

HOUSE BILL NO. 351

INTRODUCED BY R. COOK

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4 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF
5 COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS
6 THROUGH THE TREASURE STATE ENDOWMENT PROGRAM; AUTHORIZING GRANTS FROM THE
7 TREASURE STATE ENDOWMENT STATE SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS UPON
8 GRANTS AND FUNDS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR
9 EMERGENCY GRANTS; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR
10 PRELIMINARY INFRASTRUCTURE PLANNING GRANTS; APPROPRIATING MONEY FROM THE TREASURE
11 STATE ENDOWMENT REGIONAL WATER SYSTEM STATE SPECIAL REVENUE ACCOUNT TO THE
12 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR FINANCIAL ASSISTANCE TO
13 REGIONAL WATER AUTHORITIES FOR REGIONAL WATER PROJECTS; REQUIRING THE TRANSFER OF
14 MONEY FROM THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT AND THE
15 TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT TO THE
16 STATE GENERAL FUND; RETAINING THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM
17 FUND WITHIN THE COAL SEVERANCE TAX TRUST FUND FOR AN ADDITIONAL 4 YEARS; EXTENDING
18 TRANSFERS TO THE TREASURE STATE ENDOWMENT FUND AND THE TREASURE STATE ENDOWMENT
19 REGIONAL WATER SYSTEM FUND TO 2020; REVISING GRANT CONDITIONS AND RANKING
20 PROCEDURES; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 17-5-703, 90-6-703, AND
21 90-6-710, MCA; AMENDING SECTION 6, CHAPTER 495, LAWS OF 1999, AND SECTION 1, CHAPTER 70,
22 LAWS OF 2001; REPEALING SECTION 2, CHAPTER 70, LAWS OF 2001; AND PROVIDING AN EFFECTIVE
23 DATE."

24
25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

26
27 **NEW SECTION. Section 1. Appropriations from treasure state endowment state special revenue**
28 **account.** (1) There is appropriated to the department of commerce \$13,753,578 from the treasure state
29 endowment state special revenue account to be used to finance grants authorized by this section. THE
30 DEPARTMENT SHALL ALSO USE ANY FUNDS APPROPRIATED TO THE DEPARTMENT IN [SECTION 2].



1 (2) The funds appropriated in [SECTION 2] AND this section must be used by the department to make
 2 grants to the governmental entities listed in subsection (3) for the described purposes and in amounts not to
 3 exceed the amounts set out in subsection (3). The appropriations are subject to the conditions set forth in
 4 [sections ~~2~~ 3 and ~~3~~ 4]. The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in
 5 subsection (3). The department shall commit funds to projects listed in subsection (3), up to the amounts
 6 authorized, based on the manner of disbursement set forth in [section ~~3~~ 4] until interest earnings deposited into
 7 the treasure state endowment state special revenue account during the 2013 biennium are expended.

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

9 Applicant/Project	Grant Amount
10 1. Hardin, City of (water)	\$500,000
11 2. Park County (bridge)	555,626
12 3. Sheridan, Town of (wastewater)	750,000
13 4. Yellowstone County (bridge)	157,227
14 5. Madison County (bridge)	699,931
15 6. Brady County Water & Sewer District (water)	750,000
16 7. Carter Chouteau County Water & Sewer District (water)	750,000
17 8. Sun Prairie Village County Water & Sewer District (water)	625,000
18 9. Sweet Grass County (bridge)	156,678
19 10. Beaverhead County (bridge)	426,941
20 11. Carbon County (bridge)	406,695
21 12. Jefferson County (bridge)	218,634
22 13. Hebgen Lake Estates County Water & Sewer District (wastewater)	720,000
23 14. Augusta Water & Sewer District (wastewater)	295,000
24 15. Gallatin Gateway County Water & Sewer District (wastewater)	750,000
25 16. Fergus County (bridge)	276,157
26 17. Melrose Water & Sewer District (wastewater)	162,000
27 18. Blaine County (bridge)	434,309
28 19. Deer Lodge, City of (wastewater)	500,000
29 20. Lincoln County (bridge)	287,827
30 21. West Yellowstone-Hebgen Basin Refuse Disposal District (solid waste)	246,563

