

HOUSE BILL NO. 594

INTRODUCED BY D. HALVORSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF OIL AND GAS CONSERVATION
5 TO ISSUE GRANTS TO ASSIST LOCAL GOVERNMENTS WITH INFRASTRUCTURE NEEDS AS A RESULT
6 OF OIL AND GAS IMPACTS; REQUIRING A THIRD PARTY TO RANK APPLICATIONS; ESTABLISHING
7 PRIORITIES FOR AWARDING GRANTS; GRANTING RULEMAKING AUTHORITY; ESTABLISHING AN OIL
8 AND GAS IMPACT ACCOUNT; PROVIDING A STATUTORY APPROPRIATION; ALLOCATING FEDERAL
9 MINERAL LEASING REVENUE; AMENDING SECTIONS 7-3-240 AND 17-7-502, MCA; AND PROVIDING AN
10 EFFECTIVE DATE."

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

13
14 NEW SECTION. **Section 1. Short title.** [Sections 1 through 8] may be cited as the "Oil and Gas Local
15 Government Infrastructure Impact Assistance Act".

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17 NEW SECTION. **Section 2. Purpose.** The purpose of [sections 1 through 8] is to assist local
18 governments that need to maintain and expand local government infrastructure as a consequence of oil and gas
19 development.

20
21 NEW SECTION. **Section 3. Definitions.** As used in [sections 1 through 8], the following definitions
22 apply:

- 23 (1) "Board" means the board of oil and gas conservation provided for in 2-15-3303.
- 24 (2) "Local government" means an incorporated city or town, a county, a consolidated local government,
25 or a county or multicounty water, sewer, or solid waste district.
- 26 (3) "Oil and gas impact projects" means:
 - 27 (a) drinking water systems;
 - 28 (b) wastewater treatment;
 - 29 (c) sanitary sewer systems;
 - 30 (d) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

1 and

2 (e) fire protection, law enforcement, and emergency services.

3

4 **NEW SECTION. Section 4. General powers and duties of board.** (1) The board may:

5 (a) consider applications for grants to be made from available funds;

6 (b) subject to [sections 1 through 8], award grants to local governments for oil and gas impact projects;

7 and

8 (c) implement the provisions of [sections 1 through 8].

9 (2) The board shall:

10 (a) retain professional consultants, advisors, or a qualified state agency to write rules and rank the
11 applications in the priority established under [sections 6 and 7]; and

12 (b) coordinate with other state and federal agencies to leverage grant funds for projects.

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14 **NEW SECTION. Section 5. Application for grants.** (1) The governing body of a local government may
15 apply for grants for oil and gas impact projects.

16 (2) Applicants shall describe overall impacts to the local government resulting from increased oil and gas
17 development and the specific oil and gas impact project needed as a direct consequence of oil and gas
18 development.

19

20 **NEW SECTION. Section 6. Basis for awarding grants.** (1) Grants must be awarded for oil and gas
21 impact projects that are needed as a direct consequence of an increase in oil and gas development activity.

22 (2) No more than 10% of the funds used for grant purposes may be awarded for projects for fire
23 protection, law enforcement, and emergency services.

24 (3) In preparing recommendations for the award of grants under subsection (1), preference must be
25 given to infrastructure projects based on the following order of priority:

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

28 (b) projects that are in the preliminary planning phase;

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

- 1 (d) projects that enable local governments to obtain federal funds or funds from other sources; and
2 (e) projects that are high local priorities and have strong community support.

3
4 **NEW SECTION. Section 7. Rulemaking authority.** (1) The board shall adopt rules necessary for the
5 administration of [sections 1 through 8].

6 (2) The rules may include but are not limited to:

- 7 (a) consistent with [section 6], the criteria to use when evaluating grant proposals and prioritizing and
8 awarding grants;
9 (b) application procedures;
10 (c) disbursements of grants; and
11 (d) reporting procedures for grant recipients.

12
13 **NEW SECTION. Section 8. Oil and gas impact account -- statutory appropriation.** (1) There is an
14 oil and gas impact account in the state special revenue fund.

15 (2) The oil and gas impact account consists of:

- 16 (a) money deposited into the account pursuant to 17-3-240(3);
17 (b) interest earned by the account; and
18 (c) money received from any other source.

19 (3) The money in the account is allocated to the board and may be used only for grants provided for in
20 [sections 1 through 8] and costs related to the administration of [sections 1 through 8].

21 (4) Money in the oil and gas impact account is statutorily appropriated, as provided in 17-7-502, for the
22 purpose of administering [sections 1 through 8].

23
24 **Section 9.** Section 17-3-240, MCA, is amended to read:

25 **"17-3-240. Federal mineral leasing funds.** (1) Except as provided in ~~subsection~~ subsections (2) and
26 (3), money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the state general fund.

27 (2) In ~~fiscal year 2005 and each succeeding~~ each fiscal year, 25% of all money received pursuant to
28 subsection (1) must be deposited in the mineral impact account established in 17-3-241 and is dedicated to local
29 governments.

30 (3) In fiscal year 2014 and in each succeeding fiscal year, an additional 25% of all money received

1 pursuant to subsection (1) must be deposited in the oil and gas impact account established in [section 8] and is
 2 dedicated to local governments impacted by oil and gas development.

3 ~~(3)~~(4) On August 15 following the close of the fiscal year, the state treasurer shall distribute the revenue
 4 dedicated in subsection (2). The distribution to the eligible counties under subsection (2) must be based on the
 5 proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total
 6 amount of money received by the state."

7

8 **Section 10.** Section 17-7-502, MCA, is amended to read:

9 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
 10 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
 11 need for a biennial legislative appropriation or budget amendment.

12 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
 13 of the following provisions:

14 (a) The law containing the statutory authority must be listed in subsection (3).

15 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
 16 appropriation is made as provided in this section.

17 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
 18 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312;
 19 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;
 20 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101;
 21 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;
 22 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105; 23-5-306;
 23 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105;
 24 44-4-1101; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415;
 25 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416;
 26 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; [section 8]; 85-20-1504; 85-20-1505; 87-1-230; 87-1-603;
 27 87-1-621; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

28 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
 29 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
 30 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana

1 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
2 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
3 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
4 of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is
5 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch.
6 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 17, Ch. 593, L. 2005, and
7 sec. 1, Ch. 186, L. 2009, the inclusion of 15-31-906 terminates January 1, 2015; pursuant to sec. 73, Ch. 44, L.
8 2007, the inclusion of 19-6-410 terminates upon the death of the last recipient eligible under 19-6-709(2) for the
9 supplemental benefit provided by 19-6-709; pursuant to sec. 8, Ch. 330, L. 2009, the inclusion of 87-1-621
10 terminates June 30, 2013; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30,
11 2015; pursuant to sec. 8, Ch. 427, L. 2009, the inclusion of 87-1-230 terminates June 30, 2013; pursuant to sec.
12 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 47, Ch. 19, L. 2011,
13 the inclusion of 87-1-621 terminates June 30, 2013; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of
14 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates
15 June 30, 2019; and pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates
16 June 30, 2017.)"

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18 **NEW SECTION. Section 11. Codification instruction.** [Sections 1 through 8] are intended to be
19 codified as an integral part of Title 82, and the provisions of Title 82 apply to [sections 1 through 8].

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21 **NEW SECTION. Section 12. Effective date.** [This act] is effective July 1, 2013.

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