

SENATE BILL NO. 416

INTRODUCED BY J. BRENDEN

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3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FUNDING AND AUTHORIZATION FOR CAPITAL AND
5 INFRASTRUCTURE PROJECTS STATEWIDE; CREATING LOCAL INFRASTRUCTURE GRANT AND LOAN
6 ACCOUNTS; AUTHORIZING THE DEPARTMENT OF COMMERCE TO GRANT FUNDS FOR LOCAL
7 INFRASTRUCTURE PROJECTS; ESTABLISHING CONDITIONS FOR GRANTS AND LOANS FOR
8 INFRASTRUCTURE PROJECTS; REQUIRING LOCAL GOVERNMENTS TO PROVIDE MATCHING FUNDS
9 FOR PROJECTS BASED ON A FORMULA; AUTHORIZING THE DEPARTMENT OF COMMERCE TO MAKE
10 ~~INTERGAP~~ LOANS TO LOCAL GOVERNMENTS FOR MATCHING FUNDS FOR LOCAL INFRASTRUCTURE
11 PROJECTS; AUTHORIZING THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF GENERAL
12 OBLIGATION BONDS; PROVIDING FOR A GENERAL FUND TRANSFER; PROVIDING RULEMAKING
13 AUTHORITY; PROVIDING A STATUTORY APPROPRIATION; PROVIDING APPROPRIATIONS; AMENDING
14 ~~SECTION SECTIONS~~ 15-10-420, AND 16-11-119, AND 17-7-502, MCA; AMENDING SECTION 5, CHAPTER
15 324, LAWS OF 2011; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Third Reading Blue Bill)

Strike everything after the enacting clause and insert:

18
19
20
21 NEW SECTION. Section 1. Definitions. For the purposes of [sections 1 through 14], unless otherwise
22 provided, the following definitions apply:

23 (1) "Authority only" means approval provided by the legislature to expend money that does not require
24 an appropriation, including grants, donations, auxiliary funds, proprietary funds, and university funds.

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

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

28 (4) ~~"Income to mill ratio" means a local government's median household income, as reported by the U.S.~~
29 ~~census bureau's American community survey, 2006-2010 5-year estimates, divided by its mills, as reported in~~
30 ~~the most recent biennial report of the department of revenue. The income to mill ratio for a county includes all~~



1 ~~state, county, county wide school, local school average mills, fire district average mills, and miscellaneous mills.~~

2 ~~The income to mill ratio for an incorporated city or town includes only the city average mills.~~

3 ~~(5)~~(4) "Infrastructure projects" means:

4 (a) drinking water systems;

5 (b) wastewater treatment;

6 (c) sanitary sewer or storm sewer systems;

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

8 (e) local roads; or

9 (f) bridges.

10 ~~(6)~~(5) "Local government" means an incorporated city or town, a county, a consolidated local
11 government, a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as
12 defined in 75-6-304.

13

14 **NEW SECTION. Section 2. Local infrastructure accounts -- use -- APPROPRIATIONS.** (1) There is
15 within the state special revenue fund provided for in 17-2-102 an account called the local infrastructure grant
16 program account to provide grant funding to local governments for local infrastructure projects. The department
17 of commerce shall administer the account.

18 (2) There is within the state special revenue fund provided for in 17-2-102 an account called the local
19 infrastructure loan program account to provide loans to local governments for matching funds required for a local
20 infrastructure project to receive a grant under [section 3]. The department of commerce shall administer the
21 account.

22 **(3) FUNDS IN THE ACCOUNTS ESTABLISHED IN SUBSECTIONS (1) AND (2) ARE STATUTORILY APPROPRIATED, AS**
23 **PROVIDED IN 17-7-502, TO THE DEPARTMENT OF COMMERCE FOR THE PURPOSES DESCRIBED IN SUBSECTIONS (1) AND**
24 **(2).**

25

26 **NEW SECTION. Section 3. Authorization for local infrastructure project grants -- matching funds**
27 **requirement.** (1) The department of commerce is authorized to make grants to local governments for
28 infrastructure projects. The grants authorized in this section are subject to the conditions set forth in [section 7].
29 The department shall commit funds to projects until the funds deposited into the local infrastructure grant program
30 account during the biennium beginning July 1, 2015, are expended.