1	22. Eureka, Town of (wastewater)	625,000
2	23. Fairfield, Town of (water)	500,000
3	24. Ravalli County (bridge)	142,616
4	25. Granite County (bridge)	276,408
5	26. Roundup, City of (water)	500,000
6	27. Roberts Carbon County Water & Sewer District (wastewater)	500,000
7	28. Lockwood Water & Sewer District (wastewater)	750,000
8	29. North Havre County Water District (water)	590,000
9	30. Sand Coulee Water District (water)	200,966
10	<u>31. EAST HELENA, CITY OF (WASTEWATER)</u>	<u>750,000</u>
11	<u>32. BIGFORK WATER & SEWER DISTRICT (WATER)</u>	<u>750,000</u>
12	<u>33. CUSTER COUNTY (WASTEWATER)</u>	<u>750,000</u>

13 (4) ~~This IF SUFFICIENT FUNDS ARE AVAILABLE, THIS~~ section constitutes a valid obligation of funds to the grant
14 recipients listed in subsection (3) for purposes of encumbering the treasure state endowment state special
15 revenue account funds during the 2013 biennium pursuant to 17-7-302. However, a grant recipient's entitlement
16 to receive funds is dependent on the grant recipient's compliance with the conditions described in [section 3(1)]
17 and on the availability of funds.

18 ~~(5) Funding for projects listed in subsection (3) will be provided only as long as there are sufficient funds~~
19 ~~available from the amount that was deposited into the treasure state endowment state special revenue account~~
20 ~~during the biennium ending June 30, 2013. Funding for these projects will be made available in the order that the~~
21 ~~grant recipients satisfy the conditions described in [section 3(1)]. Once all funds appropriated in subsection (4)~~
22 ~~for the biennium are totally committed to projects listed in subsection (3) that have satisfied the conditions~~
23 ~~described in [section 3(1)], the obligation to any remaining projects will cease.~~

24 (5) IF FUNDS DEPOSITED INTO THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT DURING THE
25 BIENNIUM ENDING JUNE 30, 2013, ARE INSUFFICIENT TO FULLY FUND THE PROJECTS NUMBERED 1 THROUGH 30 IN
26 SUBSECTION (3) THAT HAVE SATISFIED THE CONDITIONS DESCRIBED IN [SECTION 4(1)] BY JUNE 30, 2013, THESE
27 PROJECTS MAY BE FUNDED FROM DEPOSITS INTO THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT MADE
28 DURING THE 2015 BIENNIUM BEFORE PROJECTS AUTHORIZED BY THE 63RD LEGISLATURE RECEIVE FUNDING FROM THE
29 ACCOUNT. HOWEVER, ANY OF THE PROJECTS NUMBERED 1 THROUGH 30 LISTED IN SUBSECTION (3) THAT HAVE NOT
30 COMPLETED THE CONDITIONS DESCRIBED IN [SECTION 4(1)] BY JANUARY 1, 2013, MUST BE REVIEWED BY THE NEXT

1 REGULAR SESSION OF THE LEGISLATURE TO DETERMINE IF THE AUTHORIZED GRANT SHOULD BE WITHDRAWN.

2 (6) PROJECTS NUMBERED 31 THROUGH 33 LISTED IN SUBSECTION (3) THAT HAVE SATISFIED THE CONDITIONS
 3 DESCRIBED IN [SECTION 4(1)] MAY NOT RECEIVE GRANT FUNDS UNLESS SUFFICIENT FUNDS HAVE BEEN DEPOSITED INTO
 4 THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT TO FULLY FUND THE PROJECTS NUMBERED 1 THROUGH
 5 30 IN SUBSECTION (3). HOWEVER, IF A SUBSEQUENT LEGISLATURE WITHDRAWS FUNDING FOR ANY OF THE PROJECTS
 6 NUMBERED 1 THROUGH 30 LISTED IN SUBSECTION (3), IF THE DEPARTMENT DETERMINES THAT ANY OF THE PROJECTS
 7 NUMBERED 1 THROUGH 30 LISTED IN SUBSECTION (3) WILL BE UNABLE TO MEET THE STARTUP CONDITION DESCRIBED IN
 8 [SECTION 4(1)(B)], OR IF A PROJECT SUBMITS A WRITTEN WITHDRAWAL TO THE DEPARTMENT INDICATING IT NO LONGER
 9 REQUIRES A GRANT, THOSE FUNDS MAY BE MADE AVAILABLE TO PROJECTS NUMBERED 31 THROUGH 33 LISTED IN
 10 SUBSECTION (3) THAT HAVE COMPLETED THE CONDITIONS DESCRIBED IN [SECTION 4(1)].

