

## HOUSE BILL NO. 512

INTRODUCED BY L. JONES, ANKNEY, ARNTZEN, BALES, BERGREN, BLACK, BLASDEL, BOGGIO,  
BRUEGGEMAN, BUTCHER, CAMPBELL, CLARK, COBB, CORDIER, EBINGER, EVERETT, FRENCH,  
GLASER, HEINERT, HILBERT, W. JONES, KEANE, KLOCK, LAIBLE, LAMBERT, LANGE, MACLAREN,  
MALCOLM, MCCHESENEY, MCNUTT, MENDENHALL, MILBURN, MURPHY, NOONAN, NOONEY, O'HARA,  
OLSON, PERRY, POMNICHOWSKI, RICE, RIPLEY, SESSO, SMALL-EASTMAN, SONJU, STAHL,  
STOKER, THOMAS, VINCENT, WINDY BOY, WITTE

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

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

~~NEW SECTION. Section 1. Fund transfer -- appropriations. (1) The amount of \$15,685,500 is~~  
~~transferred from the general fund to the treasure state endowment special revenue account. The transferred~~  
~~funds are appropriated to the department of commerce to finance the 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 2009 biennium report to the 60th 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].~~

~~———— (3) The following applicants and projects are authorized for grants pursuant to the appropriation in subsection (1) in the order of their priority:~~

<del>Applicant/Project</del>	<del>Grant Amount</del>
<del>1. Neihart (water)</del>	<del>\$223,000</del>
<del>2. Three Forks (wastewater)</del>	<del>750,000</del>
<del>3. Manhattan (water)</del>	<del>600,000</del>
<del>4. Cut Bank (water)</del>	<del>550,000</del>
<del>5. Whitehall (wastewater)</del>	<del>750,000</del>
<del>6. Crow Tribe (wastewater)</del>	<del>750,000</del>
<del>7. Big Sandy (wastewater)</del>	<del>750,000</del>
<del>8. Fairfield (wastewater)</del>	<del>750,000</del>
<del>9. Hamilton (wastewater)</del>	<del>750,000</del>
<del>10. Gallatin County/Hebgen Lake Estates (wastewater)</del>	<del>750,000</del>
<del>11. Shelby (water)</del>	<del>750,000</del>
<del>12. Whitefish (wastewater)</del>	<del>750,000</del>
<del>13. Panoramic Mountain River Heights (water)</del>	<del>191,500</del>
<del>14. Custer County (bridge)</del>	<del>63,750</del>
<del>15. Brady (wastewater)</del>	<del>750,000</del>
<del>16. Elk Meadows (water)</del>	<del>410,000</del>
<del>17. Polson (water)</del>	<del>750,000</del>
<del>18. Darby (water)</del>	<del>750,000</del>
<del>19. Goodan-Keil (water)</del>	<del>532,250</del>
<del>20. Butte-Silver Bow (water)</del>	<del>750,000</del>
<del>21. Columbia Falls (wastewater)</del>	<del>750,000</del>
<del>22. North Valley County (water)</del>	<del>750,000</del>
<del>23. Saltese (wastewater)</del>	<del>750,000</del>

24. Red Lodge (water) 750,000

25. Black Eagle (water) 365,000

~~(4) This section constitutes a valid obligation of funds to the grant recipients listed in subsection (3) for purposes of encumbering the treasure state endowment special revenue account funds during the 2009 biennium 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(1)].~~

~~(5) Funding for projects numbered 1 through 25 in subsection (3) will be made available in the order that the grant recipients satisfy the conditions described in [section 3(1)]. Once funds deposited into the treasure state endowment special revenue account during the biennium are totally committed to projects that have satisfied the conditions described in [section 3(1)], the obligation to any remaining projects will cease.~~

**NEW SECTION. SECTION 1. APPROPRIATION FROM TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE**

**ACCOUNT. (1) THERE IS APPROPRIATED TO THE DEPARTMENT OF COMMERCE \$17,333,653 OF THE INTEREST EARNINGS FROM THE TREASURE STATE ENDOWMENT STATE 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 2 AND 3] AND DESCRIBED IN THE TREASURE STATE ENDOWMENT PROGRAM 2009 BIENNIUM REPORT TO THE 60TH 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 STATE SPECIAL REVENUE ACCOUNT DURING THE 2009 BIENNIUM ARE EXPENDED.**

