 biennium report to the 58th  
5 legislature.

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

8 (2) The department shall commit grant funds to projects authorized in the order of priority listed in  
9 [section 1(3)] to grant recipients that have met the conditions in subsection (1) as treasure state endowment  
10 special revenue account interest income becomes available during the 2005 biennium.

11 (3) If a grant recipient authorized in [section 1(3)] has not met the conditions in subsection (1), the  
12 department shall move down the list of projects in the order of priority listed in [section 1(3)] to the next project  
13 that has met the conditions in subsection (1).

14 (4) The department may not commit grant funds to a grant recipient authorized in [section 1(3)] unless  
15 sufficient funds will be available in the treasure state endowment special revenue account.

16 (5) The department shall disburse grant funds on a reimbursement basis as grant recipients incur  
17 eligible project expenses.

18 (6) In the event that actual project expenses are lower than the projected expense of the project, the  
19 department may, at its discretion, reduce the amount of treasure state endowment program grant funds to be  
20 provided to grant recipients in proportion to all other project funding sources. In the alternative, the department  
21 may authorize the use of the remaining authorized treasure state endowment program grant amount for the  
22 construction of additional, directly related components that will further enhance the overall system.

23 (7) In the event that actual project expenses are lower than the projected expense of a project as  
24 presented in the grant recipient's treasure state endowment program application, the department may, at its  
25 discretion, reduce the amount of treasure state endowment program grant funds to be provided so that the grant  
26 recipient's projected average residential user rates do not become lower than their target rate as determined by  
27 the department.

28  
29 **NEW SECTION. Section 4. Appropriations from treasure state endowment regional water system**  
30 **special revenue account.** (1) There is appropriated to the department of ~~commerce~~ NATURAL RESOURCES AND

1 CONSERVATION the interest earnings of the treasure state endowment regional water system special revenue  
2 account to finance the state's share of regional water system projects authorized by this section and as set forth  
3 in 90-6-715.

4 (2) The dry prairie rural water authority and the north central Montana regional water authority are  
5 authorized to receive funds.

6 (3) Up to \$3,865,333 is authorized for the 2005 biennium to provide the state's share for regional water  
7 system projects.

8 (4) A regional water authority's receipt of funds is dependent on the authority's compliance with the  
9 conditions described in [section 6(1)].

10 (5) This section constitutes a valid obligation of funds to the regional water authorities listed in  
11 subsection (2) for purposes of encumbering the treasure state endowment regional water system special  
12 revenue account funds received during the 2005 biennium under 17-7-302.

13  
14 NEW SECTION. Section 5. Approval of funds -- completion of appropriation. (1) The legislature,  
15 pursuant to 90-6-715, authorizes funds for the regional water authorities identified in [section 4(2)].

16 (2) The authorization of these funds completes an appropriation from the treasure state endowment  
17 regional water system special revenue account provided for in 17-5-703(4)(d).

18  
19 NEW SECTION. Section 6. Conditions and manner of disbursement of funds. (1) The  
20 disbursement of funds under [sections 4 through 6] is subject to completion of the following conditions:

21 (a) The regional water authority shall execute an agreement with the department of ~~commerce~~ NATURAL  
22 RESOURCES AND CONSERVATION.

23 (b) The regional water authority must have a project management plan that is approved by the  
24 department.

25 (c) The regional water authority shall establish a financial accounting system that the department can  
26 reasonably ensure conforms to generally accepted accounting principles.

27 (d) The regional water authority's project must be authorized by the federal government.

28 (2) The department shall disburse funds on a reimbursement basis as the regional water authority incurs  
29 eligible project expenses. The regional water authority shall document that local matching funds are committed  
30 in equal proportion to the department's disbursement.

1  
2       **NEW SECTION. Section 7. Appropriations from treasure state endowment special revenue**  
3 **account for emergency grants.** (1) There is appropriated to the department of commerce \$100,000 for the  
4 biennium beginning July 1, 2003, from the interest earnings of the treasure state endowment special revenue  
5 account for the purpose of providing local governments, as defined in 90-6-701, with emergency grants for  
6 infrastructure projects, as defined in 90-6-701.