11 (6)(7) In the event that any remaining funds deposited into the treasure state endowment state special
 12 revenue account during the 2013 biennium are insufficient to fully fund any one of the grant recipients listed in
 13 subsection (3), the department may make the remaining funds available to the first grant recipient that has
 14 satisfied the conditions described in [section ~~3(4)~~ 4(1)] and that is able to firmly commit the balance of the amount
 15 necessary to fund the project in its entirety.

16 (7)(8) Grant recipients shall complete all of the conditions described in [section ~~3(4)~~ 4(1)] by December
 17 31, 2014, or the grant contract will be terminated.

18

19 **NEW SECTION. SECTION 2. CONTINGENT APPROPRIATION FROM TREASURE STATE ENDOWMENT STATE**
 20 **SPECIAL REVENUE ACCOUNT. (1) ON OR BEFORE JULY 15, 2011, THE DEPARTMENT OF COMMERCE SHALL DETERMINE**
 21 **HOW MUCH OF THE LOAN OF \$6,512,000 AUTHORIZED BY SUBSECTION (6) OF SECTION 1, CHAPTER 458, LAWS OF 2009,**
 22 **WAS BORROWED FROM THE BOARD OF INVESTMENTS, HOW MANY PROJECTS SATISFIED THE CONDITIONS DESCRIBED IN**
 23 **SUBSECTION (1) OF SECTION 3, CHAPTER 458, LAWS OF 2009, THE AMOUNT OF THE LOAN THAT WILL NOT BE**
 24 **ENCUMBERED BASED ON THE INABILITY OF PROJECTS TO SATISFY THE CONDITIONS, AND THE DIFFERENCE BETWEEN THE**
 25 **\$6,512,000 LOAN AND THE AMOUNT OF THE LOAN THAT WILL NOT BE ENCUMBERED. THE DEPARTMENT SHALL REPORT**
 26 **THESE FINDINGS TO THE BOARD OF INVESTMENTS, THE LEGISLATIVE FISCAL DIVISION, AND THE OFFICE OF BUDGET AND**
 27 **PROGRAM PLANNING ON OR BEFORE JULY 19, 2011.**

28 (2) THE BOARD OF INVESTMENTS SHALL USE THE DIFFERENCE BETWEEN THE \$6,512,000 LOAN AUTHORIZATION
 29 AND THE AMOUNT OF THE LOAN AUTHORIZATION THAT WILL NOT BE ENCUMBERED TO DETERMINE THE MAXIMUM LEVEL OF
 30 DEBT SERVICE THAT MAY BE REQUIRED BY THE TREASURE STATE ENDOWMENT PROGRAM FOR FISCAL YEARS 2012 AND

1 2013. FOR THE PURPOSE OF THIS ANALYSIS, THE BOARD OF INVESTMENTS SHALL ASSUME THAT THE AMOUNT REPORTED
 2 BY THE DEPARTMENT WAS AN OBLIGATION OF THE TREASURE STATE ENDOWMENT PROGRAM ON JULY 1, 2011, AND THE
 3 COST OF THE LOAN WILL BE AN OBLIGATION TO THE PROGRAM. ON OR BEFORE AUGUST 1, 2011, THE BOARD OF
 4 INVESTMENTS SHALL CERTIFY THE RESULTING MAXIMUM LEVEL OF DEBT SERVICE FOR FISCAL YEARS 2012 AND 2013 TO
 5 THE DEPARTMENT, THE LEGISLATIVE FISCAL DIVISION, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING.

