

1 HOUSE BILL NO. 351

2 INTRODUCED BY R. COOK

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF
5 COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS
6 THROUGH THE TREASURE STATE ENDOWMENT PROGRAM; AUTHORIZING GRANTS FROM THE
7 TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS UPON
8 GRANTS AND FUNDS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR
9 EMERGENCY GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR
10 PRELIMINARY INFRASTRUCTURE PLANNING GRANTS; APPROPRIATING MONEY FROM THE TREASURE
11 STATE ENDOWMENT REGIONAL WATER SYSTEM STATE SPECIAL REVENUE ACCOUNT TO THE
12 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR FINANCIAL ASSISTANCE TO
13 REGIONAL WATER AUTHORITIES FOR REGIONAL WATER PROJECTS; REQUIRING THE TRANSFER OF
14 MONEY FROM THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT AND THE
15 TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT TO THE
16 STATE GENERAL FUND; REVISING GRANT CONDITIONS AND RANKING PROCEDURES; PROVIDING
17 RULEMAKING AUTHORITY; AMENDING SECTIONS 90-6-703 AND 90-6-710, MCA; AND PROVIDING AN
18 EFFECTIVE DATE."

19

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

21

22 **NEW SECTION. Section 1. Appropriations from treasure state endowment state special revenue**
23 **account.** (1) There is appropriated to the department of commerce \$13,753,578 from the treasure state
24 endowment state special revenue account to be used to finance grants authorized by this section.

25 (2) The funds appropriated in this section must be used by the department to make grants to the
26 governmental entities listed in subsection (3) for the described purposes and in amounts not to exceed the
27 amounts set out in subsection (3). The appropriations are subject to the conditions set forth in [sections 2 and
28 3]. The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in subsection (3). The
29 department shall commit funds to projects listed in subsection (3), up to the amounts authorized, based on the
30 manner of disbursement set forth in [section 3] until interest earnings deposited into the treasure state endowment

1 state special revenue account during the 2013 biennium are expended.

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

| 3 Applicant/Project | Grant Amount |
|---|--------------|
| 4 1. Hardin, City of (water) | \$500,000 |
| 5 2. Park County (bridge) | 555,626 |
| 6 3. Sheridan, Town of (wastewater) | 750,000 |
| 7 4. Yellowstone County (bridge) | 157,227 |
| 8 5. Madison County (bridge) | 699,931 |
| 9 6. Brady County Water & Sewer District (water) | 750,000 |
| 10 7. Carter Chouteau County Water & Sewer District (water) | 750,000 |
| 11 8. Sun Prairie Village County Water & Sewer District (water) | 625,000 |
| 12 9. Sweet Grass County (bridge) | 156,678 |
| 13 10. Beaverhead County (bridge) | 426,941 |
| 14 11. Carbon County (bridge) | 406,695 |
| 15 12. Jefferson County (bridge) | 218,634 |
| 16 13. Hebgen Lake Estates County Water & Sewer District (wastewater) | 720,000 |
| 17 14. Augusta Water & Sewer District (wastewater) | 295,000 |
| 18 15. Gallatin Gateway County Water & Sewer District (wastewater) | 750,000 |
| 19 16. Fergus County (bridge) | 276,157 |
| 20 17. Melrose Water & Sewer District (wastewater) | 162,000 |
| 21 18. Blaine County (bridge) | 434,309 |
| 22 19. Deer Lodge, City of (wastewater) | 500,000 |
| 23 20. Lincoln County (bridge) | 287,827 |
| 24 21. West Yellowstone-Hebgen Basin Refuse Disposal District (solid waste) | 246,563 |
| 25 22. Eureka, Town of (wastewater) | 625,000 |
| 26 23. Fairfield, Town of (water) | 500,000 |
| 27 24. Ravalli County (bridge) | 142,616 |
| 28 25. Granite County (bridge) | 276,408 |
| 29 26. Roundup, City of (water) | 500,000 |
| 30 27. Roberts Carbon County Water & Sewer District (wastewater) | 500,000 |

| | | |
|---|--|---------|
| 1 | 28. Lockwood Water & Sewer District (wastewater) | 750,000 |
| 2 | 29. North Havre County Water District (water) | 590,000 |
| 3 | 30. Sand Coulee Water District (water) | 200,966 |

4 (4) This section constitutes a valid obligation of funds to the grant recipients listed in subsection (3) for
5 purposes of encumbering the treasure state endowment state special revenue account funds during the 2013
6 biennium pursuant to 17-7-302. However, a grant recipient's entitlement to receive funds is dependent on the
7 grant recipient's compliance with the conditions described in [section 3(1)] and on the availability of funds.

8 (5) Funding for projects listed in subsection (3) will be provided only as long as there are sufficient funds
9 available from the amount that was deposited into the treasure state endowment state special revenue account
10 during the biennium ending June 30, 2013. Funding for these projects will be made available in the order that the
11 grant recipients satisfy the conditions described in [section 3(1)]. Once all funds appropriated in subsection (1)
12 for the biennium are totally committed to projects listed in subsection (3) that have satisfied the conditions
13 described in [section 3(1)], the obligation to any remaining projects will cease.

