

## HOUSE BILL NO. 7

INTRODUCED BY D. KASTEN

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR RECLAMATION AND DEVELOPMENT GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS FOR DESIGNATED PROJECTS UNDER THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM; PRIORITIZING GRANTS AND AMOUNTS; ESTABLISHING CONDITIONS FOR GRANTS; TRANSFERRING FUNDS; REVISING THE USE OF THE RECLAMATION AND DEVELOPMENT GRANTS ACCOUNT; AMENDING SECTION 90-2-1104, MCA, AND SECTION 2, CHAPTER 473, LAWS OF 2003; REPEALING SECTION 10, CHAPTER 308, LAWS OF 2005; AND PROVIDING EFFECTIVE DATES."

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

NEW SECTION. **Section 1. Appropriations for reclamation and development grants.** (1) There is appropriated to the department of natural resources and conservation from the reclamation and development grants special revenue account, established in 90-2-1104, up to ~~\$1 million~~ \$800,000 to be used for planning grants to be awarded by the department over the course of the 2009 biennium.

(2) The amount of ~~\$4,496,500~~ \$4,496,500 is appropriated to the department of natural resources and conservation from the reclamation and development grants special revenue account from funds allocated for the purpose of making grants from the interest income of the resource indemnity trust fund as set forth in Title 15, chapter 38.

(3) The funds appropriated in subsection (2) must be awarded by the department to the entities listed in [section 2] for the prescribed purposes and in the prescribed grant amounts, subject to the conditions provided in [sections 2 through 5].

NEW SECTION. **Section 2. Approved grants and projects.** (1) The legislature approves the grants listed in subsection (2), to be made in the order of priority as indicated within the following list of projects and activities. If the conditions in [sections 3 and 4] are met, funds must be awarded up to the amounts approved in this section in order of priority until available funds are expended. Funds not accepted by grantees or funds not used by higher-ranked projects and activities must be provided for projects and activities lower on the priority list

that would not otherwise receive funding. Descriptions of the various projects and activities and specific conditions established for each project and activity are contained within the department of natural resources and conservation's reclamation and development grants program report to the 60th legislature for the 2009 biennium.

(2) The following are the grants program prioritized projects and activities:

Applicant/Project	Grant Amount
Montana Board of Oil and Gas Conservation	
(2007 Northern District Orphaned Well Plug and Abandonment and Site Restoration)	\$300,000
(2007 Southern District Orphaned Well Plug and Abandonment and Site Restoration)	\$300,000
Montana Department of Environmental Quality	
(Snowshoe Mine Reclamation Project)	\$300,000
Montana Department of Environmental Quality	
(Bald Butte Mine and Millsite Reclamation Project)	\$300,000
Montana Department of Natural Resources and Conservation	
(St. Mary Facilities Rehabilitation)	\$300,000
Powell County	
(Milwaukee Roundhouse Voluntary Cleanup)	\$286,000
Montana Department of Natural Resources and Conservation	
(Reliance Refinery)	\$300,000
Central Montana Water Authority	
(Utica Well 2)	\$300,000
Montana Board of Oil and Gas Conservation	
(Southern District Tank Battery Cleanup)	\$300,000
Meagher County Conservation District	
(Hydrologic Investigation of the Smith River Watershed)	\$300,000
Montana Department of Environmental Quality	
(Belt Acid Mine Drainage Mitigation)	\$282,000
Montana Department of Environmental Quality	
(Swift Gulch Placer Tailings and Wetland Establishment)	\$150,000
Broadwater Conservation District	
(White's Gulch Reclamation Fish Barrier Project)	\$24,500
Montana Department of Environmental Quality	

(Landusky Mine - Characterization of Surface Water/Ground Water Interactions in Swift Gulch and the Adjacent Landusky Pit Complex)	\$300,000
Big Horn Conservation District	
(Montana Regional Coal Bed Methane)	\$160,000
Gallatin Local Water Quality District	
(Assessment and Distribution of Pharmaceuticals)	\$294,000
<u>FLATHEAD BASIN COMMISSION</u>	
(BRITISH COLUMBIA-MONTANA ACTION PLAN)	<u>\$300,000</u>
<u>MONTANA TECH OF THE UNIVERSITY OF MONTANA</u>	
(BUTTE NATIVE PLANT PROPAGATION NURSERY)	<u>\$289,922</u>

(3) To the entities listed in this section, this appropriation constitutes a valid obligation of these funds for purposes of encumbering the funds within the 2009 biennium pursuant to 17-7-302.

NEW SECTION. **Section 3. Coordination of fund sources for grants program projects.** A sponsor of a grants program project who has applied for a grant for that project under both the reclamation and development grants program and the renewable resource grant and loan program may not receive duplicate funding.

NEW SECTION. **Section 4. Condition of grants.** Disbursement of grant funds under [sections 1 through 5] is subject to the following conditions that must be met by the project sponsor:

(1) A scope of work and budget for the project must be approved by the department of natural resources and conservation. Reduction in a scope of work or budget may not affect priority activities or improvements.

(2) Other funds required for project completion must have been committed, and the commitment must be documented.

(3) The project sponsor shall show satisfactory completion of conditions described in the recommendation section of the project narrative of the reclamation and development grants program report to the legislature for the 2009 biennium.

(4) An agreement between the department and the project sponsor must be executed in a timely manner, taking into consideration any changed conditions or circumstances that govern the administration and disbursement of funds.