6 (3) SUBJECT TO AN APPROPRIATION LIMIT, AS PROVIDED IN THIS SUBSECTION, IF THE MAXIMUM LEVEL OF DEBT
 7 SERVICE FOR FISCAL YEARS 2012 AND 2013 IS LESS THAN \$840,000, THEN THE DIFFERENCE BETWEEN \$840,000 AND
 8 THE MAXIMUM LEVEL OF DEBT SERVICE IS APPROPRIATED FROM THE TREASURE STATE ENDOWMENT STATE SPECIAL
 9 REVENUE ACCOUNT TO THE DEPARTMENT OF COMMERCE TO FINANCE THE GRANTS AUTHORIZED IN [SECTION 1]. THE
 10 APPROPRIATION PROVIDED FOR IN THIS SUBSECTION MAY NOT EXCEED \$840,000.

11 (4) IF FUNDS ARE APPROPRIATED IN THIS SECTION, THEY MUST BE USED TO INCREASE THE APPROPRIATION IN
 12 [SECTION 1(1)] FOR THE PURPOSE SET FORTH IN [SECTION 1].

13
 14 NEW SECTION. Section 3. Approval of grants -- completion of biennial appropriation. (1) The
 15 legislature, pursuant to 90-6-701 and 90-6-703, authorizes grants for the projects identified in [section 1(3)], the
 16 emergency infrastructure projects in [section 5 6], and for infrastructure planning in [section 6 7].

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

19
 20 NEW SECTION. Section 4. Conditions of grants -- disbursement of funds. (1) The disbursement
 21 of grant funds under [sections 1 through 3 4] for the projects specified in [section 1(3)] is subject to completion
 22 of the following conditions:

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

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

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

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

1 (e) The grant recipient shall satisfactorily comply with any conditions described in the grant recipient's
2 application for treasure state endowment assistance and any written conditions that were imposed on the
3 application by the department during the application ranking process.

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

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

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

16
17 **NEW SECTION. Section 5. Other powers and duties of department.** (1) The department of
18 commerce shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project
19 expenses.

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

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

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

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

30

1 **NEW SECTION. Section 6. Appropriations from treasure state endowment state special revenue**
 2 **account for emergency grants.** There is appropriated to the department of commerce \$100,000 for the
 3 biennium beginning July 1, 2011, from the treasure state endowment special revenue account for the purpose
 4 of providing local governments, as defined in 90-6-701, with emergency grants for infrastructure projects, as
 5 defined in 90-6-701.

6
 7 **NEW SECTION. Section 7. Appropriations from treasure state endowment state special revenue**
 8 **account for infrastructure planning grants.** There is appropriated to the department of commerce \$900,000
 9 for the biennium beginning July 1, 2011, from the treasure state endowment state special revenue account for
 10 the purpose of providing local governments, as defined in 90-6-701, with preliminary infrastructure planning grants
 11 for infrastructure projects as defined in 90-6-701.

12
 13 **NEW SECTION. Section 8. Appropriation from treasure state endowment regional water system**
 14 **special revenue account.** (1) There is appropriated \$~~4~~ \$3.5 million to the department of natural resources and
 15 conservation from the interest earnings of the treasure state endowment regional water system special revenue
 16 account and other funds to finance the state's share of regional water system projects authorized by this section
 17 and as set forth in 90-6-715.

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

20 (3) A regional water authority's receipt of funds is dependent on the authority's compliance with the
 21 conditions described in [section ~~9(4)~~ 10(1)].

22 (4) This section constitutes a valid obligation of funds to the regional water authorities listed in subsection
 23 (2) for purposes of encumbering the treasure state endowment regional water system special revenue account
 24 funds received during the 2013 biennium under 17-7-302.

25
 26 **NEW SECTION. Section 9. Approval of funds -- completion of appropriation.** (1) The legislature,
 27 pursuant to 90-6-715, authorizes funds for the regional water authorities identified in [section ~~7(2)~~ 8(2)].

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

30

1 **NEW SECTION. Section 10. Conditions -- manner of disbursement of funds.** (1) The disbursement
2 of funds under [sections 7 8 and 8 9] is subject to completion of the following conditions:

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

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

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

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

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

13

14 **NEW SECTION. Section 11. Fund transfers.** (1) The state treasurer shall transfer \$1 million from the
15 treasure state endowment special revenue account to the state general fund.

16 (2) The state treasurer shall transfer ~~\$3,754,053~~ \$1 MILLION from the treasure state endowment regional
17 water system special revenue account to the state general fund.

