

Appendix A: Draft Legislation

LC 0210:

**** Bill No. ****
Introduced By *****
By Request of the *****

A Bill for an Act entitled: "An Act clarifying that alternative renewable energy projects are eligible for renewable resource and grant loans; amending section 85-1-602, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 85-1-602, MCA, is amended to read:

"85-1-602. Objectives. (1) The department shall administer a renewable resource grant and loan program to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources. Either grants or loans may be provided to fund the following:

(a) feasibility, design, research, and resource assessment studies;

(b) preparation of construction, rehabilitation, or production plans; and

(c) construction, rehabilitation, production, education, or other implementation efforts.

(2) Projects that may enhance renewable resources in Montana include but are not limited to:

(a) development of natural resource-based recreation;

(b) development of offstream and tributary storage;

(c) improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under 85-2-113; and development of state, tribal, and federal water projects;

(d) water-related projects that improve water quality, including livestock containment facility projects; ~~and~~

(e) advancement of farming practices that reduce agricultural chemical use; ~~and~~

(f) projects that facilitate the use of alternative renewable energy sources as defined in 15-6-225.

(3) The renewable resource grant and loan program is the key implementation portion of the state water plan and must be administered to encourage grant and loan applications for projects designed to accomplish the objectives of the plan."

{Internal References to 85-1-602: None.}

NEW SECTION. **Section 2.** {standard} **Effective date.** [This act] is effective on passage and approval.

LC0209:

**** Bill No. ****
Introduced By *****
By Request of the *****

A Bill for an Act entitled: "An Act increasing the loan eligibility amount for alternative energy systems for small businesses, individuals, and nonprofit entities; allowing nonprofit entities to be eligible for alternative energy system loans, allowing energy conservation projects to be eligible for alternative energy system loans; clarifying administrative costs for loans; amending sections 75-25-101, and 75-25-102, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 75-25-101, MCA, is amended to read:

"75-25-101. Alternative energy revolving loan account. (1) There is a special revenue account called the alternative energy revolving loan account to the credit of the department of environmental quality.

(2) The alternative energy revolving loan account consists of money deposited into the account from air quality penalties from 75-2-401 and 75-2-413 and money from any other source. Any interest earned by the account and any interest that is generated from a loan repayment must be deposited into the account and used to sustain the program.

(3) Funds from the alternative energy revolving loan account may be used to provide loans to individuals, and small businesses, and nonprofit organizations for the purpose of building alternative energy systems, as defined in 15-32-102, for residences, and small businesses, and nonprofit organizations to generate energy for their own use and for net metering as defined in 69-8-103, and for capital investments by those entities for energy conservation purposes, as defined in 15-32-102, when done in conjunction with an alternative energy system.

(4) The amount of a loan may not exceed ~~\$10,000~~ \$40,000, and the loan must be repaid within 5 years."

{ Internal References to 75-25-101:

75-2-401 x 75-2-413 x }

Section 2. Section 75-25-102, MCA, is amended to read:

"75-25-102. Administration of revolving loan account -- rulemaking authority. (1) The department of environmental quality shall adopt rules establishing:

(a) eligibility criteria, including criteria for defining residences, and small businesses, and nonprofit organizations, criteria for defining capital investments for energy conservation purposes, ownership of the alternative energy facility, financial capacity to repay the loans, estimated return on investment in the alternative energy and energy conservation, and other matters

that the department considers necessary to ensure repayment of loans and to encourage maximum use of the fund for alternative energy and net metering uses;

(b) processes and procedures for disbursing loans, including the agencies or organizations that are allowed to process the loan application for the department; and

(c) terms and conditions for the loans, including repayment schedules and interest.

(2) The department shall solicit assistance in the development and operation of the program from individuals familiar with financial services and persons knowledgeable in alternative energy systems.

(3) Administrative costs charged to the account may not exceed 10% of the total loans or \$30,000 per year, whichever is greater. Legal fees and costs associated with collection of debt on principal are not considered administrative fees costs.

