

HOUSE BILL NO. 377
INTRODUCED BY C. YOUNKIN

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR PURPOSES OF FINANCING INFRASTRUCTURE IMPROVEMENTS AND EQUIPMENT FOR A HYDROGEN FUTURES PARK AND HYDROGEN TECHNOLOGY PROJECTS; CREATING A STATE DEBT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, Montana continues to lag behind the rest of the nation in average per capita income; and

WHEREAS, Montana has no significant fiscal driver for its economy; and

WHEREAS, resources are not available to bolster a failing state economy and infrastructure; and

WHEREAS, Montana's raw natural resources are being depleted and shipped out of state in their raw form; and

WHEREAS, a majority of Montana's energy resources are presently pollution-prone, carbon-based resources; and

WHEREAS, pollution controls, obsolescence of carbon-based energy sources, and energy security demands will dictate the future use of nonpolluting, inexhaustible energy sources; and

WHEREAS, Montana is the only state in the nation with all of the natural resources, including oil, gas, coal, biomass, platinum, wind, water, and solar energy, to make it a leading state in the production of hydrogen and hydrogen-related products; and

WHEREAS, the state has determined that it is in the best interest of the citizens and taxpayers of the state to promote and induce the creation of higher-paying jobs in the state; and

WHEREAS, the Legislature has determined that the state must be able to participate in innovative technologies and training in order to attract businesses that create better-paying jobs; and

WHEREAS, the Legislature has determined that the inducement and attraction of federal and private industry funds to train a highly qualified workforce to attract business to create jobs in Montana is a public purpose in that it will provide more and better employment opportunities for its citizens, particularly its college-educated young citizens who frequently leave the state in search of good jobs, and it will increase the tax base for both state and local government and in general enhance the opportunities for greater prosperity for the state; and

WHEREAS, given the state's location and other reasons, the Legislature has determined that hydrogen

and the many aspects of a hydrogen-related economy represent the best potential for good, quality jobs.

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

NEW SECTION. Section 1. Authorization for bonds. (1) The board of examiners is authorized to issue and sell general obligation bonds in an amount not exceeding \$30 million, in accordance with the terms and in the manner required by Title 17, chapter 5, part 8, to support the education of Montana citizens and to create a hydrogen-related economy. The bonds may be used for the purpose of financing infrastructure improvements as enumerated in 7-15-4288 and equipment for a hydrogen futures park as recommended by the department of commerce. The hydrogen futures park is intended to be located at the university of Montana-Missoula, college of technology. The bonds are in addition to any other authorization to the board of examiners to issue and sell general obligation bonds and are subject to the conditions set forth in this section.

(2) The department of commerce may request the board of examiners to issue the bonds for one or more specified projects in one or more series, but the total amount of bonds issued may not exceed \$30 million. Bond proceeds are appropriated to the department of commerce, and the department is authorized to construct the infrastructure improvements or acquire the equipment, to contract with the city or county in which a project is located, to contract with a certified community lead organization, as defined in 90-1-116, or to contract with the developer of an approved project for the construction of the infrastructure improvement or the acquisition of equipment upon a determination that it is in the best interest of the project. The plans and specifications for the infrastructure and equipment to be financed from the proceeds of the bonds must be approved by and be acceptable to the department of commerce following a review of the plans and specifications of the infrastructure by the architecture and engineering division of the department of administration, but the design and construction of the infrastructure and the acquisition of equipment for approved projects are not, with the exception of Title 18, chapter 2, part 4, subject to the public procurement requirements contained in Title 18. Infrastructure and equipment financed with bond proceeds are owned by the state and may be replicated throughout the state to meet the technological needs of a hydrogen-related workforce and economy. Infrastructure and equipment use must be governed by a development agreement between the state and the developer of the project. The agreement may provide for the use of the infrastructure and equipment at less than fair market value, taking into consideration the number of jobs to be created by the project, the salary range of the jobs, the amount of capital

contributed by the developer, and the projected tax revenue to be received by the state and local governments from the project over the term of the lease or use agreement.

(3) It is the intent of the legislature that debt service payments for the bonds authorized by this section will be covered by the totality of the tax revenue generated by the futures park and technology development projects, calculated by an economic impact analysis of the projects on state tax revenue. Prior to requesting that the board of examiners issue bonds, the department of commerce shall determine that the developer of a proposed project has the financial ability to construct and implement the project based upon audited financial statements. When requesting the board of examiners to issue bonds, the department of commerce shall present the following:

(a) evidence satisfactory to the board that each hydrogen project developer has committed to locating the project in Montana; and

(b) a document signed by the director of the office of budget and program planning stating that the tax revenue to be received by the state from each project over the term of the bonds will be sufficient to pay the amount of principal and interest on the bonds issued for that project.

(4) It is the intent of the legislature that debt service payments for the bonds authorized by this section will be covered by the totality of the taxes generated by the infrastructure improvements and equipment for a hydrogen futures park to be calculated by an economic impact analysis of the projects on state tax revenue. Prior to requesting the board of examiners to issue the bonds, the department of commerce shall determine that the developer of a proposed project has the financial ability to construct and implement the project based upon audited financial statements. When requesting the board of examiners to issue the bonds, the department of commerce shall present to the department of administration for presentation to the board of examiners the following:

(a) evidence satisfactory to the board that each person proposing an infrastructure improvement, equipment purchase, or hydrogen futures park has committed itself to locate its project in Montana and has acquired a site for the project; and

(b) a certificate signed by the director of the office of budget and program planning that the tax revenue to be received by the state from each infrastructure improvement, equipment purchase, or hydrogen futures park project over the term of the bonds will be sufficient to pay the principal amount of and interest on the bonds issued to assist with the specific project.

(5) For the purposes of this section, "equipment" means machinery used in the design, manufacture, repair, and maintenance of hydrogen projects.

NEW SECTION. **Section 2. Two-thirds vote required.** Because [section 1] authorizes the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of each house of the legislature for passage.

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

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