**(3) THE FOLLOWING APPLICANTS AND PROJECTS ARE AUTHORIZED FOR GRANTS:**

<u>APPLICANT/PROJECT</u>	<u>GRANT AMOUNT</u>
<u>1. LEWIS AND CLARK COUNTY FOR THE WOODLAWN ADDITION (WATER)</u>	<u>\$596,420</u>
<u>2. BAINVILLE, TOWN OF (WASTEWATER)</u>	<u>715,000</u>
<u>3. MADISON COUNTY (BRIDGE)</u>	<u>370,100</u>
<u>4. SWEET GRASS COUNTY (BRIDGE)</u>	<u>151,493</u>

1	<u>5. POWELL COUNTY (BRIDGE)</u>	<u>263,074</u>
2	<u>6. CIRCLE, TOWN OF (WASTEWATER)</u>	<u>750,000</u>
3	<u>7. HARLEM, CITY OF (WATER)</u>	<u>750,000</u>
4	<u>8. JORDAN, TOWN OF (WASTEWATER)</u>	<u>700,000</u>
5	<u>9. THOMPSON FALLS, CITY OF (WATER)</u>	<u>363,000</u>
6	<u>10. TWIN BRIDGES, TOWN OF (WASTEWATER)</u>	<u>750,000</u>
7	<u>11. SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT (WATER)</u>	<u>750,000</u>
8	<u>12. FERGUS COUNTY (BRIDGE)</u>	<u>238,362</u>
9	<u>13. SUNNY MEADOWS-MISSOULA COUNTY WATER AND SEWER DISTRICT (WATER)</u>	<u>325,000</u>
10	<u>14. TRI-COUNTY WATER DISTRICT (WATER)</u>	<u>313,500</u>
11	<u>15. BLAINE COUNTY (BRIDGE)</u>	<u>617,017</u>
12	<u>16. LOMA COUNTY WATER AND SEWER DISTRICT (WATER)</u>	<u>750,000</u>
13	<u>17. EKALAKA, TOWN OF (WATER AND WASTEWATER)</u>	<u>706,369</u>
14	<u>18. STILLWATER COUNTY (BRIDGE)</u>	<u>407,500</u>
15	<u>19. SHERIDAN, TOWN OF (WASTEWATER)</u>	<u>750,000</u>
16	<u>20. CARTER-CHOUTEAU COUNTY WATER AND SEWER DISTRICT (WATER)</u>	<u>750,000</u>
17	<u>21. BIGFORK COUNTY WATER AND SEWER DISTRICT (WASTEWATER)</u>	<u>750,000</u>
18	<u>22. DAYTON-LAKE COUNTY WATER AND SEWER DISTRICT (WASTEWATER)</u>	<u>750,000</u>
19	<u>23. JUDITH BASIN COUNTY (BRIDGE)</u>	<u>192,215</u>
20	<u>24. PINESDALE, TOWN OF (WATER)</u>	<u>750,000</u>
21	<u>25. POWER-TETON COUNTY WATER AND SEWER DISTRICT (WATER)</u>	<u>604,286</u>
22	<u>26. SUPERIOR, TOWN OF (WATER)</u>	<u>600,000</u>
23	<u>27. RAE SUBDIVISION COUNTY WATER AND SEWER DISTRICT NO. 313 (WATER)</u>	<u>750,000</u>
24	<u>28. JEFFERSON COUNTY (BRIDGE)</u>	<u>295,800</u>
25	<u>29. FORT BENTON, CITY OF (STORMWATER)</u>	<u>750,000</u>
26	<u>30. LAUREL, CITY OF (WASTEWATER)</u>	<u>750,000</u>
27	<u>31. YELLOWSTONE COUNTY (BRIDGE)</u>	<u>97,079</u>
28	<u>32. NEIHART, TOWN OF (WATER)</u>	<u>223,000</u>
29	<u>33. THREE FORKS, CITY OF (WASTEWATER)</u>	<u>750,000</u>
30	<u>34. MANHATTAN, TOWN OF (WATER)</u>	<u>600,000</u>

