

HOUSE BILL NO. 374  
INTRODUCED BY J. FRENCH

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A PROGRAM TO PROVIDE LOANS OR GRANTS FOR THE CONSTRUCTION, RENOVATION, AND REMODELING OF PUBLIC LIBRARIES; PROVIDING FOR A FUND TRANSFER; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Purpose.** The purpose of [sections 1 through 5] is to provide funding for the construction, renovation, and remodeling of public libraries.

NEW SECTION. **Section 2. Definitions.** As used in [sections 1 through 5], the following definitions apply:

- (1) "Approved project" means a project, for the construction, renovation, or remodeling of a public library.
- (2) "Commission" means the state library commission established in 22-1-101.
- (3) "Public library" means a library created under Title 7, chapter 11, part 11, 22-1-303 through 22-1-317, or Title 22, chapter 1, part 7, that provides library services to the public by means of central facilities, branch facilities, or bookmobiles.

NEW SECTION. **Section 3. Revolving loan account -- grants.** (1) There is a revolving loan account to be administered by the commission. Loan repayments and any interest or income that is earned by the account must be deposited into the revolving loan account.

- (2) The commission may make loans and grants from the account pursuant to [section 4].
- (3) The account is statutorily appropriated, as provided in 17-7-502, to the commission for the purposes of making loans and grants pursuant to [section 4] and for administering [sections 1 through 4].
- (4) A loan or grant may not be made if the loan or grant would cause the balance in the account to be less than \$500,000.

NEW SECTION. **Section 4. Approved projects.** The commission may issue a loan or grant to a public

library in the state for an approved project in accordance with the following provisions:

(1) A loan or grant may not be made unless the county, city, or town, as appropriate for the public library receiving the loan or grant, appropriates an amount equal to or more than the loan or grant for the same approved project:

- (a) from its own funds and not from any federal grant or other federal financial assistance; or
- (b) from private sources that are dedicated for the approved project.

(2) The state loan or grant may be paid in installments, as provided in subsection (3), beginning in the fiscal year during which the approved project is accepted by the commission. Whenever a loan or grant is paid on the installment basis, there must be included in the state loan or grant the interest cost actually incurred by the county, city, town, or public library as a result of its having to borrow the state's portion of the total cost of the approved project. The amount of the interest cost must be computed on the actual interest cost paid by the county, city, town, or public library, less any applicable accrued interest, premiums, and profits from investments, over the period of time elapsing between the date borrowed funds are made available and the date of the last installment payment of the state loan or grant. Interest costs incurred by the county, city, town, or public library as a result of having to borrow its portion of the total cost of the approved project may not be considered a part of the total cost of the approved project for the purposes of matching funds required under this section.

(3) A state loan or grant may be provided for up to 50% of the total costs of an approved project, including lease hold improvements, but excluding feasibility studies, plans, or similar activities. Loans and grants must be provided on approved projects during the period beginning July 1 and ending June 30 for up to 3 years or until the approved project is completed, whichever occurs first. Ninety percent of the loan or grant must be payable as provided in this subsection to each public library upon approval of the application, and the remaining 10% must be payable upon completion of the approved project.

(4) An application for a loan or grant must be submitted by the board of trustees of the public library for which the approved project is contemplated. An application must:

(a) demonstrate that resources are or will be available to provide for maximum utilization of the project if approved;

(b) contain verification in a form acceptable to the commission that the total cost of the project, exclusive of the state loan or grant, has been or will be obtained;

(c) demonstrate that library operations would be made more economical as a consequence of approval;

(d) be limited to one project concerning the building; and

(e) provide other information that may be required by the commission.

(5) In approving any application, the commission shall consider the condition of existing public libraries and, when appropriate, the needs of isolated or economically disadvantaged communities.

**NEW SECTION. Section 5. Administration -- rulemaking.** (1) The commission shall adopt rules establishing:

- (a) eligibility criteria;
- (b) processes and procedures for disbursing loans and grants, including the agencies or organizations that are allowed to process loan or grant applications for the commission;
- (c) criteria for determining whether to make a loan or a grant; and
- (d) terms and conditions for the loans, including repayment schedules and interest.

(2) Administrative costs may not exceed 5% of the total loans and grants. Legal fees and costs associated with collection of debt on principal are not considered administrative fees.

(3) A loan repayment period may not exceed 20 years. The commission may seek recovery of the amount of principal loaned in the event of default.

**Section 6.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

- (a) The law containing the statutory authority must be listed in subsection (3).
- (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-407; 5-13-403; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-1-113; 15-1-121; 15-23-706; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; [section 3]; 22-3-1004; 23-4-105; 23-4-202; 23-4-204; 23-4-302; 23-4-304; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105;

44-1-504; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-6-703; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-2-362; 80-2-222; 80-4-416; 80-5-510; 80-11-518; 82-11-161; 87-1-513; 90-1-115; 90-1-205; 90-3-1003; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014; pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 3 and 6, Ch. 481, L. 2003, the inclusion of 15-35-108 terminates June 30, 2010; pursuant to sec. 7, Ch. 314, L. 2005, the inclusion of 23-4-105, 23-4-202, 23-4-204, 23-4-302, and 23-4-304 becomes effective July 1, 2007; and pursuant to sec. 17, Ch. 593, L. 2005, the inclusion of 15-31-906 terminates January 1, 2010.)"

**NEW SECTION. Section 7. Fund transfer.** The amount of \$5 million is transferred from the state general fund to the account established in [section 3].

**NEW SECTION. Section 8. Codification instruction.** [Sections 1 through 5] are intended to be codified as an integral part of Title 22, chapter 1, and the provisions of Title 22, chapter 1, apply to [sections 1 through 5].

**NEW SECTION. Section 9. Effective date.** [This act] is effective July 1, 2007.

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