1 (2) The department shall allocate \$3,514,423 of the funds in the local infrastructure grant program
 2 account established in [section 2(1)] to the coal board provided for in 2-15-1821 for the purpose of awarding
 3 grants to local governments pursuant to Title 90, chapter 6, part 2.

4 (3) (a) If the amount deposited into the local infrastructure grant program account established in [section
 5 2(1)] pursuant to [section ~~49~~ 20] is \$30 million, the department shall grant at least 40% of the funds in the account
 6 to projects related to exploration or natural resource impacts.

7 (b) If the amount deposited into the local infrastructure grant program account established in [section
 8 2(1)] pursuant to [section ~~49~~ 20] is \$50 million or more, the department shall grant at least 35% of the funds in
 9 the account to projects related to exploration or natural resource impacts.

10 (4) A local government shall provide one-to-one matching funds up to the first \$750,000 of grant funding
 11 sought. For a grant request exceeding \$750,000, the relative participation ratio for the local government as
 12 calculated pursuant to [section 5] is applied to the amount of the grant exceeding \$750,000.

13 (5) Funding for projects may be provided only as long as there are sufficient funds available from the
 14 amount that was deposited or transferred into the local infrastructure grant program account established in
 15 [section 2(1)] during the biennium beginning July 1, 2015. Funding for these projects must be made available in
 16 the order that the grant recipients satisfy the conditions described in [section 7(1)]. However, any of the projects
 17 that have not completed the conditions described in [section 7(1)] by September 30, 2016, must be reviewed by
 18 the next regular session of the legislature to determine if the authorized grant should be withdrawn.

19 (6) If a grant recipient does not complete all of the conditions described in [section 7(1)] by September
 20 30, 2018, any obligation to the grant recipient is extinguished.

21 (7) FOR A LOCAL GOVERNMENT THAT IS NOT A COUNTY, THE COUNTY IN WHICH THE LOCAL GOVERNMENT IS
 22 LOCATED MUST ALSO CONTRIBUTE ITS MATCH RATE AS DETERMINED IN [SECTION 5].

23
 24 **NEW SECTION. Section 4. Eligibility -- submission deadline -- priority -- rulemaking authority.**

25 (1) A local government may apply to the department of commerce for local infrastructure grants under [section
 26 3]. A local government that has submitted a grant request for a local infrastructure project to the department within
 27 the last 2 years and that did not receive approval by the 64th legislature may resubmit the grant request on or
 28 before June 1, 2015, without resubmitting other grant materials if there is no material change to the originally
 29 submitted grant request.

30 (2) Projects that were approved for funding from the treasure state endowment program by the 64th

1 legislature are not eligible for grants under [this act].

2 (3) For a project that was submitted for approval to the 64th legislature for funding from the treasure state
3 endowment program but did not receive legislative approval for funding from the program, the amount of a grant
4 for the project under [this act] may not exceed the amount of funding recommended for the project as described
5 in the treasure state endowment program 2017 biennium report to the 64th legislature.

6 (4) All local governments that do not submit a grant request pursuant to subsection (1) shall submit grant
7 requests and materials to the department by August 15, 2015, in order to be eligible for funding under [section
8 3].

9 (5) For projects having equal ranking, the department shall give higher consideration to projects that
10 present a higher percentage of matching funds.

11 (6) The department is authorized to adopt rules necessary to implement [sections 1 through 10].

