

Appendix C

HB0001

AN ACT IMPLEMENTING THE PROGRAMS THAT WERE NOT FUNDED BECAUSE OF THE INVALIDITY OF THE COAL PRODUCER'S LICENSE TAX BY STATUTORILY APPROPRIATING, FOR THE FISCAL YEARS BEGINNING JULY 1, 2001, AND ENDING JUNE 30, 2005, THE INTEREST INCOME FROM \$140 MILLION OF THE COAL SEVERANCE TAX PERMANENT FUND THAT IS DEPOSITED IN THE GENERAL FUND FOR THE COOPERATIVE DEVELOPMENT CENTER, FOR REIMBURSING TAX INCREMENT FINANCING INDUSTRIAL DISTRICTS, FOR THE GROWTH THROUGH AGRICULTURE PROGRAM, FOR BUSINESS RECRUITMENT, EXPORT TRADE ENHANCEMENT, A SMALL BUSINESS INNOVATIVE RESEARCH PROGRAM, A SMALL BUSINESS DEVELOPMENT CENTER, AND THE CERTIFIED COMMUNITIES PROGRAM, AND FOR RESEARCH AND COMMERCIALIZATION PROJECTS; STATUTORILY APPROPRIATING MONEY FOR COMMUNITY WATER AND SEWER PROJECT ENGINEERING WORK FOR EACH BIENNIUM FOR THE PERIOD BEGINNING JULY 1, 2001, AND ENDING JUNE 30, 2005; PROVIDING TEMPORARY APPROPRIATIONS TO THE BOARD OF REGENTS AND THE TREASURE STATE ENDOWMENT PROGRAM AND FOR ADMINISTRATIVE EXPENSES OF THE BOARD OF RESEARCH AND COMMERCIALIZATION TECHNOLOGY; PROVIDING A FUND TRANSFER FOR THE CURRENT BIENNIUM FOR RESEARCH AND COMMERCIALIZATION PROJECTS; CLARIFYING THE ALLOCATIONS FOR THE TREASURE STATE ENDOWMENT PROGRAM PROJECTS AUTHORIZED IN CHAPTER 517, LAWS OF 1999; AMENDING SECTIONS 15-35-108, 17-7-502, AND 90-6-710, MCA, AND SECTIONS 2 AND 5, CHAPTER 517, LAWS OF 1999; AND PROVIDING EFFECTIVE DATES, A RETROACTIVE APPLICABILITY DATE, AND TERMINATION DATES.

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

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) ~~Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999, the~~ The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) (a) ~~All~~ Subject to subsection (7)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, for the biennium ending June 30, 2001, as follows:

(i) \$65,000 to the cooperative development center;

(ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) to the department of commerce;

(A) \$350,000 for business recruitment;

(B) \$125,000 for a small business development center;

(C) \$50,000 for a small business innovative research program;

(D) \$425,000 for certified communities;
(E) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and
(F) \$300,000 for export trade enhancement; and
(iv) \$600,000 to the department of administration for the purpose of reimbursing tax increment financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the department of revenue. This documentation must be provided to the budget director and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the district."

Section 2. Section 15-35-108 , MCA, is amended to read:

"15-35-108. Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

~~(6) Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999, the~~ The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) ~~(a) All~~ Subject to subsections (7)(b) and (7)(c), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

(i) \$65,000 to the cooperative development center;

(ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) to the department of commerce;

(A) \$350,000 for business recruitment;

(B) \$125,000 for a small business development center;

(C) \$50,000 for a small business innovative research program;

(D) \$425,000 for certified communities;

(E) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and

(F) \$300,000 for export trade enhancement; and

(iv) \$600,000 to the department of administration for the purpose of reimbursing tax increment financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the department of revenue. This documentation must be provided to the budget director and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the district.

(c) Beginning July 1, 2001, there is transferred annually from the interest income referred to in subsection (7)(b) \$4.85 million to the research and commercialization expendable trust fund created in 90-3-1002."

Section 3. Section 17-7-502, MCA, is amended to read:

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

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

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

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

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-31-702; 15-34-115; 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-406; 16-1-411; 17-3-106; 17-3-212; 17-3-222; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-222; 80-4-416; 80-11-518; 81-5-111; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; and pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014.)"

Section 4. Section 90-6-710, MCA, is amended to read:

"90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The amount of \$425,000 is statutorily appropriated, as provided in 17-7-502, to the department of commerce for each biennium for the period beginning July 1, 2001, and ending June 30, 2005, from the treasure state endowment special revenue account for the purpose of providing communities with grants for engineering work for projects provided for in subsection (3).

~~(1)~~(2) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection ~~(2)~~ (3). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

~~(2)~~(3) In preparing recommendations under subsection ~~(1)~~ (2), preference must be given to infrastructure projects based on the following order of priority:

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

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

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

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

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

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

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

~~(3)~~(4) After the review required by subsection ~~(4)~~ (2), the projects must be approved by the legislature.

~~(4)~~(5) The department shall adopt rules necessary to implement the treasure state endowment program."