1	<u>35. CUT BANK, CITY OF (WATER)</u>	<u>550,000</u>
2	<u>36. WHITEHALL, TOWN OF (WASTEWATER)</u>	<u>750,000</u>
3	<u>37. CROW TRIBE (WASTEWATER)</u>	<u>750,000</u>
4	<u>38. BIG SANDY, TOWN OF (WASTEWATER)</u>	<u>750,000</u>
5	<u>39. FAIRFIELD, TOWN OF (WASTEWATER)</u>	<u>750,000</u>
6	<u>40. HAMILTON, CITY OF (WASTEWATER)</u>	<u>750,000</u>
7	<u>41. GALLATIN COUNTY/HEBGEN LAKE ESTATES (WASTEWATER)</u>	<u>750,000</u>
8	<u>42. SHELBY, CITY OF (WATER)</u>	<u>750,000</u>
9	<u>43. WHITEFISH, CITY OF (WASTEWATER)</u>	<u>750,000</u>
10	<u>44. PANORAMIC MOUNTAIN RIVER HEIGHTS (WATER)</u>	<u>191,500</u>
11	<u>45. CUSTER COUNTY (BRIDGE)</u>	<u>63,750</u>
12	<u>46. BRADY, TOWN OF (WASTEWATER)</u>	<u>750,000</u>
13	<u>47. ELK MEADOWS (WATER)</u>	<u>410,000</u>
14	<u>48. POLSON, CITY OF (WATER)</u>	<u>750,000</u>
15	<u>49. DARBY, TOWN OF (WATER)</u>	<u>750,000</u>
16	<u>50. GOODAN-KEIL (WATER)</u>	<u>532,250</u>
17	<u>51. BUTTE-SILVER BOW (WATER)</u>	<u>750,000</u>
18	<u>52. COLUMBIA FALLS, CITY OF (WASTEWATER)</u>	<u>750,000</u>
19	<u>53. NORTH VALLEY COUNTY (WATER)</u>	<u>750,000</u>
20	<u>54. SALTESE, TOWN OF (WASTEWATER)</u>	<u>750,000</u>
21		<u>390,000</u>
22	<u>55. RED LODGE, CITY OF (WATER)</u>	<u>750,000</u>
23	<u>56. BLACK EAGLE, TOWN OF (WATER)</u>	<u>365,000</u>
24	<u>(4) THIS SECTION CONSTITUTES A VALID OBLIGATION OF FUNDS TO THE GRANT RECIPIENTS LISTED IN SUBSECTION</u>	
25	<u>(3) FOR PURPOSES OF ENCUMBERING THE TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT FUNDS</u>	
26	<u>DURING THE 2009 BIENNIUM PURSUANT TO 17-7-302. HOWEVER, A GRANT RECIPIENT'S ENTITLEMENT TO RECEIVE FUNDS</u>	
27	<u>IS DEPENDENT ON THE GRANT RECIPIENT'S COMPLIANCE WITH THE CONDITIONS DESCRIBED IN [SECTION 3(1)] AND ON THE</u>	
28	<u>AVAILABILITY OF FUNDS.</u>	
29	<u>———— (5) FUNDING FOR PROJECTS NUMBERED 1 THROUGH 56 IN SUBSECTION (3) WILL BE PROVIDED IN THE ORDER</u>	
30	<u>THAT APPLICATIONS ARE RECEIVED ONLY AS LONG AS THERE ARE SUFFICIENT FUNDS AVAILABLE FROM THE AMOUNT THAT</u>	

~~WAS DEPOSITED INTO THE TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT DURING THE BIENNIUM  
ENDING JUNE 30, 2009. FUNDING FOR THESE PROJECTS WILL BE MADE AVAILABLE IN THE ORDER THAT THE GRANT  
RECIPIENTS SATISFY THE CONDITIONS DESCRIBED IN [SECTION 3(1)]. ONCE FUNDS DEPOSITED INTO THE TREASURE STATE  
ENDOWMENT STATE SPECIAL REVENUE ACCOUNT DURING THE BIENNIUM ARE TOTALLY COMMITTED TO PROJECTS THAT  
HAVE SATISFIED THE CONDITIONS DESCRIBED IN [SECTION 3(1)], THE OBLIGATION TO ANY REMAINING PROJECTS WILL  
CEASE.~~