12
13 ~~NEW SECTION. Section 5. Formula for local government match rate based on relative~~
14 ~~participation ratio. (1) The match rate for a local government is calculated based on its relative participation~~
15 ~~ratio.~~

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

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

20 ~~(c) The relative participation ratio for any other local government applicant is the same as for the county~~
21 ~~in which it is located.~~

22 ~~(3) For a local government with a relative participation ratio of 1.0-1.5, the match rate is 12.5%. For a~~
23 ~~local government with a relative participation ratio greater than 1.5, the match rate is 25%. For a local~~
24 ~~government that is not a county, the county in which the local government is located shall also contribute its~~
25 ~~match rate as determined above.~~

26 ~~(4) A local government's matching funds may not consist of grant funds from any state source.~~

27
28 NEW SECTION. SECTION 5. FORMULA FOR LOCAL GOVERNMENT MATCH RATE BASED ON RELATIVE
29 PARTICIPATION RATIO. (1) THE MATCH RATE FOR A LOCAL GOVERNMENT IS CALCULATED BASED ON ITS RELATIVE
30 PARTICIPATION RATIO.



1 (2) THE RELATIVE PARTICIPATION RATIO FOR A LOCAL GOVERNMENT THAT IS NOT A COUNTY IS THE NUMBER OF
2 ITS CITY-REPORTED MILLS DIVIDED BY THE MEDIAN OF THE CITY-REPORTED MILLS OF ALL CITIES AS REPORTED IN THE MOST
3 RECENT BIENNIAL REPORT OF THE DEPARTMENT OF REVENUE.

4 (3) THE RELATIVE PARTICIPATION RATIO FOR A COUNTY IS THE SUM OF ITS COUNTY MILLS DIVIDED BY THE MEDIAN
5 OF COUNTY MILLS OF ALL COUNTIES AS REPORTED IN THE DEPARTMENT OF REVENUE'S MOST RECENT BIENNIAL REPORT.
6 THE SUM OF COUNTY MILLS INCLUDES ALL MILLS OTHER THAN THE CITY MILLS AS REPORTED IN THE MOST RECENT BIENNIAL
7 REPORT OF THE DEPARTMENT OF REVENUE, INCLUDING STATE, COUNTY, COUNTYWIDE SCHOOL, AND LOCAL SCHOOL
8 AVERAGE MILLS, FIRE DISTRICT AVERAGE MILLS, AND MISCELLANEOUS MILLS.

9 (4) THE MATCH RATE FOR A LOCAL GOVERNMENT IS CALCULATED BY:

10 (A) SUBTRACTING THE LOCAL GOVERNMENT'S RELATIVE PARTICIPATION RATIO FROM 1;

11 (B) DIVIDING THE DIFFERENCE BY 2; AND

12 (C) MULTIPLYING THE QUOTIENT BY 100.

13
14 **NEW SECTION. Section 6. Criteria for local road grants -- application requirements.** (1) Grants
15 for local road projects made pursuant to [section 3] are available for:

16 (a) deferred maintenance, rehabilitation, and restoration, including projects designed to extend the life
17 of existing road surfaces by pothole filling, crack sealing, chip sealing, graveling, asphaltting, and overlaying; and

18 (b) reconstruction.

19 (2) A local road project for reconstruction should be designed in accordance with road standards
20 adopted by the local government, the Montana county gravel road standards established by the local technical
21 assistance program at Montana state university, or the standards of the American association of state highway
22 and transportation officials, as applicable.

23 (3) Each local government may submit no more than two applications for road projects for funding under
24 [section 3].

25
26 **NEW SECTION. Section 7. Conditions of grants -- disbursement of funds.** (1) The disbursement
27 of grant funds for the projects chosen by the department of commerce pursuant to [section 3] is subject to
28 completion of the following conditions:

29 (a) The grant recipient shall document that other matching funds required for completion of the project
30 are firmly committed.

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

2 (c) The grant recipient must be in compliance with the auditing and reporting requirements provided in
3 2-7-503 and have established a financial accounting system that the department can reasonably ensure conforms
4 to generally accepted accounting principles. Tribal governments shall comply with auditing and reporting
5 requirements provided for in office of management and budget Circular A-133.