18 (3) The transfers in subsections (1) and (2) must occur prior to July 1, 2013.

19 (4) The state treasurer is authorized to transfer interest earnings from the treasure state endowment fund
20 to the treasure state endowment special revenue account for the purpose of completing the fund transfer in
21 subsection (1).

22 (5) The state treasurer is authorized to transfer interest earnings from the treasure state endowment
23 regional water system fund to the treasure state endowment regional water special revenue account for the
24 purpose of completing the fund transfer in subsection (2).

25

26 **SECTION 12. SECTION 17-5-703, MCA, IS AMENDED TO READ:**

27 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,
28 section 5, of the Montana constitution is composed of the following funds:

29 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
30 severance tax must be deposited;

- 1 (b) a treasure state endowment fund;
2 (c) a treasure state endowment regional water system fund;
3 (d) a coal severance tax permanent fund;
4 (e) a coal severance tax income fund; and
5 (f) a big sky economic development fund.

6 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
7 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
8 months and retain that amount in the coal severance tax bond fund.

9 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
10 (2)(a) must be transferred from that fund as provided in subsections (3) and (4).

11 (3) (a) Until June 30, ~~2016~~ 2020, the state treasurer shall quarterly transfer to the treasure state
12 endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified
13 in subsection (2) to be retained in the fund.

14 (b) Until June 30, ~~2016~~ 2020, the state treasurer shall quarterly transfer to the treasure state endowment
15 regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that
16 is specified in subsection (2) to be retained in the fund.

17 (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
18 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
19 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
20 Earnings not transferred to the treasure state endowment special revenue account must be retained in the
21 treasure state endowment fund.

22 (d) The state treasurer shall monthly transfer from the treasure state endowment regional water system
23 fund to the treasure state endowment regional water system special revenue account the amount of earnings,
24 excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the
25 account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state
26 endowment regional water system special revenue account must be retained in the treasure state endowment
27 regional water system fund.

28 (4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big
29 sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount
30 that is specified in subsection (2) to be retained in the fund.

1 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the
2 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding
3 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in
4 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must
5 be retained in the big sky economic development fund.

6 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
7 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
8 deposited in the coal severance tax permanent fund. (Terminates June 30, ~~2016~~ 2020 --~~sec. 1, Ch. 70, L. 2004.~~)

9 **17-5-703. (Effective July 1, ~~2016~~ 2020) Coal severance tax trust funds.** (1) The trust established
10 under Article IX, section 5, of the Montana constitution is composed of the following funds:

11 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal
12 severance tax must be deposited;

13 (b) a treasure state endowment fund;

14 (c) a coal severance tax permanent fund;

15 (d) a coal severance tax income fund; and

16 (e) a big sky economic development fund.

17 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all
18 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12
19 months and retain that amount in the coal severance tax bond fund.

20 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection
21 (2)(a) must be transferred from that fund as provided in subsections (3) and (4).

22 (3) (a) Until June 30, ~~2016~~ 2020, the state treasurer shall quarterly transfer to the treasure state
23 endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified
24 in subsection (2) to be retained in the fund.

25 (b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure
26 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,
27 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.
28 Earnings not transferred to the treasure state endowment special revenue account must be retained in the
29 treasure state endowment fund.

30 (4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big

1 sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount
2 that is specified in subsection (2) to be retained in the fund.

3 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the
4 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding
5 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in
6 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must
7 be retained in the big sky economic development fund.

8 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in
9 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be
10 deposited in the coal severance tax permanent fund."
11

12 **Section 13.** Section 90-6-703, MCA, is amended to read:

13 **"90-6-703. Types of financial assistance available.** (1) The legislature shall provide for and make
14 available to local governments the following types of financial assistance under this part:

- 15 (a) matching grants for local infrastructure projects;
16 (b) matching grants for ~~preliminary engineering studies~~ infrastructure planning; and
17 (c) emergency grants for local infrastructure projects.

18 (2) The department of commerce may provide local governments with emergency grants for
19 infrastructure projects only if necessary to remedy conditions that, if allowed to continue until legislative approval
20 could be obtained, will endanger the public health or safety and expose the applicant to substantial financial risk.
21 The department shall report to the governor and the legislative finance committee regarding emergency grants
22 that are awarded during each biennium.

