

HOUSE BILL NO. 11

INTRODUCED BY J. SESSO

BY REQUEST OF THE DEPARTMENT OF COMMERCE, THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS THROUGH THE TREASURE STATE ENDOWMENT PROGRAM; AUTHORIZING GRANTS FROM THE TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS UPON GRANTS AND FUNDS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR EMERGENCY GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR PRELIMINARY ENGINEERING GRANTS; APPROPRIATING MONEY FROM THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM STATE SPECIAL REVENUE ACCOUNT TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR FINANCIAL ASSISTANCE TO REGIONAL WATER AUTHORITIES FOR REGIONAL WATER PROJECTS; TERMINATING CERTAIN PRIOR TREASURE STATE ENDOWMENT GRANTS; AMENDING SECTION 90-6-701, MCA, AND SECTION 1, CHAPTER 383, LAWS OF 2007; AND PROVIDING EFFECTIVE DATES."

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

NEW SECTION. Section 1. Appropriations from treasure state endowment state special revenue account. (1) There is appropriated to the department of commerce ~~\$16,083,889~~ \$17.8 MILLION of the interest earnings from the treasure state endowment state special revenue account AND ANY FUNDS APPROPRIATED TO THE DEPARTMENT IN [SECTION 7] REMAINING AFTER ALL OBLIGATIONS TO FUND ELIGIBLE PROJECTS IDENTIFIED IN [SECTION 1(3)] HAVE BEEN FULLY MET, TO BE USED to finance grants authorized by this section.

(2) The funds appropriated in this section must be used by the department to make grants to the governmental entities listed in subsection (3) for the described purposes and in amounts not to exceed the amounts set out in subsection (3). The appropriations are subject to the conditions set forth in [sections 2 and 3] and described in the treasure state endowment program 2011 biennium report to the 61st legislature. The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in subsection (3). The department shall commit funds to projects listed in subsection (3), up to the amounts authorized, based on the manner of

disbursement set forth in [section 3] until interest earnings deposited into the treasure state endowment state special revenue account during the 2011 biennium are expended.

(3) The following applicants and projects are authorized for grants and listed in the order of their priority:

Applicant/Project	Grant Amount
1. Philipsburg, Town of (wastewater)	\$750,000
2. Ravalli County (bridge)	137,193
3. Sweet Grass County (bridge)	93,360
4. Melstone, Town of (water)	625,000
5. Fergus County (bridge)	167,200
6. Rudyard County Water and Sewer District (wastewater)	319,000
7. Cascade, Town of (water)	625,000
8. Powell County (bridge)	304,248
9. Wolf Creek County Water and Sewer District (wastewater)	750,000
10. Judith Gap, Town of (water-wastewater)	750,000
11. Gardiner-Park County Water and Sewer District (wastewater)	358,000
12. Winifred, Town of (wastewater)	500,000
13. Beaverhead County (bridge)	290,668
14. Sweet Grass Community County Water and Sewer District (water)	625,000
15. Nashua, Town of (water)	421,300
16. Laurel, City of (water)	625,000
17. Homestead Acres Water and Sewer District (water)	573,325
18. Crow Tribe (water-wastewater)	750,000
19. Carbon County (bridge)	492,915
20. Lewis and Clark County (bridge)	456,628
21. Madison County (bridge)	413,203
22. Cut Bank, City of (water)	500,000
23. Broadview, Town of (water)	500,000
24. St. Ignatius, Town of (water)	253,000
25. Jefferson County (bridge)	160,690
26. Stillwater County (bridge)	292,979
27. Wibaux, Town of (wastewater)	500,000