(4) The loan repayment period may not exceed 5 years. The loans must be made at a low interest rate. The department may set the interest rate at an amount that will cover its administrative costs, but the rate may not be less than 1% per year. The department may seek recovery of the amount of principal loaned in the event of default."

{Internal References to 75-25-102: None.}

NEW SECTION. **Section 3. {standard} Effective date.** [This act] is effective on passage and approval.

LC 0208:

**** Bill No. ****
Introduced By *****
By Request of the *****

A Bill for an Act entitled: "An Act clarifying that an alcohol distributor may not submit concurrent written plans for the same production facility location; amending section 15-70-522, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 15-70-522, MCA, is amended to read:

"15-70-522. Tax incentive for production of alcohol -- written plan required -- reservation of incentives -- rules.

(1) (a) If the alcohol was produced in Montana from Montana agricultural products, including Montana wood or wood products, or if the alcohol was produced from non-Montana agricultural products when Montana products are not available, there is a tax incentive payable to alcohol distributors for distilling alcohol that:

(i) is to be blended with gasoline for sale as gasohol in Montana;

(ii) was exported from Montana to be blended with gasoline for sale as gasohol; or

(iii) is to be used in the production of ethyl butyl ether for use in reformulated gasoline.

(b) Payment must be made by the department out of the amount collected under 15-70-204.

(2) Except as provided in subsections (3) and (4), the tax incentive on each gallon of alcohol distilled in accordance with subsection (1) is 30 cents a gallon for each gallon that is 100% produced from Montana products, with the amount of the tax incentive for each gallon reduced proportionately, based upon the amount of agricultural or wood products not produced in Montana that is used in the production of the alcohol. Beginning July 1, 2010, there is no tax incentive.

(3) Regardless of the alcohol tax incentive provided in subsection (2), the total payments made for the incentive under this part may not exceed \$6 million in any consecutive 12-month period.

(4) An alcohol distributor may not receive tax incentive payments under subsection (2) that exceed \$3 million in any consecutive 12-month period.

(5) An alcohol distributor may not receive tax incentive payments under subsection (2) unless the distributor has provided a written business plan to the department of transportation at least 24 months before the distributor's anticipated collection of the tax incentives and has complied with the schedule provided for in subsection (6). The plan must contain the following information:

(a) the source or sources of financing for the acquisition of the plant, land, and equipment used for the production of alcohol for use in gasohol;

(b) the anticipated source of agricultural products used in the production of alcohol for use in gasohol; and

(c) the anticipated time, quantity, and duration of production of alcohol for use in gasohol.

(6) An applicant that has provided the department with a written business plan shall meet the following schedule to be able to receive alcohol tax incentive payments:

(a) start ~~building~~ construction or remodeling within 24 months of the date on which the department received the business plan;

(b) complete 50% of construction or remodeling of a production facility within 36 months of the date on which the business plan was received; and

(c) complete 100% of construction or remodeling of a production facility and be in production of alcohol for use in gasohol for distribution within 48 months of the date on which the business plan was received.

(7) If the applicant does not adhere to the schedule in subsection (6), the applicant loses its priority for receiving incentive payments.

(8) After the department has verified production, the department shall begin payments of the alcohol tax incentives based on actual production according to the terms of subsection (2).

(9) ~~The (a)~~ Except as provided in subsection (9)(b), the department shall reserve, in the order that written plans required under subsection (5) are received by the department, alcohol tax incentives based on the anticipated time, quantity, and duration of production.

(b) An applicant may not submit more than one written plan as required under subsection (5) concurrently for the same production facility location.

(10) A new tax incentive payment may not be made if the total tax incentive established in subsection (3) has been reserved or paid. If an alcohol tax incentive has been reduced or canceled, the amount by which the tax incentive has been reduced or canceled is available for reservation as provided in subsection (9).

(11) The department shall prescribe rules necessary to carry out the provisions of this section."
{Internal References to 15-70-522: None.}

NEW SECTION. Section 2. {standard} Effective date. [This act] is effective on passage and approval.