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

7 (2) With the exception of local roads and bridges, all projects must adhere to the design standards
8 required by the department of environmental quality. Recipients of grants under [section 3] that are not subject
9 to the department of environmental quality design standards shall adhere to generally accepted industry
10 standards such as Recommended Standards for Wastewater Facilities or Recommended Standards for Water
11 Works, published by the Great Lakes-Upper Mississippi River board of state and provincial public health and
12 environmental managers, latest edition.

13 (3) When applicable, recipients of grants under [section 3] are subject to the requirements of the
14 department of commerce as described in the most recent edition of the Treasure State Endowment Program
15 Project Administration Manual adopted by the department by administrative rule.

16
17 **NEW SECTION. Section 8. Other powers and duties of department.** (1) The department of
18 commerce shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project
19 expenses.

20 (2) If actual project expenses are lower than the projected expense of the project, the department may,
21 at its discretion:

22 (a) reduce the amount of grant funds to be provided to grant recipients in proportion to all other project
23 funding sources; or

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

26
27 **NEW SECTION. Section 9. Authorization to provide loans -- loan repayments to department --**
28 **conditions on loans -- transfer.** (1) The department of commerce is authorized to make loans to local
29 governments from the local infrastructure loan program account in [section 2(2)] for matching funds required for
30 a local infrastructure project to receive a grant under [section 3]. A loan to a local government may not exceed

1 the amount of matching funds required.

2 (2) Disbursement of loan proceeds for infrastructure projects under this section to a local government
3 is subject to the conditions set forth in [section 7].

4 (3) The local government shall execute a loan agreement with the department of commerce prior to
5 receiving loan proceeds.

6 (4) Payments made by a local government to the department for repayment of a loan made pursuant
7 to subsection (1) must be deposited in the general fund.

8 (5) The amount of unencumbered funds in the local infrastructure loan program account on July 1, 2016,
9 may be transferred to the local infrastructure grant program account on or after July 15, 2016.

10
11 **NEW SECTION. Section 10. Maximum state funding available for infrastructure -- per project --**

12 **per county.** (1) If the amount deposited into the local infrastructure grant program account established in [section
13 (2)(1)] in the biennium beginning July 1, 2015, is \$60 million:

14 (a) the maximum amount of state funding under [this act], whether through grants or loans, may not
15 exceed \$2.5 million per project; or

16 (b) the maximum amount of grant funding that may be received in a single county, including grant funding
17 under [this act] and any grant funding awarded by the 64th legislature, may not exceed \$5 million.

18 (2) If the amount deposited into the local infrastructure grant program account established in [section
19 2(1)] in the biennium beginning July 1, 2015, is \$100 million:

20 (a) the maximum amount of state funding under [this act], whether through grants or loans, may not
21 exceed \$3.75 million per project; or

22 (b) the maximum amount of grant funding that may be received in a single county, including grant funding
23 under [this act] and any grant funding awarded by the 64th legislature, may not exceed \$7.5 million.

24 (3) If the amount deposited into the local infrastructure grant program account established in [section 2(1)]
25 in the biennium beginning July 1, ~~2015~~ 2016, is \$125 million:

26 (a) the maximum amount of state funding under [this act], whether through grants or loans, may not
27 exceed \$5 million per project; or

28 (b) the maximum amount of grant funding that may be received in a single county, including grant funding
29 under [this act] and any grant funding awarded by the 64th legislature, may not exceed \$10 million.

30

1 (4) ALL FUNDS FOR THE PROJECTS IN THE INDICATED AMOUNTS IN THIS SECTION ARE APPROPRIATED TO THE
2 DEPARTMENT OF ADMINISTRATION.

3
4 NEW SECTION. Section 12. Planning and design. The department of administration may proceed
5 with the planning and design of capital projects prior to the receipt of other funding sources. The department may
6 use interentity loans in accordance with 17-2-107 to pay planning and design costs incurred before the receipt
7 of funding from another funding source.