28.	Bigfork County Water and Sewer District (wastewater)	750,000
29.	Choteau, City of (wastewater)	500,000
30.	Valier, Town of (water)	625,000
31.	Carter-Chouteau County Water and Sewer District (water)	750,000
32.	Hardin, City of (wastewater)	500,000
33.	Upper and Lower River Road Water and Sewer District (water-wastewater)	500,000
34.	Gildford County Water and Sewer District (wastewater)	538,000
35.	Big Sandy, Town of (wastewater)	500,000
36.	Ronan, City of (water)	750,000
37.	<u>GRANITE COUNTY (SOLID WASTE)</u>	<u>197,000</u>
38.	<u>MISSOULA COUNTY FOR SEELEY LAKE (WASTEWATER)</u>	<u>750,000</u>
39.	<u>SEELEY LAKE SEWER DISTRICT (WASTEWATER)</u>	<u>750,000</u>
40.	<u>DUTTON, TOWN OF (WASTEWATER)</u>	<u>500,000</u>
41.	<u>BLAINE COUNTY (BRIDGE)</u>	<u>384,160</u>
42.	<u>LOMA COUNTY WATER AND SEWER DISTRICT (WATER)</u>	<u>750,000</u>
43.	<u>HARLOWTON, TOWN OF (WATER)</u>	<u>500,000</u>
44.	<u>KEVIN, TOWN OF (WATER)</u>	<u>500,000</u>
45.	<u>FLATHEAD COUNTY (FOR BIGFORK) (STORMWATER)</u>	<u>625,000</u>
46.	<u>WOODS BAY HOMESITES WATER AND SEWER DISTRICT (WASTEWATER)</u>	<u>730,000</u>
47.	<u>LOCKWOOD, (WASTEWATER)</u>	<u>500,000</u>
48.	<u>SHELBY, CITY OF (WASTEWATER)</u>	<u>625,000</u>
49.	<u>WHITEFISH, CITY OF (WASTEWATER)</u>	<u>500,000</u>
50.	<u>EUREKA, TOWN OF (WATER)</u>	<u>625,000</u>
51.	<u>TROY, CITY OF (WATER)</u>	<u>715,000</u>
52.	<u>FALLON COUNTY NORTH BAKER WATER AND SEWER DISTRICT (WASTEWATER)</u>	<u>120,000</u>
53.	<u>SHEAVER'S CREEK WATER AND SEWER DISTRICT (WASTEWATER)</u>	<u>600,000</u>
54.	<u>YELLOWSTONE COUNTY (BRIDGE)</u>	<u>228,753</u>
55.	<u>GORE HILL COUNTY WATER DISTRICT (WATER)</u>	<u>250,300</u>
56.	<u>SOUTH CHESTER COUNTY WATER DISTRICT (WATER)</u>	<u>131,000</u>
57.	<u>LIVINGSTON, CITY OF (WASTEWATER/SOLID WASTE)</u>	<u>500,000</u>
58.	<u>FLATHEAD COUNTY WATER AND SEWER DISTRICT (HAPPY VALLEY) (WATER)</u>	<u>500,000</u>

<u>59.</u>	<u>BYNUM TETON COUNTY WATER AND SEWER DISTRICT (WATER)</u>	<u>567,000</u>
<u>60.</u>	<u>BOZEMAN, CITY OF (WASTEWATER)</u>	<u>500,000</u>
<u>61.</u>	<u>FORT SMITH WATER AND SEWER DISTRICT (WATER)</u>	<u>500,000</u>
<u>62.</u>	<u>JETTE MEADOWS WATER AND SEWER DISTRICT (WATER)</u>	<u>750,000</u>
<u>63.</u>	<u>GREATER WOODS BAY SEWER DISTRICT (WASTEWATER)</u>	<u>488,000</u>
<u>64.</u>	<u>EM-KAYAN VILLAGE WATER AND SEWER DISTRICT (WATER)</u>	<u>290,619</u>
<u>65.</u>	<u>STEVENSVILLE, TOWN OF (WATER)</u>	<u>500,000</u>
<u>66.</u>	<u>BRIDGER PINES COUNTY WATER AND SEWER DISTRICT (WASTEWATER)</u>	<u>400,000</u>

(4) If sufficient funds are available, this section constitutes a valid obligation of funds to the grant recipients listed in subsection (3) for purposes of encumbering the treasure state endowment state special revenue account funds during the 2011 biennium pursuant to 17-7-302. However, a grant recipient's entitlement to receive funds is dependent on the grant recipient's compliance with the conditions described in [section 3(1)] and on the availability of funds.

(5) Funding for projects numbered 1 through 33 in subsection (3) will be provided only so long as there are sufficient funds available from the amount that was deposited into the treasure state endowment state special revenue account during the biennium ending June 30, 2011. Funding for these projects will be made available in the order that the grant recipients satisfy the conditions described in [section 3(1)]. Once all funds deposited into the treasure state endowment state special revenue account during APPROPRIATED IN SUBSECTION (1) FOR the biennium are totally committed to projects NUMBERED 1 THROUGH 33 IN SUBSECTION (3) that have satisfied the conditions described in [section 3(1)], the obligation to any remaining projects will cease.