~~(6) IN THE EVENT THAT ANY REMAINING FUNDS DEPOSITED INTO THE TREASURE STATE ENDOWMENT STATE  
SPECIAL REVENUE ACCOUNT DURING THE 2009 BIENNIUM ARE INSUFFICIENT TO FULLY FUND ONE OF THE GRANT  
RECIPIENTS LISTED IN SUBSECTION (3), THE DEPARTMENT MAY MAKE THE REMAINING FUNDS AVAILABLE TO THE FIRST  
GRANT RECIPIENT THAT HAS SATISFIED THE CONDITIONS DESCRIBED IN [SECTION 3(1)] AND THAT IS ABLE TO FIRMLY  
COMMIT THE BALANCE OF THE AMOUNT NECESSARY TO FUND THE PROJECT IN ITS ENTIRETY.~~

~~(5) FUNDING FOR PROJECTS NUMBERED 1 THROUGH 56 IN SUBSECTION (3) AND FOR THE DEPARTMENT OF  
NATURAL RESOURCES AND CONSERVATION PROJECT IN SUBSECTION (6) WILL BE PROVIDED FROM INTEREST EARNINGS  
DEPOSITED INTO THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT DURING THE BIENNIUM ENDING JUNE  
30, 2009. FUNDING FOR THE PROJECTS LISTED IN SUBSECTION (3) WILL BE MADE AVAILABLE IN THE ORDER THAT THE  
GRANT RECIPIENTS SATISFY THE CONDITIONS DESCRIBED IN [SECTION 3(1)]. IF FUNDS APPROPRIATED IN SUBSECTION (1)  
ARE INSUFFICIENT TO FUND ANY OF THE PROJECTS THAT HAVE SATISFIED THE CONDITIONS DESCRIBED IN [SECTION 3(1)]  
PRIOR TO JUNE 30, 2009, THE TREASURE STATE ENDOWMENT PROGRAM MUST FUND THE PROJECTS BY BORROWING  
MONEY FROM THE BOARD OF INVESTMENTS PURSUANT TO 90-6-701(1)(B) FOR THOSE PROJECTS THAT HAVE SATISFIED  
THE CONDITIONS DESCRIBED IN [SECTION 3(1)] BY JUNE 30, 2009. THERE IS APPROPRIATED TO THE DEPARTMENT OF  
COMMERCE UP TO ~~\$15,363,890~~ \$17,563,890 FOR FUNDS BORROWED FROM THE BOARD OF INVESTMENTS.~~

~~(6) UP TO \$2,200,000 IS GRANTED TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION IN FISCAL  
YEAR 2009, WHICH MUST BE USED TO FUND LOCAL GOVERNMENT RENEWABLE RESOURCE PROJECTS. THE GRANT MAY  
ONLY BE AWARDED FOR THE AMOUNT OF ANTICIPATED SHORTFALL IN FUNDING ALL OF THE RENEWABLE RESOURCE  
PROGRAM GRANTS AUTHORIZED IN [SECTION 1(3) OF HOUSE BILL NO. 6]. ANY UNEXPENDED FUNDS REMAINING FROM  
THIS GRANT ON JULY 1, 2009, WILL BE REMITTED TO THE DEPARTMENT OF COMMERCE, TREASURE STATE ENDOWMENT  
PROGRAM, TO BE USED FOR REPAYMENT OF LOANS.~~

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

1  
2       **NEW SECTION. Section 3. Conditions and manner of disbursement of grant funds.** (1) The

3       disbursement of grant funds under [sections 1 through 3] for the projects specified in [section 1(3)] is subject to  
4       completion of the following conditions:

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

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

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

13              (d) The grant recipient must be in compliance with the auditing and reporting requirements provided for  
14      in 2-7-503 and have established a financial accounting system that the department can reasonably ensure  
15      conforms to generally accepted accounting principles. Tribal governments shall comply with auditing and  
16      reporting requirements provided for in OMB Circular A-133.

