

HOUSE BILL NO. 218

INTRODUCED BY ANKNEY, OLSON, ROSENDALE, SHAW

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF OIL AND GAS CONSERVATION  
5 TO ISSUE GRANTS TO ASSIST LOCAL GOVERNMENTS WITH INFRASTRUCTURE AND OTHER NEEDS  
6 AS A RESULT OF OIL AND GAS IMPACTS; ESTABLISHING PRIORITIES FOR AWARDING GRANTS;  
7 GRANTING RULEMAKING AUTHORITY; REQUIRING OUTCOME MEASURES; ESTABLISHING AN OIL AND  
8 GAS IMPACT ACCOUNT; PROVIDING A STATUTORY APPROPRIATION; ALLOCATING FEDERAL MINERAL  
9 LEASING REVENUE; ~~TRANSFERRING MONEY FROM THE GENERAL FUND TO THE OIL AND GAS IMPACT~~  
10 ~~ACCOUNT~~; AMENDING SECTIONS 17-3-240 AND 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE  
11 AND A TERMINATION DATE."

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

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15 NEW SECTION. **Section 1. Short title.** [Sections 1 through 9] may be cited as the "Oil and Gas Local  
16 Government Infrastructure Impact Assistance Act".

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18 NEW SECTION. **Section 2. Purpose.** The purpose of [sections 1 through 9] is to assist local  
19 government units that have been required to maintain and expand local government infrastructure as a  
20 consequence of oil and gas development.

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22 NEW SECTION. **Section 3. Definitions.** As used in [sections 1 through 9], the following definitions  
23 apply:

- 24 (1) "Board" means the board of oil and gas conservation provided for in 2-15-3303.
- 25 (2) "Local government" means an incorporated city or town, a county, a consolidated local government,  
26 a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as defined in  
27 75-6-304.
- 28 (3) "Oil and gas impact projects" means:
- 29 (a) drinking water systems;
- 30 (b) wastewater treatment;

- 1 (c) sanitary sewer or storm sewer systems;
- 2 (d) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;
- 3 (e) roads;
- 4 (f) bridges; or
- 5 (g) facilities for government administration, fire protection, law enforcement, and emergency services;

6 OR

7 ~~(H) PUBLIC HEALTH; AND PUBLIC WELFARE, AND SOCIAL ISSUES RELATED TO AN INCREASE IN DEVELOPMENT OF~~  
 8 ~~OIL AND NATURAL GAS, INCLUDING EDUCATIONAL OR COUNSELING PROGRAMS RELATED TO SEX TRAFFICKING AND~~  
 9 ~~CRIMINAL SOLICITATION ISSUES, ESPECIALLY CONCERNING YOUTH; OR~~

10 (I) LAW ENFORCEMENT PERSONNEL FOR THE DEPARTMENT OF JUSTICE.

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

12

13 NEW SECTION. Section 4. General powers of board. The board may:

- 14 (1) consider applications for grants from available funds;
- 15 (2) subject to [sections 1 through 9], award grants to local governments, SCHOOL DISTRICTS, AND  
 16 NONPROFIT ORGANIZATIONS for oil and gas impact projects;
- 17 (3) retain professional consultants and advisors; and
- 18 (4) implement the provisions of [sections 1 through 9].

19

20 NEW SECTION. Section 5. Applications for grants. (1) The governing body of a local government  
 21 may apply for a grant for oil and gas impact projects.

22 (2) Applicants shall describe overall impacts to the local government resulting from increased oil and gas  
 23 development and the specific oil and gas impact project needed as a direct consequence of oil and gas  
 24 development.

25

26 NEW SECTION. Section 6. Basis for awarding grants. (1) In awarding grants, preference must be  
 27 given to oil and gas impact projects that are needed as a direct consequence of an increase in oil and gas  
 28 development activity.

29 (2) The board may prioritize the projects by giving priority to urgent and serious public health or safety  
 30 problems that are a direct consequence of an increase in oil and gas development activity.

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2           **NEW SECTION. Section 7. Rulemaking authority.** (1) The board shall adopt rules necessary for the  
3 administration of [sections 1 through 9].

4           (2) The rules may include but are not limited to:

5           (a) consistent with [section 6], the criteria to use when evaluating grant proposals and prioritizing and  
6 awarding grants;

7           (b) application procedures;

8           (c) disbursements of grants; and

9           (d) reporting procedures for grant recipients.

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11           **NEW SECTION. Section 8. Oil and gas impact account -- statutory appropriation.** (1) There is an  
12 oil and gas impact account in the state special revenue fund.

13           (2) The oil and gas impact account consists of:

14 ~~—— (a) money transferred into the account by the state treasurer;~~

15           **(b)(A)** money deposited into the account pursuant to 17-3-240(3);

16           ~~(c)(B)~~ interest earned by the account; and

17           ~~(d)(C)~~ money received from any other source.

18           (3) The money in the account is allocated to the board and may be used only for grants provided for in  
19 [sections 1 through 9] and costs related to the administration of [sections 1 through 9]. ~~IN EACH YEAR, UP TO~~  
20 ~~\$50,000 MAY BE USED FOR GRANTS FOR PUBLIC HEALTH, AND PUBLIC WELFARE, AND SOCIAL ISSUES AS DESCRIBED IN~~  
21 ~~[SECTION 3(3)(H)].~~

22           (4) Money in the oil and gas impact account is statutorily appropriated, as provided in 17-7-502, for the  
23 purpose of administering [sections 1 through 9].