(6) Projects numbered 34 through ~~36~~ 66 listed in subsection (3) may receive grant funds in the order that the grant recipients satisfy the conditions described in [section 3(1)] only if:

~~— (a) one or more of the projects numbered 1 through 33 terminate their right to the awarded funds in writing prior to the end of the 2011 biennium; or~~

~~— (b) the amount that was deposited into the treasure state endowment state special revenue account during the 2011 biennium is greater than what is required to fully fund projects numbered 1 through 33 listed in subsection (3);~~ SO LONG AS THERE ARE SUFFICIENT FUNDS FROM THE AMOUNT APPROPRIATED IN SUBSECTION (1). ONCE ALL FUNDS APPROPRIATED IN SUBSECTION (1) ARE TOTALLY COMMITTED TO PROJECTS NUMBERED 34 THROUGH 66 IN SUBSECTION (3) THAT HAVE SATISFIED THE CONDITIONS DESCRIBED IN [SECTION 3(1)], THE OBLIGATION TO REMAINING PROJECTS WILL CEASE. IF FUNDS APPROPRIATED IN SUBSECTION (1) ARE INSUFFICIENT TO FUND ANY OF THE PROJECTS THAT HAVE SATISFIED THE CONDITIONS DESCRIBED IN [SECTION 3(1)] PRIOR TO JUNE 30, 2011, THE TREASURE STATE

ENDOWMENT PROGRAM SHALL FUND THE PROJECTS BY BORROWING MONEY FROM THE BOARD OF INVESTMENTS PURSUANT TO 90-6-701(1)(B). THERE IS APPROPRIATED TO THE DEPARTMENT OF COMMERCE UP TO \$6,512,000 OF FUNDS BORROWED FROM THE BOARD OF INVESTMENTS.

(7) In the event that any remaining funds deposited into the treasure state endowment state special revenue account during the 2011 biennium are insufficient to fully fund any one of the grant recipients listed in subsection (3), the department may make the remaining funds available to the first grant recipient that has satisfied the conditions described in [section 3(1)] and that is able to firmly commit the balance of the amount necessary to fund the project in its entirety.

(8) Grant recipients shall complete all of the conditions described in [section 3(1)] by December 31, 2012, or the grant contract will be terminated.

NEW SECTION. Section 2. Approval of grants -- completion of biennial appropriation. (1) The legislature, pursuant to 90-6-701, authorizes grants for the projects identified in [section 1(3)].

(2) The authorization of these grants completes a biennial appropriation from the treasure state endowment special revenue account provided for in 17-5-703(3)(c).

NEW SECTION. Section 3. Conditions of grants -- disbursement of funds. (1) The disbursement of grant funds under [sections 1 through 3] for the projects specified in [section 1(3)] is subject to completion of the following conditions:

(a) The grant recipient shall execute a grant agreement with the department of commerce.

(b) The grant recipient shall document that other matching funds required for completion of the project are firmly committed.

(c) The grant recipient must have a project management plan that is approved by the department.

(d) The grant recipient must be in compliance with the auditing and reporting requirements provided for in 2-7-503 and have established a financial accounting system that the department can reasonably ensure conforms to generally accepted accounting principles. Tribal governments shall comply with auditing and reporting requirements provided for in OMB Circular A-133.

(e) The grant recipient shall satisfactorily comply with any conditions described in the application (project) summaries section of the treasure state endowment program 2011 biennium report to the 61st legislature.

(f) The grant recipient shall satisfy other specific requirements considered necessary by the department to accomplish the purpose of the project as evidenced by the application to the department.

(2) With the exception of bridges, all projects must adhere to the design standards required by the department of environmental quality. Recipients of treasure state endowment program funds that are not subject to the department of environmental quality design standards must adhere to generally accepted industry standards, such as Recommended Standards for Wastewater Facilities or Recommended Standards for Water Works, published by the Great Lakes-Upper Mississippi River Board of State and Provincial Public Health and Environmental Managers, latest edition.

(3) Recipients of treasure state endowment program funds are subject to the requirements of the department of commerce as described in the most recent edition of the treasure state endowment program project administration manual, adopted by the department through the administrative rulemaking process.

NEW SECTION. Section 4. Other powers and duties of department. (1) The department of commerce shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project expenses.

(2) If actual project expenses are lower than the projected expense of the project, the department may, at its discretion:

(a) reduce the amount of grant funds to be provided to grant recipients in proportion to all other project funding sources;

(b) authorize the use of the remaining authorized grant amounts for the construction of additional infrastructure components directly related to the approved project that will further enhance the overall system;

or

(c) reduce the amount of grant funds to be provided so that the grant recipient's projected average residential user rates do not become lower than their target rate as determined by the department.