14 (6) In the event that any remaining funds deposited into the treasure state endowment state special
15 revenue account during the 2013 biennium are insufficient to fully fund any one of the grant recipients listed in
16 subsection (3), the department may make the remaining funds available to the first grant recipient that has
17 satisfied the conditions described in [section 3(1)] and that is able to firmly commit the balance of the amount
18 necessary to fund the project in its entirety.

19 (7) Grant recipients shall complete all of the conditions described in [section 3(1)] by December 31, 2014,
20 or the grant contract will be terminated.

21
22 NEW SECTION. Section 2. Approval of grants -- completion of biennial appropriation. (1) The
23 legislature, pursuant to 90-6-701 and 90-6-703, authorizes grants for the projects identified in [section 1(3)], the
24 emergency infrastructure projects in [section 5], and for infrastructure planning in [section 6].

25 (2) The authorization of these grants completes a biennial appropriation from the treasure state
26 endowment special revenue account provided for in 17-5-703(3)(c).

27
28 NEW SECTION. Section 3. Conditions of grants -- disbursement of funds. (1) The disbursement
29 of grant funds under [sections 1 through 3] for the projects specified in [section 1(3)] is subject to completion of
30 the following conditions:

- 1 (a) The grant recipient shall execute a grant agreement with the department of commerce.
- 2 (b) The grant recipient shall document that other matching funds required for completion of the project
3 are firmly committed.
- 4 (c) The grant recipient must have a project management plan that is approved by the department.
- 5 (d) The grant recipient must be in compliance with the auditing and reporting requirements provided for
6 in 2-7-503 and have established a financial accounting system that the department can reasonably ensure
7 conforms to generally accepted accounting principles. Tribal governments shall comply with auditing and
8 reporting requirements provided for in OMB Circular A-133.
- 9 (e) The grant recipient shall satisfactorily comply with any conditions described in the grant recipient's
10 application for treasure state endowment assistance and any written conditions that were imposed on the
11 application by the department during the application ranking process.
- 12 (f) The grant recipient shall satisfy other specific requirements considered necessary by the department
13 to accomplish the purpose of the project as evidenced by the application to the department.
- 14 (2) With the exception of bridges, all projects must adhere to the design standards required by the
15 department of environmental quality. Recipients of treasure state endowment program funds that are not subject
16 to the department of environmental quality design standards must adhere to generally accepted industry
17 standards, such as Recommended Standards for Wastewater Facilities or Recommended Standards for Water
18 Works, published by the Great Lakes-Upper Mississippi River Board of State and Provincial Public Health and
19 Environmental Managers, latest edition.
- 20 (3) Recipients of treasure state endowment program funds are subject to the requirements of the
21 department of commerce as described in the most recent edition of the treasure state endowment program
22 project administration manual, adopted by the department of commerce through the administrative rulemaking
23 process.
- 24
- 25 **NEW SECTION. Section 4. Other powers and duties of department.** (1) The department of
26 commerce shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project
27 expenses.
- 28 (2) If actual project expenses are lower than the projected expense of the project, the department may,
29 at its discretion:
- 30 (a) reduce the amount of grant funds to be provided to grant recipients in proportion to all other project

1 funding sources; or

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

4 (3) If the grant recipient obtains a greater amount of grant funds than was contained in the treasure state
5 endowment program application, the department may reduce the amount of the treasure state endowment
6 program grant funds to be provided to ensure that the grant recipient continues to meet the threshold
7 requirements contained in program guidelines for receiving the larger treasure state endowment program grant.

8
9 **NEW SECTION. Section 5. Appropriations from treasure state endowment state special revenue**
10 **account for emergency grants.** There is appropriated to the department of commerce \$100,000 for the
11 biennium beginning July 1, 2011, from the treasure state endowment special revenue account for the purpose
12 of providing local governments, as defined in 90-6-701, with emergency grants for infrastructure projects, as
13 defined in 90-6-701.

14
15 **NEW SECTION. Section 6. Appropriations from treasure state endowment state special revenue**
16 **account for infrastructure planning grants.** There is appropriated to the department of commerce \$900,000
17 for the biennium beginning July 1, 2011, from the treasure state endowment state special revenue account for
18 the purpose of providing local governments, as defined in 90-6-701, with preliminary infrastructure planning grants
19 for infrastructure projects as defined in 90-6-701.

20
21 **NEW SECTION. Section 7. Appropriation from treasure state endowment regional water system**
22 **special revenue account.** (1) There is appropriated \$1 million to the department of natural resources and
23 conservation from the interest earnings of the treasure state endowment regional water system special revenue
24 account and other funds to finance the state's share of regional water system projects authorized by this section
25 and as set forth in 90-6-715.

