

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE MONTANA MUNICIPAL INFRASTRUCTURE
7 GRANT PROGRAM; PROVIDING FOR ADMINISTRATION OF THE PROGRAM THROUGH THE
8 DEPARTMENT OF COMMERCE; ESTABLISHING CRITERIA AND PRIORITIES FOR THE AWARDING OF
9 GRANTS; PROVIDING FOR DISBURSEMENT OF GRANT AWARDS; REQUIRING THE DEPARTMENT TO
10 ADOPT RULES FOR ADMINISTRATION OF THE PROGRAM; APPROPRIATING MONEY FROM THE
11 GENERAL FUND TO THE DEPARTMENT OF COMMERCE FOR GRANT AWARDS DURING THE 2015
12 BIENNIUM; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

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

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16 NEW SECTION. **Section 1. Short title.** [Sections 1 through 8] may be cited as the "Montana Municipal
17 Infrastructure Grant Program Act".

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19 NEW SECTION. **Section 2. Purpose.** The purpose of [sections 1 through 8] is to distribute grants to
20 incorporated municipalities in Montana for public facility infrastructure projects. The grants must be used to assist
21 municipalities that are not benefiting from local distribution of oil and gas production revenue to construct, repair,
22 improve, enhance, or expand critical public facilities.

23
24 NEW SECTION. **Section 3. Definitions.** As used in sections [1 through 8], the following definitions
25 apply:

- 26 (1) "Department" means the department of commerce provided for in 2-15-1801.
- 27 (2) "Municipality" has the meaning provided in 7-1-4121.
- 28 (3) "Program" means the Montana municipal infrastructure grant program established in [sections 1
29 through 8].
- 30 (4) "Public facility project" means an infrastructure project that is necessary for a municipality to provide

1 an existing or anticipated future population with adequate public health or safety services that involves:

2 (a) construction of a new facility;

3 (b) major repairs or deferred maintenance to an existing facility; or

4 (c) major improvements, enhancements, or expansions to an existing facility.

5 (5) "Public health or safety services" means the following services provided and financed by the
6 municipality that are directly impacted by rapid increases in population growth associated with oil and gas
7 development:

8 (a) water supply;

9 (b) sewage collection and disposal;

10 (c) refuse removal;

11 (d) health services;

12 (e) municipal roads;

13 (f) fire protection; and

14 (g) police protection.

15

16 **NEW SECTION. Section 4. Montana municipal infrastructure grants -- department to authorize**
17 **grants -- project priorities -- application criteria.** (1) There is a Montana municipal infrastructure grant
18 program.

19 (2) Subject to the provisions of [sections 1 through 8], the department shall authorize matching grants
20 to municipalities for public facility projects.

21 (3) The department shall prioritize grant applications for public facility projects in the following order:

22 (a) projects that solve urgent and serious public health or safety problems;

23 (b) projects that enable municipalities to meet state or federal health or environmental standards;

24 (c) projects that enhance a municipality's ability to meet the public health or safety service needs of
25 existing populations;

26 (d) projects that enhance a municipality's ability to meet the public health or safety service needs of
27 transient populations that are related directly to oil and gas development, including workforce housing facilities
28 or similar developments; and

29 (e) projects that enhance a municipality's ability to meet the public health or safety service needs of
30 future populations as identified in a growth policy adopted under Title 76, chapter 1, part 6.

1 (4) The department shall also consider, without preference or priority, the following attributes of a public
2 facility project grant application:

3 (a) the need for financial assistance;

4 (b) the ability of the municipality to comply with the provisions of [section 6];

5 (c) previous efforts by the municipality to ensure sound, effective, long-term planning and management
6 of the public facility and attempts to use local resources to meet the needs of the public facility;

7 (d) the municipality's ability to obtain funds from sources other than the grant program; and

8 (e) the importance of and community support for the project.

9

10 **NEW SECTION. Section 5. Procedure for approval of project grant awards -- role of department.**

11 (1) The department shall:

12 (a) accept applications for public facility projects from municipalities;

13 (b) as appropriate, consult with other state agencies, including the department of environmental quality,
14 to prioritize the distribution of grant funds;

15 (c) award matching grants, in accordance with the priorities established in [section 4] and the rules
16 adopted pursuant to [section 8], to municipalities for public facility projects.

17 (2) Grants approved by the department are subject to the availability of funds and must be awarded in
18 the order that each grant recipient complies with the conditions provided in [section 6].

19

20 **NEW SECTION. Section 6. Conditions for grant awards.** Disbursement of grant funds by the
21 department for projects approved by the department pursuant to [section 5] is subject to the following conditions:

22 (1) A grant agreement must be executed between the department and the grant recipient.

23 (2) The scope of work and budget for the project must be consistent with the application submitted by
24 the grant recipient and reviewed by the department. The department shall consider requests to modify the scope
25 of a project in accordance with rules adopted pursuant to [section 8].

26 (3) The grant recipient shall document that any matching funds required for completion of the project are
27 firmly committed.

28 (4) The grant recipient must have an established financial accounting system that conforms to generally
29 accepted accounting principles.

30 (5) The project must adhere to the design standards required by applicable regulatory agencies.

1 Recipients of program funds for projects that are not subject to any design standards shall comply with generally
2 accepted industry standards.

3 (6) The grant recipient shall satisfy other specific requirements considered necessary by the department
4 to accomplish the purpose of the project as described in the application to the department.

5
6 **NEW SECTION. Section 7. Disbursement of funds -- reversion.** (1) The department shall disburse
7 grant funds on a reimbursement basis as grant recipients incur eligible project expenses.

8 (2) If actual project expenses are lower than the projected project expenses, any grant funds remaining
9 must revert to the general fund.

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11 **NEW SECTION. Section 8. Department to adopt rules.** The department shall adopt rules necessary
12 to implement [sections 1 through 8], including but not limited to rules regarding:

- 13 (1) grant application guidelines and deadlines;
14 (2) the evaluation process and ranking of grant applications;
15 (3) grant award conditions, including requirements for matching funds;
16 (4) amendments to grant awards;
17 (5) grant administration, including requirements for:
18 (a) project startup;
19 (b) compliance with local, state, and federal laws, regulations, or requirements;
20 (c) financial management related to the project;
21 (d) property acquisition;
22 (e) project and grant management;
23 (f) project monitoring; and
24 (g) project closeout procedures.

25
26 **NEW SECTION. Section 9. Appropriation -- report to legislature.** (1) There is appropriated \$15
27 million to the department of commerce from the general fund to be used for the awarding of grants to
28 municipalities during the 2015 biennium as provided in [sections 1 through 8].

29 (2) The department shall report to the legislative finance committee by September 1, 2014, on all grants
30 approved by the department under [sections 1 through 8] during the 2015 biennium.