17              (e) The grant recipient shall satisfactorily comply with any conditions described in the application (project)  
18      summaries section of the treasure state endowment program 2009 biennium report to the 60th legislature.

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

21              (2) The department shall commit grant funds to projects authorized in [section 1(3)] in the order that  
22      projects have met the conditions in subsection (1).

23              (3) The department shall disburse grant funds on a reimbursement basis as grant recipients incur eligible  
24      project expenses.

25              (4) If actual project expenses are lower than the projected expense of the project, the department may,  
26      at its discretion, reduce the amount of treasure state endowment program grant funds to be provided to grant  
27      recipients in proportion to all other project funding sources. In the alternative, the department may authorize the  
28      use of the remaining authorized treasure state endowment program grant amount for the construction of  
29      additional, directly related components that will further enhance the overall system.

30              (5) If actual project expenses are lower than the projected expense of a project as presented in the grant

recipient's treasure state endowment program application, the department may, at its discretion, reduce the amount of treasure state endowment program grant funds to be provided so that the grant recipient's projected average residential user rates do not become lower than their target rate as determined by the department.

(6) With the exception of bridges, all projects must adhere to the design standards required by the department of environmental quality. Recipients of treasure state endowment program funds that are not subject to the department of environmental quality design standards must 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.

(7) Recipients of treasure state endowment program funds are subject to the requirements of the department of commerce as described in the treasure state endowment program project administration manual, adopted by the department through the administrative rulemaking process.

**NEW SECTION. SECTION 4. APPROPRIATIONS FROM TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT FOR EMERGENCY GRANTS.** THERE IS APPROPRIATED TO THE DEPARTMENT OF COMMERCE \$100,000 FOR THE BIENNIUM BEGINNING JULY 1, 2007, FROM THE INTEREST EARNINGS OF THE TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT FOR THE PURPOSE OF PROVIDING LOCAL GOVERNMENTS, AS DEFINED IN 90-6-701, WITH EMERGENCY GRANTS FOR INFRASTRUCTURE PROJECTS, AS DEFINED IN 90-6-701.

**NEW SECTION. SECTION 5. APPROPRIATIONS FROM TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT FOR PRELIMINARY ENGINEERING GRANTS.** THERE IS APPROPRIATED TO THE DEPARTMENT OF COMMERCE \$600,000 FOR THE BIENNIUM BEGINNING JULY 1, 2007, FROM THE INTEREST EARNINGS OF THE TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT FOR THE PURPOSE OF PROVIDING LOCAL GOVERNMENTS, AS DEFINED IN 90-6-701, WITH PRELIMINARY ENGINEERING GRANTS FOR INFRASTRUCTURE PROJECTS, AS DEFINED IN 90-6-701.

**SECTION 6.** SECTION 1, CHAPTER 435, LAWS OF 2001, IS AMENDED TO READ:

**"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 2003 biennium report to the 57th 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 2003 biennium are expended.

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

Applicant/Project	Grant
1. Lewis and Clark County (bridge)	\$500,000
2. Alder Water and Sewer District, Madison County (wastewater)	500,000
3. Hot Springs, Town of (water)	500,000
4. Whitewater Water and Sewer District, Phillips County (wastewater)	500,000
5. Virginia City, Town of (wastewater)	500,000
6. Froid, Town of (wastewater)	390,600
7. Nashua, Town of (wastewater)	500,000
8. Richland County (bridge)	296,500
9. Lavina, Town of (wastewater)	483,000
10. Gardiner-Park County Water District, Park County (water)	398,500
11. Park City/County Water and Sewer District, Stillwater County (wastewater)	500,000
12. Stanford, Town of (wastewater)	500,000
13. Florence County Water and Sewer District, Ravalli County (wastewater)	500,000
14. Ashland County Water and Sewer District, Rosebud County (wastewater)	500,000
15. Geraldine, Town of (water)	167,460
16. Manhattan, Town of (wastewater)	500,000
17. Lambert County Water and Sewer District, Richland County (water)	403,000
18. Browning, Town of (water)	500,000
19. Kevin, Town of (wastewater)	385,000
20. Power-Teton Co. Water and Sewer District, Teton County (water)	425,000
21. Blackfeet Tribe (water)	500,000

