

SENATE BILL NO. 396

INTRODUCED BY J. BRENDEN

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A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF OIL AND GAS CONSERVATION TO ISSUE GRANTS TO ASSIST LOCAL GOVERNMENTS WITH INFRASTRUCTURE NEEDS AS A RESULT OF OIL AND GAS IMPACTS; REQUIRING A THIRD PARTY TO RANK APPLICATIONS; ESTABLISHING PRIORITIES FOR AWARDING GRANTS; GRANTING RULEMAKING AUTHORITY; ESTABLISHING AN OIL AND GAS IMPACT ACCOUNT; ALLOCATING FEDERAL MINERAL LEASING REVENUE; AMENDING SECTION 17-3-240, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Short title.** [Sections 1 through 8] may be cited as the "Oil and Gas Local Government Infrastructure Impact Assistance Act".

NEW SECTION. **Section 2. Purpose.** The purpose of [sections 1 through 8] is to assist local governments that need to maintain and expand local government infrastructure as a consequence of oil and gas development.

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

- (1) "Board" means the board of oil and gas conservation provided for in 2-15-3303.
- (2) "Local government" means an incorporated city or town, a county, a consolidated local government, or a county or multicounty water, sewer, or solid waste district.
- (3) "Oil and gas impact projects" means:
 - (a) drinking water systems;
 - (b) wastewater treatment;
 - (c) sanitary sewer systems;
 - (d) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

and



1 (e) fire protection, law enforcement, and emergency services.

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3 **NEW SECTION. Section 4. General powers and duties of board.** (1) The board may:

4 (a) consider applications for grants to be made from available funds;

5 (b) subject to [sections 1 through 8], award grants to local governments for oil and gas impact projects;

6 and

7 (c) implement the provisions of [sections 1 through 8].

8 (2) The board shall:

9 (a) retain professional consultants, advisors, or a qualified state agency to write rules and rank the
10 applications in the priority established under [section 6]; and

11 (b) coordinate with other state and federal agencies to leverage grant funds for projects.

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13 **NEW SECTION. Section 5. Application for grants.** (1) The governing body of a local government may
14 apply for grants for oil and gas impact projects.

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

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19 **NEW SECTION. Section 6. Basis for awarding grants.** (1) Grants must be awarded for oil and gas
20 impact projects that are needed as a direct consequence of an increase in oil and gas development activity.

21 (2) No more than 10% of the funds used for grant purposes may be awarded for projects for fire
22 protection, law enforcement, and emergency services.

23 (3) In preparing recommendations for the award of grants under subsection (1), preference must be
24 given to infrastructure projects based on the following order of priority:

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

27 (b) projects that are in the preliminary planning phase;

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

30 (d) projects that enable local governments to obtain federal funds or funds from other sources; and

1 (e) projects that are high local priorities and have strong community support.

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3 **NEW SECTION. Section 7. Rulemaking authority.** (1) The board shall adopt rules necessary for the
4 administration of [sections 1 through 8].

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

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

8 (b) application procedures;

9 (c) disbursements of grants; and

10 (d) reporting procedures for grant recipients.

11

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

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

15 (a) money deposited into the account pursuant to 17-3-240(3);

16 (b) interest earned by the account; and

17 (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 8] and costs related to the administration of [sections 1 through 8].

20

21 **Section 9.** Section 17-3-240, MCA, is amended to read:

22 **"17-3-240. Federal mineral leasing funds.** (1) Except as provided in ~~subsection~~ subsections (2) and
23 (3), money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the state general fund.

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

27 (3) In fiscal year 2014 and in each succeeding fiscal year, an additional 25% of all money received
28 pursuant to subsection (1) must be allocated to the oil and gas impact account established in [section 8] and is
29 dedicated to local governments impacted by oil and gas development.

30 ~~(3)(4)~~ (4) On August 15 following the close of the fiscal year, the state treasurer shall distribute the revenue

1 dedicated in subsection (2). The distribution to the eligible counties under subsection (2) must be based on the
2 proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total
3 amount of money received by the state."

4
5 **NEW SECTION. Section 10. Codification instruction.** [Sections 1 through 8] are intended to be
6 codified as an integral part of Title 82, and the provisions of Title 82 apply to [sections 1 through 8].

7
8 **NEW SECTION. Section 11. Effective date.** [This act] is effective July 1, 2013.

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