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

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

30 (4) This section constitutes a valid obligation of funds to the regional water authorities listed in subsection

1 (2) for purposes of encumbering the treasure state endowment regional water system special revenue account
2 funds received during the 2013 biennium under 17-7-302.

3
4 **NEW SECTION. Section 8. Approval of funds -- completion of appropriation.** (1) The legislature,
5 pursuant to 90-6-715, authorizes funds for the regional water authorities identified in [section 7(2)].

6 (2) The authorization of these funds completes an appropriation from the treasure state endowment
7 regional water system special revenue account provided for in 17-5-703(3)(d).

8
9 **NEW SECTION. Section 9. Conditions -- manner of disbursement of funds.** (1) The disbursement
10 of funds under [sections 7 and 8] is subject to completion of the following conditions:

11 (a) The regional water authority shall execute an agreement with the department of natural resources
12 and conservation.

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

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

17 (d) The regional water authority shall provide the department with a detailed preliminary engineering
18 report.

19 (2) The department shall disburse funds on a reimbursement basis as the regional water authority incurs
20 eligible project expenses.

21
22 **NEW SECTION. Section 10. Fund transfers.** (1) The state treasurer shall transfer \$1 million from the
23 treasure state endowment special revenue account to the state general fund.

24 (2) The state treasurer shall transfer \$3,754,053 from the treasure state endowment regional water
25 system special revenue account to the state general fund.

26 (3) The transfers in subsections (1) and (2) must occur prior to July 1, 2013.

27 (4) The state treasurer is authorized to transfer interest earnings from the treasure state endowment fund
28 to the treasure state endowment special revenue account for the purpose of completing the fund transfer in
29 subsection (1).

30 (5) The state treasurer is authorized to transfer interest earnings from the treasure state endowment

1 regional water system fund to the treasure state endowment regional water special revenue account for the
 2 purpose of completing the fund transfer in subsection (2).

3

4 **Section 11.** Section 90-6-703, MCA, is amended to read:

5 **"90-6-703. Types of financial assistance available.** (1) The legislature shall provide for and make
 6 available to local governments the following types of financial assistance under this part:

7 (a) matching grants for local infrastructure projects;

8 (b) matching grants for ~~preliminary engineering studies~~ infrastructure planning; and

9 (c) emergency grants for local infrastructure projects.

10 (2) The department of commerce may provide local governments with emergency grants for
 11 infrastructure projects only if necessary to remedy conditions that, if allowed to continue until legislative approval
 12 could be obtained, will endanger the public health or safety and expose the applicant to substantial financial risk.
 13 The department shall report to the governor and the legislative finance committee regarding emergency grants
 14 that are awarded during each biennium.

15 (3) The department of commerce may provide local governments with matching grants for ~~preliminary~~
 16 ~~engineering studies for infrastructure projects~~ planning. The department shall report to the governor and the
 17 legislature regarding ~~preliminary engineering~~ infrastructure planning grants that are awarded during each
 18 biennium."

19

20 **Section 12.** Section 90-6-710, MCA, is amended to read:

21 **"90-6-710. Priorities for projects -- procedure -- rulemaking.** (1) The department of commerce must
 22 receive proposals for infrastructure projects from local governments on a continual basis. The department shall
 23 work with a local government in preparing cost estimates for a project. In reviewing project proposals, the
 24 department may consult with other state agencies with expertise pertinent to the proposal. For the projects under
 25 90-6-703(1)(a), the department shall prepare and submit a list containing the recommended projects and the
 26 recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to
 27 subsection (2). Before making recommendations to the governor, the department may adjust the ranking of
 28 projects by giving priority to urgent and serious public health or safety problems. The governor shall review the
 29 projects recommended by the department and shall submit a list of recommended projects and the recommended
 30 financial assistance to the legislature.

1 (2) In preparing recommendations under subsection (1), preference must be given to infrastructure
2 projects based on the following order of priority:

3 (a) projects that solve urgent and serious public health or safety problems or that enable local
4 governments to meet state or federal health or safety standards;

5 (b) projects that reflect greater need for financial assistance than other projects;

6 (c) projects that incorporate appropriate, cost-effective technical design and that provide thorough,
7 long-term solutions to community public facility needs;

8 (d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and
9 management of public facilities and that attempt to resolve the infrastructure problem with local resources;

10 (e) projects that enable local governments to obtain funds from sources other than the funds provided
11 under this part;

12 (f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities
13 necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax
14 base or that encourage expansion of the tax base; and

15 (g) projects that are high local priorities and have strong community support.

16 (3) After the review required by subsection (1), the projects must be approved by the legislature.

17 (4) The department shall adopt rules necessary to implement the treasure state endowment program.

18 (5) The department shall report to each regular session of the legislature the status of all projects that
19 have not been completed in order for the legislature to review each project's status and determine whether the
20 authorized grant should be withdrawn."

21
22 **NEW SECTION. Section 13. 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 14. Effective date.** [This act] is effective July 1, 2011.

27 - END -