8
9 NEW SECTION. Section 13. Capital projects -- contingent funds. (1) Except as provided in
10 subsection (2), if a capital project is financed in whole or in part with appropriations contingent on the receipt of
11 funding from another funding source, the department of administration may not let the project for bid until the
12 agency receiving funding has submitted a financial plan for approval by the director of the department of
13 administration.

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

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

17 (b) the scope of the project is substantially altered or revised from the preliminary plans presented for
18 that project in the 2017 biennium long-range building program and as presented to the 64th legislature.

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

27
28 NEW SECTION. Section 15. Authorization of bonds -- conditions. (1) The board of examiners is
29 authorized to issue and sell general obligation bonds in one or more series and from time to time for the purposes
30 described in subsections (3) through (5) in addition to the amount of general obligation bonds outstanding on

1 January 1, 2015.

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

5 (3) On [the effective date of this act], the board of examiners is authorized to issue and sell general
6 obligation bonds and deposit the proceeds as follows:

7 (a) \$30 million of the proceeds from the bonds sold under this section must be deposited in the capital
8 projects account provided for in 17-5-803 and 17-5-804; and

9 (b) \$30 million of the proceeds from the bonds sold under this section must be deposited in the local
10 infrastructure loan program account provided for in [section 2(2)].

11 (4) If the unaudited general fund revenue, including transfers in, for fiscal year ending June 30, 2015 as
12 certified by the state treasurer is at least \$2.152 billion, the board of examiners is authorized to issue and sell
13 additional general obligation bonds and deposit the proceeds as follows:

14 (a) \$20 million of the proceeds from the bonds sold under this section must be deposited in the capital
15 projects account provided for in 17-5-803 and 17-5-804; and

16 (b) \$20 million of the proceeds from the bonds sold under this section must be deposited in the local
17 infrastructure loan program account provided for in [section 2(2)].

18

19 **Section 16.** Section 15-10-420, MCA, is amended to read:

20 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
21 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
22 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
23 years. The maximum number of mills that a governmental entity may impose is established by calculating the
24 number of mills required to generate the amount of property tax actually assessed in the governmental unit in the
25 prior year based on the current year taxable value, less the current year's value of newly taxable property, plus
26 one-half of the average rate of inflation for the prior 3 years.

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

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

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

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

8 (i) annexation of real property and improvements into a taxing unit;

9 (ii) construction, expansion, or remodeling of improvements;

10 (iii) transfer of property into a taxing unit;

11 (iv) subdivision of real property; and

12 (v) transfer of property from tax-exempt to taxable status.

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

15 (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the
16 release of taxable value from the incremental taxable value of a tax increment financing district because of:

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

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

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

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

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

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

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

- 1 (a) school district levies established in Title 20; or
- 2 (b) a mill levy imposed for a newly created regional resource authority.
- 3 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received
- 4 under 15-6-131 and 15-6-132.
- 5 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:
- 6 (a) may increase the number of mills to account for a decrease in reimbursements; and
- 7 (b) may not increase the number of mills to account for a loss of tax base because of legislative action
- 8 that is reimbursed under the provisions of 15-1-121(7).
- 9 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes
- 10 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
- 11 department may not exceed the mill levy limits established in those sections. The mill calculation must be
- 12 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
- 13 calculation must be rounded up to the nearest tenth of a mill.
- 14 (9) (a) The provisions of subsection (1) do not prevent or restrict:
- 15 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;
- 16 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;
- 17 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;
- 18 (iv) a levy for the support of a study commission under 7-3-184;
- 19 (v) a levy for the support of a newly established regional resource authority;
- 20 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's property
- 21 tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703; ~~or~~
- 22 (vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining
- 23 county under 7-2-2807 upon relocation of a county boundary; ~~or~~
- 24 (viii) a levy for the purpose of repaying a loan to finance matching funds for infrastructure projects in order
- 25 to be eligible to receive a grant under [section 3].
- 26 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes
- 27 actually assessed in a subsequent year.
- 28 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,
- 29 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
- 30 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating

1 funds by a county or municipality during that time.