1	22. Whitefish, City of (wastewater)	500,000
2	23. Choteau, City of (wastewater)	500,000
3	<del>24. Lockwood Water and Sewer District, Yellowstone County (wastewater)</del>	<del>500,000</del>
4	25. Eureka, Town of (water)	369,000
5	26. Shelby, City of (water)	500,000
6	27. Charlo Sewer District, Lake County (wastewater)	500,000
7	28. Essex Water and Sewer District, Flathead County (water)	225,000
8	29. Yellowstone County (bridge)	300,000
9	30. Hinsdale Water and Sewer District, Valley County (wastewater)	329,000
10	31. Havre, City of (water)	500,000
11	32. Helena, City of (storm drain)	500,000
12	33. Fairfield, Town of (wastewater)	500,000
13	34. Jordan, Town of (water/wastewater)	500,000

14           (4) If sufficient funds are available, this section constitutes a valid obligation of funds to the grant  
 15 recipients listed in subsection (3) for purposes of encumbering the treasure state endowment special revenue  
 16 account funds received during the 2003 biennium under 17-7-302. However, a grant recipient's entitlement to  
 17 receive funds is dependent on the grant recipient's compliance with the conditions described in [section 3(1)] and  
 18 on the availability of funds.

19           (5) If funds deposited into the treasure state endowment special revenue account during the biennium  
 20 ending June 30, 2003, are insufficient to fully fund the projects numbered 1 through 31 in subsection (3) that have  
 21 satisfied the conditions described in [section 3(1)] by June 30, 2003, these projects will be funded from deposits  
 22 into the treasure state endowment special revenue account made during the 2005 biennium, before projects  
 23 authorized by the 58th legislature receive funding from the account. However, any of the projects numbered 1  
 24 through 31 listed in subsection (3) that have not completed the conditions described in [section 3(1)] by January  
 25 1, 2003, must be reviewed by the next regular session of the legislature to determine if the authorized grant  
 26 should be withdrawn.

27           (6) Projects numbered 32 through 34 listed in subsection (3) that have satisfied the conditions described  
 28 in [section 3(1)] may not receive grant funds unless sufficient funds have been deposited into the treasure state  
 29 endowment special revenue account to fully fund the projects numbered 1 through 31 in subsection (3). However,  
 30 if a subsequent legislature withdraws funding for any of the projects numbered 1 through 31 listed in subsection

(3), those funds could be made available to projects numbered 32 through 34 listed in subsection (3) that have completed the conditions described in [section 3(1)].

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

**NEW SECTION. SECTION 7. APPROPRIATION FROM TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT.** (1) THERE IS APPROPRIATED TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION THE INTEREST EARNINGS OF THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM STATE SPECIAL REVENUE ACCOUNT TO FINANCE THE STATE'S SHARE OF REGIONAL WATER SYSTEM PROJECTS AUTHORIZED BY THIS SECTION AND AS SET FORTH IN 90-6-715.

(2) THE DRY PRAIRIE RURAL WATER AUTHORITY AND THE NORTH CENTRAL MONTANA REGIONAL WATER AUTHORITY ARE AUTHORIZED TO RECEIVE FUNDS.

(3) UP TO \$6,686,000 IS AUTHORIZED ~~FOR THE 2009 BIENNIUM~~ TO PROVIDE THE STATE'S SHARE FOR REGIONAL WATER SYSTEM PROJECTS.

(4) A REGIONAL WATER AUTHORITY'S RECEIPT OF FUNDS IS DEPENDENT ON THE AUTHORITY'S COMPLIANCE WITH THE CONDITIONS DESCRIBED IN [SECTION 9(1)].

