

HOUSE BILL NO. 8

INTRODUCED BY M. CUFFE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND
5 AUTHORIZING LOANS; REAUTHORIZING RENEWABLE RESOURCE PROJECTS AUTHORIZED BY THE
6 63RD LEGISLATURE; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND
7 CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM;
8 AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; AUTHORIZING THE CREATION OF
9 A STATE DEBT AND APPROPRIATING COAL SEVERANCE TAXES FOR DEBT SERVICE; PLACING
10 CERTAIN CONDITIONS ON LOANS; AND PROVIDING AN EFFECTIVE DATE."

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

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14 NEW SECTION. **Section 1. Authorization to provide loans.** (1) The legislature finds that the
15 renewable resource project listed in this section meets the provisions of 17-5-702. The department of natural
16 resources and conservation is authorized to make loans to the political subdivisions of state government and local
17 governments listed in subsections (2) through (4) in amounts not to exceed the loan amounts listed for each
18 project from the proceeds of the bonds authorized in [section 3].

19 (2) The interest rate for the project in this group is 3.0% or the rate at which the state bonds are sold,
20 whichever is lower, for up to 20 years:

Loan	Amount
Department of Natural Resources and Conservation - Conservation and Resource Development Division	
(Refinance Existing Debt or Rehabilitation of Water and Sewer Facilities)	\$5,000,000

25 (3) The interest rate for the projects in this group is 4.0% or the rate at which the state bonds are sold,
26 whichever is lower, for up to 20 years:

Loan	Amount
Department of Natural Resources and Conservation	
(Deadman's Basin)	\$500,000
Highwood Water/Sewer District	\$60,000



1 Yellowstone Boys and Girls Ranch, WSD \$800,000

2 City of Dillon \$50,000

3 (4) The interest rate for the project in this group is 4.0% or the rate at which the state bonds are sold,
4 whichever is lower, for up to 30 years:

5 Loan Amount

6 Bitter Root Irrigation District \$1,773,976

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8 **NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized.** (1) The
9 legislature finds that the following renewable resource projects that were approved by the 63rd legislature in
10 Chapter 365, Laws of 2013, may not complete the requirements necessary to obtain the loan funds prior to June
11 30, 2015. The projects described in this section are reauthorized. The department of natural resources and
12 conservation is authorized to make loans to the political subdivisions of state government and local governments
13 listed in subsection (2) in amounts not to exceed the loan amounts listed for each project from the proceeds of
14 the bonds authorized in [section 3].

15 (2) The interest rate for the projects in this group is 4.0% or the rate at which the state bonds are sold,
16 whichever is lower, for up to 30 years.

17 Loan Amount

18 Dry Prairie Regional Water Authority

19 (Local Match for Dry Prairie Projects) \$6,000,000

20 North Central Regional Water Authority

21 (Local Match for North Central Projects) \$10,000,000

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23 **NEW SECTION. Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that Title
24 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved
25 renewable resource projects as part of the state renewable resource grant and loan program. Available funds
26 from previous sales of coal severance tax bonds, plus any additional principal amount on bonds as may be
27 necessary, pursuant to the conditions in 85-1-605, to fund emergency loans, as authorized and approved in
28 accordance with 85-1-605(4), may also be used for the projects approved in [sections 1 through 7]. The board
29 of examiners is authorized to issue coal severance tax bonds in an amount not to exceed \$26,602,374 in the
30 biennium beginning July 1, 2015, of which up to \$2,418,398 is to be used to establish a reserve for the bonds.

1 Proceeds of the bonds are appropriated to the department of natural resources and conservation for financing
2 the projects identified in [sections 1 and 2] and may be used as authorized in 85-1-605(4). Loans made under
3 85-1-605(4) must bear interest at the rate borne by the state bonds unless the legislature in a subsequent session
4 provides for a lower interest rate, in which case the rate must be reduced to the rate specified by the legislature.

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

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

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

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17 **NEW SECTION. Section 4. Condition of loans.** (1) Disbursement of funds under [sections 1 and 2]
18 for loans is subject to the following conditions that must be met by project sponsors:

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

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

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

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

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

28 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to pay
29 to the department of natural resources and conservation a pro rata share of the bond issuance costs and the
30 administrative costs incurred by the department to complete the loan transaction.

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2 **NEW SECTION. Section 5. Private and discount purchase of loans.** Loans to political subdivisions
3 and local government entities pursuant to [sections 1 and 2] and bonds, warrants, and notes issued in evidence
4 of those loans may be made, purchased by, and sold to the department of natural resources and conservation
5 at a discount and at a private negotiated sale, notwithstanding the provisions of any other law applicable to
6 political subdivisions or local government entities.

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8 **NEW SECTION. Section 6. Appropriations established.** For any entity of state government that
9 receives a loan under [section 1 or 2], an appropriation is established for the amount of the loan upon award of
10 the loan by the department of natural resources and conservation for the biennium beginning July 1, 2015.

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

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

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23 **NEW SECTION. Section 8. Notification to tribal governments.** The secretary of state shall send a
24 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
25 Chippewa tribe.

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27 **NEW SECTION. Section 9. Severability.** If a part of [this act] is invalid, all valid parts that are severable
28 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part
29 remains in effect in all valid applications that are severable from the invalid applications.

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