23 (3) The department of commerce may provide local governments with matching grants for ~~preliminary~~
24 ~~engineering studies for~~ infrastructure projects planning. The department shall report to the governor and the
25 legislature regarding ~~preliminary engineering~~ infrastructure planning grants that are awarded during each
26 biennium."
27

28 **Section 14.** Section 90-6-710, MCA, is amended to read:

29 **"90-6-710. Priorities for projects -- procedure -- rulemaking.** (1) The department of commerce must
30 receive proposals for infrastructure projects from local governments on a continual basis. The department shall

1 work with a local government in preparing cost estimates for a project. In reviewing project proposals, the
 2 department may consult with other state agencies with expertise pertinent to the proposal. For the projects under
 3 90-6-703(1)(a), the department shall prepare and submit ~~a list~~ TWO LISTS containing the recommended projects
 4 and the recommended form and amount of financial assistance for each project to the governor, prioritized
 5 pursuant to subsection (2) AND THIS SUBSECTION. ONE LIST MUST CONTAIN THE RANKED AND RECOMMENDED BRIDGE
 6 PROJECTS, AND THE OTHER LIST MUST CONTAIN THE REMAINING RANKED AND RECOMMENDED INFRASTRUCTURE
 7 PROJECTS REFERRED TO IN 90-6-701(3)(A). EACH LIST MUST BE PRIORITIZED PURSUANT TO SUBSECTION (2) OF THIS
 8 SECTION, BUT THE DEPARTMENT MAY RECOMMEND UP TO 20% OF THE INTEREST EARNINGS ANTICIPATED TO BE
 9 DEPOSITED INTO THE TREASURE STATE ENDOWMENT FUND ESTABLISHED IN 17-5-703 DURING THE FOLLOWING BIENNIUM
 10 FOR BRIDGE PROJECTS. Before making recommendations to the governor, the department may adjust the ranking
 11 of projects by giving priority to urgent and serious public health or safety problems. The governor shall review the
 12 projects recommended by the department and shall submit ~~a list~~ THE LISTS of recommended projects and the
 13 recommended financial assistance to the legislature.

14 (2) In preparing recommendations under subsection (1), preference must be given to infrastructure
 15 projects based on the following order of priority:

16 (a) projects that solve urgent and serious public health or safety problems or that enable local
 17 governments to meet state or federal health or safety standards;

18 (b) projects that reflect greater need for financial assistance than other projects;

19 (c) projects that incorporate appropriate, cost-effective technical design and that provide thorough,
 20 long-term solutions to community public facility needs;

21 (d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and
 22 management of public facilities and that attempt to resolve the infrastructure problem with local resources;

23 (e) projects that enable local governments to obtain funds from sources other than the funds provided
 24 under this part;

25 (f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities
 26 necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax
 27 base or that encourage expansion of the tax base; and

28 (g) projects that are high local priorities and have strong community support.

29 (3) After the review required by subsection (1), the projects must be approved by the legislature.

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

1 (5) The department shall report to each regular session of the legislature the status of all projects that
2 have not been completed in order for the legislature to review each project's status and determine whether the
3 authorized grant should be withdrawn."
4

5 **SECTION 15.** SECTION 6, CHAPTER 495, LAWS OF 1999, IS AMENDED TO READ:

6 "Section 6. Termination. [This act] terminates June 30, ~~2013~~ 2020."
7

8 **SECTION 16.** SECTION 1, CHAPTER 70, LAWS OF 2001, IS AMENDED TO READ:

9 "Section 1. Section 6, Chapter 495, Laws of 1999, is amended to read:

10 "Section 6. Termination. ~~[This act]~~ [This act] terminates ~~terminates~~ June 30, ~~2013~~ 2016 2020."
11

12 **NEW SECTION. SECTION 17. REPEALER.** SECTION 2, CHAPTER 70, LAWS OF 2001, IS REPEALED.
13

14 **NEW SECTION. Section 18. Notification to tribal governments.** The secretary of state shall send
15 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
16 Chippewa tribe.
17

18 **NEW SECTION. Section 19. Effective date.** [This act] is effective July 1, 2011.
19

- END -