Section 5. Section 2, Chapter 517, Laws of 1999, is amended to read:

"Section 2. 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 fund and the money ~~allocated by House Bill No. 260 to be deposited in the treasure state endowment special revenue account~~ appropriated in [section 7 of this act] 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 local government 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 3 and 4] and this section and described in the treasure state endowment program January 1999 report to the 56th legislature. The legislature, pursuant to 90-6-710, approves the grants listed in subsection (3), in the order indicated in the list of projects. The department shall award funds up to the amounts approved in this section based on the manner of disbursement set forth in [section 4] until available funds are expended. The department shall provide funds not accepted or used by local governments to other local governments whose projects have been authorized for grants as listed in subsection (3). When additional funds become available for the grants listed in subsection (3), they must be awarded to projects as set forth in [section 4]. It is the intent of the legislature that projects numbered 29 through 32 listed in subsection (3) may not receive grant funds until sufficient funds have been deposited in the treasure state endowment special revenue account and are available for that purpose.

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

Applicant/Project Matching Grant	
1.	Harrison Water and Sewer District, Madison County (wastewater) \$500,000
2.	Arlée Water and Sewer District, Lake County (wastewater) 500,000
3.	Highwood Water and Sewer District, Chouteau County (water) 400,000
4.	City of Missoula (wastewater) 500,000
5.	City of Thompson Falls (water) 500,000
6.	Town of Philipsburg (water) 121,900
7.	Town of Ekalaka (wastewater) 87,200
8.	Rae Water and Sewer District, Gallatin County (wastewater) 485,850
9.	City of Big Timber (wastewater) 500,000
10.	City of Glasgow (wastewater, storm drainage) 500,000
11.	Corvallis Sewer District, Ravalli County (wastewater) 410,760
12.	Town of Boulder (water) 500,000
13.	Town of Denton (wastewater) 415,000
14.	City of Cut Bank (water) 500,000
15.	Richland County (bridge) 181,155
16.	Town of Geraldine (wastewater) 300,000
17.	Augusta Water and Sewer District, Lewis and Clark County (wastewater) 500,000
18.	City of Havre (water) 303,747
19.	Sweet Grass Water and Sewer District, Toole County (wastewater) 213,000
20.	Lewis and Clark County (bridge) 500,000
21.	Town of Drummond (wastewater) 292,850
22.	South Hills Water and Sewer District, Yellowstone County (water) 500,000
23.	City of Helena (water) 500,000
24.	City of Red Lodge (wastewater) 500,000
25.	Town of Chester (water) 220,150
26.	Willow Creek Sewer District, Gallatin County (wastewater) 500,000
27.	City of Columbia Falls (wastewater) 500,000
28.	Lacasa Grande Water and Sewer District, Lewis and Clark County (water) 500,000

- 29. Elk Meadows Water and Sewer District, Missoula County (water) 210,000
- 30. City of Harlem (water) 179,311
- 31. Midvale Water and Sewer District, Lincoln County (water) 374,720
- 32. City of Shelby (water) 400,000

(4) If sufficient funds are available, this section constitutes a valid obligation of funds to the entities listed in subsection (3) for purposes of encumbering the treasure state endowment special revenue account funds received during the 2001 biennium under 17-7-302 and the funds appropriated in [section 7 of this act]. However, a local government's entitlement to receive funds is dependent on the local government's compliance with the conditions described in [section 4] and on the availability of funds.

(5) If funds deposited in the treasure state endowment special revenue account and appropriated in [section 7 of this act] during the biennium ending June 30, 2001, are insufficient to fully fund the projects numbered 1 through 28 in subsection (3) that have satisfied the conditions described in [section 4], these projects will be fully funded from deposits in the treasure state endowment special revenue account made during the biennium ending June 30, 2003, before projects authorized by the 57th legislature in 2001 receive funding from the account."

Section 6. Section 5, Chapter 517, Laws of 1999, is amended to read:

"Section 5. Contingent voidness. If House Bill No. 260 is enacted, [section 1] of [this act] is void and references to that section must be stricken. ~~If House Bill No. 260 is not enacted or is invalidated by a final judicial decision, [section 2] of [this act] is void and references to that section must be stricken.~~"

Section 7. Appropriation -- fund transfer. (1) There is appropriated from the general fund for the biennium ending June 30, 2001:

- (a) \$4.4 million to the board of regents to be used for matching funds for EPSCor grants;
- (b) \$3 million to the treasure state endowment program provided for in Title 90, chapter 6, part 7; and
- (c) \$150,000 to the board of research and commercialization technology for administrative expenses.

(2) There is transferred \$2.35 million from the general fund to the research and commercialization expendable trust fund created in 90-3-1002.

Section 8. Effective dates. (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

- (2) [Sections 2 and 4] are effective July 1, 2001.

Section 9. Retroactive applicability. [Section 6] applies retroactively, within the meaning of 1-2-109, to July 1, 1999.

Section 10. Termination. (1) [Section 1] terminates June 30, 2001.

- (2) [Sections 2 through 4] terminate June 30, 2005.