(3) If the grant recipient obtains a greater amount of grant funds than was contained in the treasure state endowment program application, the department may reduce the amount of the treasure state endowment program grant funds to be provided to ensure that the grant recipient continues to meet the threshold requirements contained in program guidelines for receiving the larger treasure state endowment program grant.

NEW SECTION. Section 5. Appropriations from treasure state endowment state special revenue account for emergency grants. There is appropriated to the department of commerce \$100,000 for the biennium beginning July 1, 2009, from the interest earnings of the treasure state endowment state special revenue account for the purpose of providing local governments, as defined in 90-6-701, with emergency grants

for infrastructure projects, as defined in 90-6-701.

NEW SECTION. Section 6. Appropriations from treasure state endowment state special revenue account for preliminary engineering grants. There is appropriated to the department of commerce \$900,000 for the biennium beginning July 1, 2009, from the interest earnings of the treasure state endowment state special revenue account for the purpose of providing local governments, as defined in 90-6-701, with preliminary engineering grants for infrastructure projects as defined in 90-6-701.

NEW SECTION. Section 7. Appropriation from treasure state endowment regional water system special revenue account. (1) There is appropriated ~~\$8~~ \$15 million to the department of natural resources and conservation from the interest earnings of the treasure state endowment regional water system special revenue account AND OTHER FUNDS to finance the state's share of regional water system projects authorized by this section and as set forth in 90-6-715.

(2) The dry prairie rural water authority and the north central Montana regional water authority are authorized to receive funds.

(3) A regional water authority's receipt of funds is dependent on the authority's compliance with the conditions described in [section 9(1)].

(4) This section constitutes a valid obligation of funds to the regional water authorities listed in subsection (2) for purposes of encumbering the treasure state endowment regional water system special revenue account funds received during the 2011 biennium under 17-7-302.

NEW SECTION. Section 8. Approval of funds -- completion of appropriation. (1) The legislature, pursuant to 90-6-715, authorizes funds for the regional water authorities identified in [section 7(2)].

(2) The authorization of these funds completes an appropriation from the treasure state endowment regional water system special revenue account provided for in 17-5-703(3)(d).

NEW SECTION. Section 9. Conditions -- manner of disbursement of funds. (1) The disbursement of funds under [sections 7 and 8] is subject to completion of the following conditions:

(a) The regional water authority shall execute an agreement with the department of natural resources and conservation.

(b) The regional water authority must have a project management plan that is approved by the

department.

(c) The regional water authority shall establish a financial accounting system that the department can reasonably ensure conforms to generally accepted accounting principles.

(d) The regional water authority shall provide the department with a detailed preliminary engineering report.

(2) The department shall disburse funds on a reimbursement basis as the regional water authority incurs eligible project expenses.

SECTION 10. 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 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 under this part, to provide funding to the department of commerce for the administrative costs of the treasure state endowment program, 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) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1).

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

SECTION 11. SECTION 1, CHAPTER 383, LAWS OF 2007, IS AMENDED TO READ:

"Section 1. Appropriation from treasure state endowment state special revenue account. (1) There is appropriated to the department of commerce ~~\$17,333,653~~ up to \$40,173,080 of the interest earnings from the treasure state endowment state special revenue account and from other funds to finance grants authorized by this section.

(2) The funds appropriated in this section must be used by the department to make grants to the governmental entities listed in subsection (3) for the described purposes and in amounts not to exceed the amounts set out in subsection (3). The appropriations are subject to the conditions set forth in [sections 2 and 3] and described in the treasure state endowment program 2009 biennium report to the 60th legislature. The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in subsection (3). The department shall commit funds to projects listed in subsection (3), up to the amounts authorized, based on the manner of disbursement set forth in [section 3] until interest earnings and other funds deposited into the treasure state endowment state special revenue account during the 2009 biennium are expended.

(3) The following applicants and projects are authorized for grants:

Applicant/Project	Grant Amount
1. Lewis and Clark County for the Woodlawn Addition (water)	\$596,420
2. Bainville, Town of (wastewater)	715,000
3. Madison County (bridge)	370,100
4. Sweet Grass County (bridge)	151,493
5. Powell County (bridge)	263,074
6. Circle, Town of (wastewater)	750,000
7. Harlem, City of (water)	750,000
8. Jordan, Town of (wastewater)	700,000
9. Thompson Falls, City of (water)	363,000
10. Twin Bridges, Town of (wastewater)	750,000

