1	HOUSE BILL NO. 8		
2	INTRODUCED BY R. COOK		
3	BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION AND THE		
4	OFFICE OF BUDGET AND PROGRAM PLANNING		
5			
6	A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND		
7	AUTHORIZING LOANS; REAUTHORIZING RENEWABLE RESOURCE PROJECTS AUTHORIZED BY THE		
8	62ND LEGISLATURE; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND		
9	CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM;		
10	AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; AUTHORIZING THE CREATION OF		
11	A STATE DEBT AND APPROPRIATING COAL SEVERANCE TAXES FOR DEBT SERVICE; PLACING		
12	CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN EFFECTIVE DATE."		
13			
14	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:		
15			
16	NEW SECTION. Section 1. Approval of renewable resource projects and authorization to provide		
17	loans. (1) The legislature finds that the renewable resource project listed in this section meets the provisions		
18	of 17-5-702. The department of natural resources and conservation is authorized to make loans to the political		
19	subdivisions of state government and local governments listed in subsection (2) in amounts not to exceed the		
20	loan amounts listed for each project from the proceeds of the bonds authorized in [section 3].		
21	(2) The interest rate for the project in this group is 3.0% or the rate at which the state bonds are sold,		
22	whichever is lower, for up to 20 years.		
23	Loan Amount		
24	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION - CONSERVATION AND RESOURCE		
25	DEVELOPMENT DIVISION		
26	Refinance Existing Debt or Rehabilitation of		
27	Water and Sewer Facilities \$3,000,000		
28	(3) THE INTEREST RATE FOR THE PROJECTS IN THIS GROUP IS 4.5% OR THE RATE AT WHICH THE STATE BONDS ARE		
29	SOLD, WHICHEVER IS LOWER, FOR UP TO 30 YEARS.		
30	LOAN <u>AMOUNT</u>		
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1	DRY PRAIRIE REGIONAL WATER AUTHORITY		
2	LOCAL MATCH FOR DRY PRAIRIE PROJECTS	<u>\$6,000,000</u>	
3	NORTH CENTRAL REGIONAL WATER AUTHORITY		
4	LOCAL MATCH FOR NORTH CENTRAL PROJECTS	<u>\$10,000,000</u>	
5			
6	NEW SECTION. Section 2. Projects not completing requirements projects reauthorized. (1) The		
7	legislature finds that the following renewable resource projects that were approved by the 62nd legislature in		
8	Chapter 366, Laws of 2011, may not complete the requirements necessary to obtain the loan funds prior to June		
9	30, 2013. The projects described in this section are reauthorized. The department of natural resources and		
10	conservation is authorized to make loans to the political subdivisions of state government and local governments		
11	listed in subsections (2) and (3) in amounts not to exceed the loan amounts listed for each project from the		
12	proceeds of the bonds authorized in [section 3].		
13	(2) The interest rate for the project in this group is 4.5% or the rate at which the state bonds are sold,		
14	whichever is lower, for up to 15 years.		
15	Loan	Amount	
16	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION - WATER RESOURCES DIVISION		
17	Ruby Dam Rehabilitation Project - Phase 2	\$2,000,000	
18	(3) The interest rate for the project in this group is 4.5% or the rate at which the state bonds are sold,		
19	whichever is lower, for up to 30 years.		
20	Loan	Amount	
21	SUNSET IRRIGATION DISTRICT		
22	Gravity Flow Irrigation Pipelines	\$1,465,266	
23			
24	<u>NEW SECTION.</u> Section 3. Coal severance tax bonds authors	rized. (1) The legislature finds that Title	
25	17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved		
26	renewable resource projects as part of the state renewable resource grant and loan program. Available funds		
27	from previous sales of coal severance tax bonds, plus any additional principal amount on bonds as may be		
28	necessary, pursuant to the conditions in 85-1-605, to fund emergency loans, as authorized and approved in		
29	accordance with 85-1-605(4), may also be used for the projects approved in [sections 1 through 7]. The board		
30	of examiners is authorized to issue coal severance tax bonds in a	n amount not to exceed \$10,346,964	



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\$24,711,793 IN THE 2015 BIENNIUM, of which up to \$1,349,604 \$2,246,527 is to be used to establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of natural resources and conservation for financing the projects identified in [sections 1 and 2] and may be used as authorized in 85-1-605(4). Loans made under 85-1-605(4) must bear interest at the rate borne by the state bonds unless the legislature in a subsequent session provides for a lower interest rate, in which case the rate must be reduced to the rate specified by the legislature.

(2) In connection with the issuance of coal severance tax bonds, the board of examiners may pay the
principal and interest on the bonds when due from the debt service account and in all other respects manage and
use the funds within each special bond account for the benefit of the bonds. The board of examiners shall
exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial
arrangements for the state.

(3) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt service
account to pay the debt service on the bonds during this period. Earnings in excess of debt service, if any, must
be allocated to the natural resources projects state special revenue account established in 15-38-302.

(4) Loan repayments from loans financed with coal severance tax bonds are pledged, dedicated, and
appropriated to the debt service account in the state treasury for the benefit of bonds approved for loans under
this section.

18

<u>NEW SECTION.</u> Section 4. Conditions of loans. (1) Disbursement of funds under [sections 1 and 2]
 for loans is subject to the following conditions that must be met by project sponsors:

(a) approval of a scope of work and budget for the project by the department of natural resources and
 conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

23

(b) documented commitment of other funds required for project completion;

(c) satisfactory completion of conditions described in the recommendations section of the project
 narrative in the renewable resource grant and loan program project evaluations and recommendations report;

26 (d) execution of a loan agreement with the department of natural resources and conservation; and

(e) accomplishment of other specific requirements considered necessary by the department of natural
 resources and conservation to accomplish the purpose of the loan as evidenced from the application to the
 department or from the proposal to the legislature.

30

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(2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to pay

to the department a pro rata share of the bond issuance costs and the administrative costs incurred by the
 department to complete the loan transaction.

3

<u>NEW SECTION.</u> Section 5. Private and discount purchase of loans. Loans to political subdivisions and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made, purchased by, and sold to the department of natural resources and conservation at a discount and at a private negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local government entities.

9

<u>NEW SECTION.</u> Section 6. Appropriations established. For any entity of state government that
 receives a loan under [sections 1 and 2], an appropriation is established for the amount of the loan upon award
 of the loan by the department of natural resources and conservation.

13

<u>NEW SECTION.</u> Section 7. Creation of state debt -- appropriation of coal severance tax -- bonding
 provisions. (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the members
 of each house is required for enactment of [section 3].

17 (2) The legislature, through the enactment of [sections 1 through 7] by a vote of three-fourths of the 18 members of each house of the legislature, as required by Article IX, section 5, of the Montana constitution, 19 pledges, dedicates, and appropriates from the coal severance tax bond fund all money necessary for the payment 20 of principal and interest not otherwise provided for on the coal severance tax bonds authorized by [section 3] to 21 be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of [sections 1 through 7] and the 22 general resolution for this bond program that has been adopted by the board of examiners under the authority 23 provided in Title 17, chapter 5, part 7.

24

<u>NEW SECTION.</u> Section 8. 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.

28

29 <u>NEW SECTION.</u> Section 9. Severability. If a part of [this act] is invalid, all valid parts that are severable 30 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part



1	remains in effect in all valid applications that are severable from the invalid applications.	
2		
3	NEW SECTION. Section 10. Effective date. [This act] is effective July 1, 2013.	
4	- END -	