(5) THIS SECTION CONSTITUTES A VALID OBLIGATION OF FUNDS TO THE REGIONAL WATER AUTHORITIES LISTED IN SUBSECTION (2) FOR PURPOSES OF ENCUMBERING THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM STATE SPECIAL REVENUE ACCOUNT FUNDS RECEIVED DURING THE 2009 BIENNIUM UNDER 17-7-302.

**NEW SECTION. SECTION 8. APPROVAL OF FUNDS -- COMPLETION OF APPROPRIATION.** (1) THE LEGISLATURE, PURSUANT TO 90-6-715, AUTHORIZES FUNDS FOR THE REGIONAL WATER AUTHORITIES IDENTIFIED IN [SECTION 7(2)].

(2) THE AUTHORIZATION OF THESE FUNDS COMPLETES AN APPROPRIATION FROM THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT PROVIDED FOR IN 17-5-703(4)(D).

**NEW SECTION. SECTION 9. CONDITIONS -- MANNER OF DISBURSEMENT OF FUNDS.** (1) THE DISBURSEMENT OF FUNDS UNDER [SECTIONS 7 THROUGH 9] IS SUBJECT TO COMPLETION OF THE FOLLOWING CONDITIONS:

1       (A) THE REGIONAL WATER AUTHORITY SHALL EXECUTE AN AGREEMENT WITH THE DEPARTMENT OF NATURAL  
2 RESOURCES AND CONSERVATION.

3       (B) THE REGIONAL WATER AUTHORITY MUST HAVE A PROJECT MANAGEMENT PLAN THAT IS APPROVED BY THE  
4 DEPARTMENT.

5       (C) THE REGIONAL WATER AUTHORITY SHALL ESTABLISH A FINANCIAL ACCOUNTING SYSTEM THAT THE  
6 DEPARTMENT CAN REASONABLY ENSURE CONFORMS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

7       (D) THE REGIONAL WATER AUTHORITY SHALL PROVIDE THE DEPARTMENT WITH A DETAILED PRELIMINARY  
8 ENGINEERING REPORT.

9       (2) THE DEPARTMENT SHALL DISBURSE FUNDS ON A REIMBURSEMENT BASIS AS THE REGIONAL WATER AUTHORITY  
10 INCURS ELIGIBLE PROJECT EXPENSES.

11  
12 ~~—— **NEW SECTION. Section 10. Fund transfer -- use of transferred funds.** (1) THE AMOUNT OF \$2~~  
13 ~~MILLION IS TRANSFERRED FROM THE STATE GENERAL FUND TO THE TREASURE STATE ENDOWMENT STATE SPECIAL~~  
14 ~~REVENUE ACCOUNT. THE FUNDS TRANSFERRED PURSUANT TO THIS SECTION MUST BE HELD IN A SUBACCOUNT TO BE USED~~  
15 ~~FOR THE PROJECTS AUTHORIZED IN [SECTION 1] IF THE APPROPRIATIONS IN THAT SECTION ARE INSUFFICIENT TO FUND~~  
16 ~~ALL OF THE ENUMERATED PROJECTS. INTEREST EARNED ON THE SUBACCOUNT MUST BE DEPOSITED IN THE TREASURE~~  
17 ~~STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT.~~

18 ~~—— (2) IF THE FUNDS ARE NEEDED FOR THE PURPOSES OF SUBSECTION (1), THEN THE FUNDS ARE APPROPRIATED~~  
19 ~~TO THE DEPARTMENT OF COMMERCE FOR THE PURPOSE OF FUNDING THE AUTHORIZED PROJECTS. ANY MONEY REMAINING~~  
20 ~~IN THE SUBACCOUNT AT THE END OF THE BIENNIUM REVERTS TO THE GENERAL FUND.~~

21  
22       **NEW SECTION. Section 10. Notification to tribal governments.** The secretary of state shall send  
23 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
24 Chippewa tribe.

25  
26       **NEW SECTION. Section 11. Effective date DATES.** ~~[This act]~~ (1) EXCEPT AS PROVIDED IN SUBSECTION  
27 (2), [THIS ACT] is effective July 1, 2007.

28       (2) [SECTIONS 7 THROUGH 9 AND THIS SECTION] ARE EFFECTIVE ON PASSAGE AND APPROVAL.

29                                   - END -