11.	Seeley Lake-Missoula County Water District (water)	750,000
12.	Fergus County (bridge)	238,362
13.	Sunny Meadows-Missoula County Water and Sewer District (water)	325,000
14.	Tri-County Water District (water)	313,500
15.	Blaine County (bridge)	617,017
16.	Loma County Water and Sewer District (water)	750,000
17.	Ekalaka, Town of (water and wastewater)	706,369
18.	Stillwater County (bridge)	407,500
19.	Sheridan, Town of (wastewater)	750,000
20.	Carter-Chouteau County Water and Sewer District (water)	750,000
21.	Bigfork County Water and Sewer District (wastewater)	750,000
22.	Dayton-Lake County Water and Sewer District (wastewater)	750,000
23.	Judith Basin County (bridge)	192,215
24.	Pinesdale, Town of (water)	750,000
25.	Power-Teton County Water and Sewer District (water)	604,286
26.	Superior, Town of (water)	600,000
27.	RAE Subdivision County Water and Sewer District No. 313 (water)	750,000
28.	Jefferson County (bridge)	295,800
29.	Fort Benton, City of (stormwater)	750,000
30.	Laurel, City of (wastewater)	750,000
31.	Yellowstone County (bridge)	97,079
32.	Neihart, Town of (water)	223,000
33.	Three Forks, City of (wastewater)	750,000
34.	Manhattan, Town of (water)	600,000
35.	Cut Bank, City of (water)	550,000
36.	Whitehall, Town of (wastewater)	750,000
37.	Crow Tribe (wastewater)	750,000
38.	Big Sandy, Town of (wastewater)	750,000
39.	Fairfield, Town of (wastewater)	750,000
40.	Hamilton, City of (wastewater)	750,000
41.	Gallatin County/Hebgen Lake Estates (wastewater)	750,000

42.	Shelby, City of (water)	750,000
43.	Whitefish, City of (wastewater)	750,000
44.	Panoramic Mountain River Heights (water)	191,500
45.	Custer County (bridge)	63,750
46.	Brady, Town of (wastewater)	750,000
47.	Elk Meadows (water)	410,000
48.	Polson, City of (water)	750,000
49.	Darby, Town of (water)	750,000
50.	Goodan-Keil (water)	532,250
51.	Butte-Silver Bow (water)	750,000
52.	Columbia Falls, City of (wastewater)	750,000
53.	North Valley County (water)	750,000
54.	Saltese, Town of (wastewater)	390,000
55.	Red Lodge, City of (water)	750,000
56.	Black Eagle, Town of (water)	365,000

(4) This section constitutes a valid obligation of funds to the grant recipients listed in subsection (3) for purposes of encumbering the treasure state endowment state special revenue account funds and other funds during the 2009 biennium pursuant to 17-7-302. However, a grant recipient's entitlement to receive funds is dependent on the grant recipient's compliance with the conditions described in [section 3(1)] and on the availability of funds.

(5) Funding for projects numbered 1 through 56 in subsection (3) ~~and for the department of natural resources and conservation project in subsection (6)~~ will be provided from interest earnings and other funds deposited into the treasure state endowment special revenue account during the biennium ending June 30, 2009, for the projects that have satisfied the conditions described in [section 3(1)] prior to June 30, 2009. Funding for the projects listed in subsection (3) will be made available in the order that the grant recipients satisfy the conditions described in [section 3(1)]. ~~If funds appropriated in subsection (1) are insufficient to fund any of the projects that have satisfied the conditions described in [section 3(1)] prior to June 30, 2009, the treasure state endowment program must fund the projects by borrowing money from the board of investments pursuant to 90-6-701(1)(b) for those projects that have satisfied the conditions described in [section 3(1)] by June 30, 2009.~~ There is appropriated to the department of commerce up to \$17,563,890 for funds borrowed from the board of investments.

~~—— (6) Up to \$2,200,000 is granted to the department of natural resources and conservation in fiscal year 2009, which must be used to fund local government renewable resource projects. The grant may only be awarded for the amount of anticipated shortfall in funding all of the renewable resource program grants authorized in [section 1(3) of House Bill No. 6]. Any unexpended funds remaining from this grant on July 1, 2009, will be remitted to the department of commerce, treasure state endowment program, to be used for repayment of loans."~~

NEW SECTION. Section 12. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

~~—— NEW SECTION. Section 11. Effective dates. (1) Except as provided in subsection (2), [this act] is effective July 1, 2009.~~

~~—— (2) [Sections 7 through 9 and this section] are effective on passage and approval.~~

NEW SECTION. SECTION 13. EFFECTIVE DATES. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), [THIS ACT] IS EFFECTIVE ON PASSAGE AND APPROVAL.

(2) [SECTION 10] IS EFFECTIVE JULY 1, 2011.

- END -