7       (2) The projects eligible for emergency grants must be necessary to remedy conditions that if allowed  
8 to continue until legislative approval could be obtained would endanger the public health or safety and expose  
9 the applicant to substantial financial risk.

10       (3) The department may not make an emergency grant if it determines that through the implementation  
11 of reasonable management practices, the applicant can forestall the risks to health or safety until the legislative  
12 approval can be obtained.

13       (4) The department shall inform the governor and the legislative finance committee of emergency grants  
14 that are awarded during the biennium.

15  
16       **SECTION 8. SECTION 1, CHAPTER 213, LAWS OF 1995, IS AMENDED TO READ:**

17       **"Section 1. Appropriations from the treasure state endowment special revenue account.** (1) There  
18 is appropriated to the department of commerce the interest earnings of the treasure state endowment special  
19 revenue account to finance grants authorized by this section.

20       (2) The funds appropriated in this section must be used by the department to make grants to the local  
21 government entities listed in subsection (3) for the described purposes and in amounts not to exceed the  
22 amounts set out in subsection (3). The appropriations are subject to the conditions set forth in [sections 1  
23 through 3] and described in the treasure state endowment program January 1995 report to the 54th legislature.  
24 The legislature, pursuant to 90-6-710, approves the grants listed in subsection (3), in the order indicated in the  
25 list of projects. The department shall award funds up to the amounts approved in this section in order of priority  
26 until available funds are expended. The department shall provide funds not accepted or used by local  
27 governments with higher-ranked projects to local governments whose projects are in lower positions on the  
28 priority list and that would not otherwise receive funding. When additional funds become available for the grants  
29 listed in subsection (3), they must be awarded to projects in the order of the projects' priority when the  
30 lower-ranked projects meet the startup conditions of the department's grant agreement and are ready to proceed

to construction.

(3) The following are the authorized projects in the order of their priority:

Applicant/Project	Matching Grant
<del>1. Hill County Water Dist. (water)</del>	<del>\$500,000</del>
<del>2. 1. East Glacier Wtr. &amp; Sewer Dist. (water)</del>	<del>306,555</del>
<del>3. 2. City of Lewistown (water)</del>	<del>500,000</del>
<del>4. 3. City of Troy (sewer)</del>	<del>500,000</del>
<del>5. 4. City of Conrad (water)</del>	<del>180,000</del>
<del>6. 5. City of Whitehall (water)</del>	<del>500,000</del>
<del>7. 6. Seeley Lake Water Dist. (water)</del>	<del>464,364</del>
<del>8. 7. City of Hamilton (sewer)</del>	<del>137,632</del>
<del>9. 8. Gardiner Water Dist. (water)</del>	<del>300,000</del>
<del>10. 9. City of Thompson Falls (sewer)</del>	<del>400,644</del>
<del>11. 10. Butte-Silver Bow (sewer)</del>	<del>500,000</del>
<del>12. 11. Beaverhead County (bridge)</del>	<del>23,000</del>
<del>13. 12. Powell County (bridge)</del>	<del>51,334</del>
<del>14. 13. Town of Fairview (water)</del>	<del>500,000</del>
<del>15. 14. Town of Hysham (sewer)</del>	<del>127,500</del>

(4) This section constitutes a valid obligation of funds to the entities listed in subsection (3) for purposes of encumbering the treasure state endowment special revenue account funds received during the 1997 biennium under 17-7-302."

**NEW SECTION. SECTION 9. REPEALER. SECTION 9, CHAPTER 435, LAWS OF 2001, IS REPEALED.**

**NEW SECTION. Section 10. 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 band of Chippewa.

**NEW SECTION. Section 11. Effective dates.** (1) Except as provided in subsection (2), [this act] is



1 effective on passage and approval.

2 (2) [Sections 1, 4, and 7] are effective July 1, 2003.

3 - END -