

## HOUSE BILL NO. 491

INTRODUCED BY D. HEDGES

BY REQUEST OF THE HOUSE JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

A BILL FOR AN ACT ENTITLED: "AN ACT MAKING NATURAL RESOURCE INFORMATION SYSTEM PROJECTS ELIGIBLE FOR FUNDING UNDER THE TREASURE STATE ENDOWMENT PROGRAM; DEFINING "NATURAL RESOURCE INFORMATION SYSTEM PROJECTS"; AMENDING SECTIONS 90-1-116, 90-6-701, 90-6-702, 90-6-703, AND 90-6-710, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 90-1-116, MCA, is amended to read:

**"90-1-116. State matching funds program for economic development -- distribution of proceeds -- criteria for grants -- local economic development matching funds.** (1) As used in this section, the following definitions apply:

(a) "Certified community lead organization" means the entity that has been endorsed by resolution of a local governing body or a tribal government, as defined in 90-6-701~~(3)(e)~~, and that meets and maintains requirements for certification established by the department.

(b) "Department" means the department of commerce provided for in 2-15-1801.

(2) The department shall create a program to provide state funds to match local economic development funds and to fund the certified communities program. The provision of state matching funds is contingent upon specific appropriations to the department for that purpose. The department shall distribute the funds in the following manner:

(a) 91% to certified community lead organizations, in the form of assistance grants;

(b) 8% to the department for administration of the certified communities program; and

(c) 1% to the department for certification assistance for noncertified communities. If there are no requests for certification assistance, the 1% allocation may be used by the department for administration of the certified communities program.

(3) An assistance grant to a certified community lead organization is based on an annual per capita payment for the area served by the organization, according to its population in the last completed federal census. The grant may not exceed \$75,000 and may not be less than \$3,000 a year.

(4) To be eligible to receive a grant, a certified community lead organization:

- (a) must be designated as the lead organization by the local governing body;
- (b) shall maintain department requirements for certification;
- (c) shall match each \$1 of the grant with \$1 raised from public or private sources; and
- (d) shall participate in regional meetings of certified communities.

(5) Grants under this section must be used to conduct economic development programs consistent with strategic plans that are adopted by the certified communities and that are filed with the department.

(6) The department shall use its portion of the proceeds to:

- (a) administer the certified communities program;
- (b) assist noncertified communities in seeking certification; and
- (c) organize and conduct regional meetings of certified communities."

**Section 2.** Section 90-6-701, MCA, is amended to read:

**"90-6-701. Treasure state endowment program created -- definitions.** (1) (a) There is a treasure state endowment program that consists of:

- (i) the treasure state endowment fund established in 17-5-703;
- (ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(b) The treasure state endowment program may borrow from the board of investments to provide additional financial assistance for local government infrastructure projects and natural resource information system projects under this part, provided that no part of the loan may be made from retirement funds.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects and natural resource information system projects under this part and to repay loans from the board of investments.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

- (i) drinking water systems;
- (ii) wastewater treatment;
- (iii) sanitary sewer or storm sewer systems;
- (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

or

- (v) bridges.

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

(c) "Natural resource information system projects" means projects and services associated with the natural resource information system provided for in Title 90, chapter 15, part 3.

~~(e)~~(d) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

~~(d)~~(e) "Treasure state endowment program" means the local government infrastructure and natural resource information system project investment program established in subsection (1).

~~(e)~~(f) "Tribal government" means a federally recognized Indian tribe within the state of Montana."

**Section 3.** Section 90-6-702, MCA, is amended to read:

**"90-6-702. Purpose.** The purpose of the treasure state endowment program is to:

- (1) assist local governments in funding infrastructure projects that will:
- ~~(1)~~(a) create jobs for Montana residents;
  - ~~(2)~~(b) promote economic growth in Montana by helping to finance the necessary infrastructure;
  - ~~(3)~~(c) encourage local public facility improvements;
  - ~~(4)~~(d) create a partnership between the state and local governments to make necessary public projects affordable;
  - ~~(5)~~(e) support long-term, stable economic growth in Montana;
  - ~~(6)~~(f) protect future generations from undue fiscal burdens caused by financing necessary public works;
  - ~~(7)~~(g) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
  - ~~(8)~~(h) enhance the quality of life and protect the health, safety, and welfare of Montana citizens; and
- (2) provide a source of funding for natural resource information system projects."

**Section 4.** Section 90-6-703, MCA, is amended to read:

**"90-6-703. Types of financial assistance available.** (1) The legislature shall provide for and make available to ~~local governments~~ the following types of financial assistance under this part:

- (a) matching grants for local infrastructure projects and natural resource information system projects;
- (b) annual debt service subsidies on local infrastructure projects and natural resource information system

projects; and

(c) loans from the proceeds of coal severance tax bonds at a subsidized interest rate.

(2) The department of natural resources and conservation and the department of commerce:

(a) may adopt rules to commit to interest rate subsidies for local infrastructure projects and natural resource information system projects and may allow the subsidies to be paid over the life of the loan or bonding period; and

(b) may make deferred loans to local governments for preliminary engineering study costs. The applicant shall repay the loans whether or not the applicant succeeds in obtaining financing for the full project. Repayment may be postponed until the overall construction financing is arranged."

**Section 5.** Section 90-6-710, MCA, is amended to read:

**"90-6-710. (Temporary) 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).

(2) The department of commerce must receive proposals for projects from local governments ~~as defined in 90-6-701(3)(b)~~ and the state library. The department shall work with a local government or the state library 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 (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.

(3) In preparing recommendations under subsection (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.

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

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

(Terminates June 30, 2005--sec. 10(2), Ch. 10, Sp. L. May 2000.)

**90-6-710. (Effective July 1, 2005) Priorities for projects -- procedure -- rulemaking.** (1) The department of commerce must receive proposals for projects from local governments ~~as defined in 90-6-701(3)(b)~~ and the state library. The department shall work with a local government or the state library 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). 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) In preparing recommendations under subsection (1), 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) After the review required by subsection (1), the projects must be approved by the legislature.
- (4) The department shall adopt rules necessary to implement the treasure state endowment program."

NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.

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