(5) Any other specific requirements considered necessary by the department must be met to accomplish

the purpose of the grant as evidenced from the application to the department or as defined by the legislature.

**NEW SECTION. Section 5. Other appropriations.** There is appropriated to any entity of state government that receives a grant under [sections 1 through 4] the amount of the grant upon award of the grant by the department of natural resources and conservation. Grants to state entities from a prior biennium are reauthorized for completion of contract work.

**NEW SECTION. SECTION 6. FUND TRANSFER.** ON JULY 1, 2007, THERE IS TRANSFERRED FROM THE RECLAMATION AND DEVELOPMENT GRANTS SPECIAL REVENUE ACCOUNT ESTABLISHED IN 90-2-1104 \$4.3 MILLION TO THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM STATE SPECIAL REVENUE ACCOUNT CREATED IN 85-1-604.

**Section 7.** Section 90-2-1104, MCA, is amended to read:

**"90-2-1104. Reclamation and development grants special revenue account.** (1) There is a reclamation and development grants special revenue account within the state special revenue fund established in 17-2-102.

(2) There must be paid into the reclamation and development grants special revenue account money allocated from:

- (a) the interest income of the resource indemnity trust fund under the provisions of 15-38-202;
- (b) the resource indemnity and ground water assessment tax under provisions of 15-38-106;
- (c) the metal mines license tax proceeds as provided in 15-37-117(1)(d); and
- (d) the oil and gas production tax as provided in 15-36-331.

(3) Appropriations may be made from the reclamation and development grants special revenue account for the following purposes:

- (a) grants for designated projects; and
- (b) administrative expenses, including salaries and expenses for personnel, equipment, office space, and other expenses necessarily incurred in the administration of the grants program. These expenses may be funded before funding of projects.

(4) ~~For the biennium beginning July 1, 2005, appropriations~~ Appropriations may be made from the reclamation and development grants special revenue account for administrative expenses, including salaries and expenses for personnel and equipment, office space, and other expenses necessarily incurred in natural resource-related programs. ~~(Subsection (4) terminates June 30, 2007--sec. 10, Ch. 308, L. 2005.)"~~

**SECTION 8. SECTION 2, CHAPTER 473, LAWS OF 2003, IS AMENDED TO READ:**

**"Section 2. Approved grant projects.** (1) The legislature approves the grants listed in subsection (2), to be made in the order of priority as indicated within the following list of projects and activities. If the conditions in [sections 3 and 4] are met, funds must be awarded up to the amounts approved in this section in order of priority until available funds are expended. Funds not accepted by grantees or funds not used by higher-ranked projects and activities must be provided for projects and activities lower on the priority list that would otherwise not receive funding. Descriptions of the various projects and activities and specific conditions established for each project and activity are contained within the department of natural resources and conservation's reclamation and development grants program report to the 58th legislature for the 2005 biennium.

(2) The following are the grants program prioritized projects and activities:

Applicant/Project	Grant Amount
Big Horn Conservation District	
(Ground Water Monitoring--Tongue & Powder River Watersheds)	300,000
Sunburst, Town of	
(Sunburst Water Supply Renovation)	185,249
Governor's Office	
(Growing Carbon)	300,000
Board of Oil and Gas Conservation	
(Oil and Gas Plug and Abandonment)	200,000
Toole County	
(2003 Plugging and Abandonment)	240,000
Board of Oil and Gas Conservation	
(2003 Northern District Plug and Abandonment)	300,000
Board of Oil and Gas Conservation	
(2003 Southern District Plug and Abandonment)	100,000
Department of Environmental Quality	
(Washington Mine and Millsite Reclamation)	300,000
Powell County*	
(CMC Roundhouse Site Cleanup)	76,400
Department of Environmental Quality	
<del>(Drumlummon Tailings, Goldsil Mine Waste Reclamation)</del>	<del>300,000</del>

Sheridan County Conservation District	
(Reclaiming Oilfield Brine Contaminated Soils)	150,000
Department of Natural Resources and Conservation	
(Planning Grants)	50,000
Fergus County Conservation District	
(Central Montana Aquifer Project)	150,000
Judith Basin Conservation District	
(Judith Basin Aquifer Restoration and Conservation)	70,000

The project grant identified with an asterisk (\*) is contingent on the transfer of the site that is 14.5 acres located south of Milwaukee avenue to Powell County without compensation to the current owner.

(3) To the entities listed in this section, this appropriation constitutes a valid obligation of these funds for purposes of encumbering the funds within the 2005 biennium pursuant to 17-7-302."

NEW SECTION. **Section 9. Repealer.** Section 10, Chapter 308, Laws of 2005, is repealed.

COORDINATION SECTION. SECTION 10. COORDINATION INSTRUCTION. IF HOUSE BILL NO. 116 IS PASSED AND APPROVED, THEN THE APPROPRIATIONS IN [SECTION 1 OF THIS ACT] ARE APPROPRIATED FROM THE NATURAL RESOURCES PROJECTS STATE SPECIAL REVENUE ACCOUNT ESTABLISHED IN [SECTION 28] OF HOUSE BILL NO. 116 AND THE APPROPRIATION IN [SECTION 1 OF THIS ACT] FOR THE PURPOSE OF MAKING GRANTS IS INCREASED BY \$289,922.

NEW SECTION. Section 11. Effective dates. (1) [Section 7 ~~9~~ and this section] are effective on passage and approval.

(2) [Sections 1 through 6 ~~8~~ AND 10] are effective July 1, 2007.

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