

HOUSE BILL NO. 632  
INTRODUCED BY F. SMITH

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS TO FINANCE 50 PERCENT OF AN ETHANOL PLANT TO BE BUILT IN CONJUNCTION WITH THE ASSINIBOINE AND SIOUX TRIBES OF THE FORT PECK INDIAN RESERVATION; PROVIDING FOR PAYMENT OF THE INTEREST AND PRINCIPAL OF THE BONDS FROM THE STATE'S SHARE OF THE PROCEEDS GENERATED BY THE OPERATION OF THE ETHANOL PLANT; REQUIRING THE USE OF MONTANA AGRICULTURAL PRODUCTS IN THE PRODUCTION OF ETHANOL AND THE EMPLOYMENT OF TRIBAL MEMBERS AND OTHER MONTANA RESIDENTS TO THE EXTENT POSSIBLE; 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, 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 may need to provide more direct inducements to private industry to achieve the creation of better-paying jobs; and

WHEREAS, the Legislature has determined that the inducement of private industry 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 ethanol production projects represent one of the best potentials for good, quality jobs.

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

**NEW SECTION. Section 1. Authorization of bonds.** (1) The board of examiners is authorized to issue and sell general obligation bonds in an amount not exceeding \$10 million for an ethanol plant development project to be undertaken in conjunction with the Assiniboine and Sioux tribes of the Fort Peck Indian reservation in accordance with the terms and in the manner required by Title 17, chapter 5, part 8, and Title 18, chapter 11, part

1, and upon the authority granted to the board by this section. The state and the tribes shall each provide 50% of the cost of construction of the ethanol plant. The state and the tribes are encouraged to seek federal money for the project. The bonds are in addition to any other authorization to the board to issue and sell general obligation bonds and are subject to the conditions set forth in this section.

(2) The general obligation bond proceeds provided for in this section are appropriated to the governor's office of economic development for assisting in funding a joint ethanol plant development project with the Assiniboine and Sioux tribes of the Fort Peck Indian reservation. The governor's office of economic development may request the board of examiners to issue the bonds for the ethanol plant development project in one or more series, but the total amount of bonds issued may not exceed \$10 million. The governor's office of economic development is authorized to contract with the Assiniboine and Sioux tribes of the Fort Peck Indian reservation or to contract in conjunction with the tribes with the developer of an approved project for the construction of the infrastructure improvement and the acquisition of equipment for the construction of an ethanol plant, 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 governor's office of economic development following a review of the plans and specifications of the infrastructure by the architecture and engineering division of the department of administration. The portions of the ethanol plant development project that are infrastructure and equipment financed with bond proceeds are owned by the state, and the use must be governed by a development agreement between the state, with the Assiniboine and Sioux tribes of the Fort Peck Indian reservation, and the developer of the project. The ethanol plant, when operational, shall use Montana agricultural products, to the extent available, for the production of ethanol and shall employ both tribal members and other Montana residents to the extent possible.

(3) It is the intent of the legislature that debt service payments for the bonds authorized by this section will be covered by the state's share of profits generated by the ethanol plant. When requesting the board of examiners to issue the bonds, the governor's office of economic development shall present to the department of administration for presentation to the board of examiners the following:

(a) evidence satisfactory to the board that the Assiniboine and Sioux tribes of the Fort Peck Indian reservation have committed to the construction of the project in Montana and have agreed on a site for the project; and

(b) a certificate signed by the director of the office of budget and program planning that the proceeds to be received by the state from the operation of the ethanol plant 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.

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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