24           (5) Any remaining balance in the account after December 31, 2020, must be transferred to the general  
25 fund of the state.

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27           **NEW SECTION. Section 9. Outcome measures.** (1) The board shall develop reasonable outcome  
28 measures by which the success of the Oil and Gas Local Government Infrastructure Impact Assistance Act  
29 provided for in [sections 1 through 9] must be measured on an annual basis. At a minimum, outcome that must  
30 be measured includes:

- 1 (a) the uses of grant funds that provided the best overall results; and  
 2 (b) a determination of the overall success of the grant program, including but not limited to financial  
 3 status of local governments that received grants, reports on project activities, and the growth of a local economy.

4 (2) The board may require information from local governments receiving grants in order to measure  
 5 outcome.

6 (3) In accordance with 5-11-210, before September 1 of the year preceding a legislative session, the  
 7 board shall provide a status report on the use of grants provided for in [sections 1 through 9] to the environmental  
 8 quality council provided for in 5-16-101.

9

10 **Section 10.** Section 17-3-240, MCA, is amended to read:

11 **"17-3-240. Federal mineral leasing funds.** (1) Except as provided in ~~subsection~~ subsections (2) and  
 12 (3), money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the state general fund.

13 (2) In ~~fiscal year 2005 and each succeeding~~ fiscal year, 25% of all money received pursuant to  
 14 subsection (1) must be deposited in the mineral impact account established in 17-3-241 and is dedicated to local  
 15 governments.

16 (3) In fiscal year 2014 and in each succeeding fiscal year through June 30, 2020, 25% of all money  
 17 received pursuant to subsection (1) must be deposited in the oil and gas impact account established in [section  
 18 8] and is dedicated to local governments.

19 ~~(3)(4)~~ (4) On August 15 following the close of the fiscal year, the state treasurer shall distribute the revenue  
 20 dedicated in subsection (2). The distribution to the eligible counties under subsection (2) must be based on the  
 21 proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total  
 22 amount of money received by the state."

23

24 **Section 11.** Section 17-7-502, MCA, is amended to read:

25 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
 26 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the  
 27 need for a biennial legislative appropriation or budget amendment.

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

30 (a) The law containing the statutory authority must be listed in subsection (3).

1 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory  
2 appropriation is made as provided in this section.

3 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;  
4 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312;  
5 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;  
6 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101;  
7 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;  
8 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105; 23-5-306;  
9 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105;  
10 44-4-1101; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415;  
11 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416;  
12 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; section 8; 85-20-1504; 85-20-1505; 87-1-230; 87-1-603;  
13 87-1-621; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

14 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
15 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
16 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana  
17 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state  
18 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory  
19 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion  
20 of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is  
21 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch.  
22 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 17, Ch. 593, L. 2005, and  
23 sec. 1, Ch. 186, L. 2009, the inclusion of 15-31-906 terminates January 1, 2015; pursuant to sec. 73, Ch. 44, L.  
24 2007, the inclusion of 19-6-410 terminates upon the death of the last recipient eligible under 19-6-709(2) for the  
25 supplemental benefit provided by 19-6-709; pursuant to sec. 8, Ch. 330, L. 2009, the inclusion of 87-1-621  
26 terminates June 30, 2013; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30,  
27 2015; pursuant to sec. 8, Ch. 427, L. 2009, the inclusion of 87-1-230 terminates June 30, 2013; pursuant to sec.  
28 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 47, Ch. 19, L. 2011,  
29 the inclusion of 87-1-621 terminates June 30, 2013; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of  
30 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates

1 June 30, 2019; and pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates  
2 June 30, 2017.)"

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4 ~~NEW SECTION. **Section 12. Transfer.** (1) By August 15, 2014, the state treasurer shall transfer from  
5 the general fund to the oil and gas impact account established in [section 1] the difference between the amount  
6 deposited in that account from the federal mineral leasing fund pursuant to 17-3-240(3) in the fiscal year ending  
7 June 30, 2014, and \$10 million. In the event the federal mineral leasing funds deposited in the oil and gas impact  
8 account exceeds \$10 million in the fiscal year ending June 30, 2014, there may not be a general fund transfer.~~

9 ~~(2) By August 15, 2015, the state treasurer shall transfer from the general fund to the oil and gas impact  
10 account established in [section 1] the difference between the amount deposited in that account from the federal  
11 mineral leasing fund pursuant to 17-3-240(3) in the fiscal year ending June 30, 2015, and \$10 million. In the event  
12 the federal mineral leasing funds deposited in the oil and gas impact account exceeds \$10 million in the fiscal  
13 year ending June 30, 2015, there may not be a general fund transfer.~~

14  
15 NEW SECTION. **Section 12. Notification to tribal governments.** The secretary of state shall send  
16 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
17 Chippewa tribe.

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19 NEW SECTION. **Section 13. Codification instruction.** (1) [Sections 1 through 9] are intended to be  
20 codified as an integral part of Title 82, and the provisions of Title 82 apply to [sections 1 through 9].

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22 NEW SECTION. **Section 14. Effective date.** [This act] is effective July 1, 2013.

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24 NEW SECTION. **Section 15. Termination.** [This act] terminates June 30, 2020.

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