2 (11) The department may adopt rules to implement this section. The rules may include a method for
3 calculating the percentage of change in valuation for purposes of determining the elimination of property, new
4 improvements, or newly taxable property in a governmental unit."

5

6 **SECTION 17. SECTION 17-7-502, MCA, IS AMENDED TO READ:**

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

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

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

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

15 (3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105;
16 5-11-120; 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;
17 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;
18 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;
19 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;
20 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004; 23-4-105;
21 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105; 39-71-503;
22 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208; 53-9-113; 53-24-108;
23 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416;
24 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504;
25 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; [section 2]; 90-6-331; and 90-9-306.

26 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
27 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
28 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
29 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
30 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory

1 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
 2 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded
 3 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and
 4 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.
 5 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under
 6 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the
 7 inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331
 8 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30,
 9 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec.
 10 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017; pursuant to sec. 11(2),
 11 Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5,
 12 Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant
 13 to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30,
 14 2015.)"

15

16 **Section 18.** Section 5, Chapter 324, Laws of 2011, is amended to read:

17 **"Section 5. Capital project appropriations.** (1) There is appropriated ~~\$4,812,500~~ up to \$5,293,750
 18 from state special revenue account established in section 2, Chapter 461, Laws of 2009, to the department of
 19 administration for the southwestern Montana veterans' home project.

20 (2) There is appropriated ~~\$8,937,500~~ \$9,831,250 from the federal special revenue fund to the department
 21 of administration for the southwestern Montana veterans' home project.

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

24

25 **NEW SECTION. Section 19. Authorization of bonds -- veterans' home in southwestern Montana.**

26 (1) On [the effective date of this act], the board of examiners is authorized to issue and sell up to \$10 million in
 27 general obligation bonds for the purpose of funding the construction of the state veterans' home in southwestern
 28 Montana.

29 (2) The proceeds of the bonds authorized in subsection (a) are appropriated to the department of
 30 administration to be used for the construction of the state veterans' home in southwestern Montana.

1 (3) If federal grant funds for the construction of the veterans' home are received prior to the bonds being
2 issued, the authority to issue bonds as provided for in subsection (a) is extinguished.

3 (4) If federal grant funds for the construction of the veterans' home are received after the bonds are
4 issued, the federal grant funds must first be applied to pay off the bonds and any remaining proceeds of the
5 bonds must be deposited into the general fund.

6
7 **NEW SECTION. Section 20. General fund transfer.** (1) For the biennium beginning July 1, 2015, there
8 is transferred \$30 million from the general fund to the local infrastructure grant program account provided for in
9 [section 2(1)].

10 (2) If the unaudited general fund revenue, including transfers in, for the fiscal year ending June 30, 2015,
11 as certified by the state treasurer is at least \$2.152 billion, there is transferred an additional \$20 million from the
12 general fund to the local infrastructure grant program account provided for in [section 2(1)].

13 (3) If the unaudited general fund revenue, including transfers in, for the fiscal year ending June 30, 2016,
14 as certified by the state treasurer is at least \$2.35 billion:

15 (a) an additional \$25 million from the general fund is transferred to the local infrastructure grant program
16 account provided for in [section 2(1)]; and

17 (b) an additional \$25 million from the general fund is transferred to the capital projects account provided
18 for in 17-5-803 and 17-5-804.

19
20 **NEW SECTION. Section 21. Notification to tribal governments.** The secretary of state shall send
21 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
22 Chippewa tribe.

23
24 **NEW SECTION. Section 22. Codification instruction.** [Sections 1 through 10] are intended to be
25 codified as an integral part of Title 90, chapter 6, and the provisions of Title 90, chapter 6, apply to [sections 1
26 through 10].

27
28 **NEW SECTION. Section 23. Severability.** If a part of [this act] is invalid, all valid parts that are
29 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
30 the part remains in effect in all valid applications that are severable from the invalid applications.

