

## SENATE BILL NO. 354

INTRODUCED BY R. RIPLEY

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE BUILD MONTANA PROGRAM; ESTABLISHING A JOINT INTERIM SUBCOMMITTEE TO REVIEW PRIORITIZED LISTS OF RECOMMENDED INFRASTRUCTURE PROJECTS FOR FUNDING BY THE BUILD MONTANA PROGRAM; REQUIRING THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO PROVIDE A LIST OF RECOMMENDED PROJECTS TO THE SUBCOMMITTEE; ALLOWING OTHER ORGANIZATIONS TO PROVIDE A LIST OF RECOMMENDED PROJECTS TO THE SUBCOMMITTEE; REQUIRING THE SUBCOMMITTEE TO ISSUE ONE LIST OF RECOMMENDED INFRASTRUCTURE PROJECTS FOR FUNDING TO THE LEGISLATURE; CREATING THE BUILD MONTANA FUND AND STATE SPECIAL REVENUE ACCOUNT; REVISING THE ALLOCATION OF COAL SEVERANCE TAXES; PROVIDING FOR A TRANSFER FROM THE COAL SEVERANCE TAX BOND FUND TO THE BUILD MONTANA FUND; AMENDING SECTION 17-5-703, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**NEW SECTION. Section 1. Build Montana program created -- purpose.** (1) There is a build Montana program, the purpose of which is to supplement, not supplant, state funding for local government infrastructure projects by using currently existing programs and through the establishment of a build Montana fund.

(2) Interest and principal in the build Montana fund may be used to provide financial assistance for local government infrastructure projects under [sections 1 through 5].

**NEW SECTION. Section 2. Definitions.** As used in [sections 1 through 5], the following definitions apply:

(1) "Build Montana program" means the local government infrastructure investment program established in [section 1].

(2) "Infrastructure projects" means:

(a) drinking water systems;

(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) local government roads and streets;  
4 (f) facilities for schools in limited exigent circumstances as outlined in 20-9-516(1)(c), (1)(d), and (1)(f);  
5 or  
6 (g) bridges.

7 (3) "Local government" means an incorporated city or town, a county, a consolidated local government,  
8 a tribal government, a school district, a county or multicounty water, sewer, or solid waste district, or an authority  
9 as defined in 75-6-304.

10 (4) "Subcommittee" means the build Montana joint interim subcommittee provided for in [section 4].  
11

12 **NEW SECTION. Section 3. Build Montana fund -- build Montana account.** (1) There is a build  
13 Montana fund administered by the department of administration. Pursuant to 17-5-703, a percentage of coal  
14 severance taxes received by the state are deposited into this fund. Earnings not transferred to the build Montana  
15 special revenue account provided for in subsection (2) must be retained in the build Montana fund.

16 (2) There is a build Montana account in the state special revenue fund. The state treasurer shall monthly  
17 transfer from the build Montana fund to the build Montana account the amount of earnings, excluding unrealized  
18 gains and losses, and principal required to meet the obligations of the state that are payable from the account  
19 for infrastructure projects authorized by the legislature under [sections 1 through 5].  
20

21 **NEW SECTION. Section 4. Projects for build Montana fund -- joint interim subcommittee -- duties.**

22 (1) There is a build Montana joint interim subcommittee whose duty is to submit a consolidated proposal for  
23 infrastructure projects for funding from the build Montana fund to the legislature each session.

24 (2) The subcommittee is composed of eight members as follows:

- 25 (a) two members from the majority party who are members of the legislative finance committee;  
26 (b) two members from the minority party who are members of the legislative finance committee;  
27 (c) two members from the majority party who are members of the economic affairs interim committee;  
28 and  
29 (d) two members from the minority party who are members of the economic affairs interim committee.

30 (3) The subcommittee shall meet by June 15 of every even-numbered year to receive and review the

1 lists of infrastructure projects submitted pursuant to [section 5].

2 (4) By September 1 of each even-numbered year, the subcommittee shall issue a comprehensive  
3 prioritized list of recommended projects and recommended financial assistance to be funded by the build Montana  
4 fund based on the lists received by the interim subcommittee pursuant to [section 5] and other relevant criteria.  
5 Between 10% and 15% of the funding for projects in the list must be dedicated to projects outlined in  
6 20-9-516(1)(c), (1)(d), and (1)(f). The list may also include recommended amounts of local funding for the  
7 projects.

8 (5) The subcommittee shall submit the list to the legislature for approval.

9 (6) Projects approved by the legislature for funding under this section must comply with the provisions  
10 of 18-1-102.

11 (7) The personnel, data, and facilities of the legislative services division and other appropriation  
12 legislative entities must be made available to the subcommittee.

13  
14 **NEW SECTION. Section 5. Submission of agency recommendations -- other requests.** (1) By May  
15 1 of every even-numbered year, the department of commerce and the department of natural resources and  
16 conservation shall submit a list to the subcommittee of infrastructure projects recommended for funding by the  
17 build Montana fund. The lists must be submitted in an electronic format.

18 (2) Each list submitted must be prioritized and ranked according to the department's current local  
19 infrastructure criteria.

20 (3) By May 1 of each even-numbered year, local governments, organizations representing local  
21 governments, or governing bodies of school districts may submit a list to the subcommittee of prioritized  
22 infrastructure projects recommended for funding by the build Montana fund.

23  
24 **Section 6.** Section 17-5-703, MCA, is amended to read:

25 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,  
26 section 5, of the Montana constitution is composed of the following funds:

27 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
28 severance tax must be deposited;

29 (b) a treasure state endowment fund;

30 (c) a treasure state endowment regional water system fund;

- (d) a coal severance tax permanent fund;  
(e) a coal severance tax income fund; and  
(f) a big sky economic development fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) ~~The~~ Once the trust established under Article IX, section 5, of the Montana constitution exceeds \$1 billion, excluding the coal severance tax bond fund, the state treasurer shall certify that fact to the budget director. Once the state treasurer makes the certification, 90% of the amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund ~~as provided in subsections (3) and (4)~~ on a quarterly basis to the build Montana fund established in [section 3].

~~———— (3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.~~

~~———— (b) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment regional water system fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.~~

~~(c)~~ (3) (a) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.

~~(d)~~ (b) The state treasurer shall monthly transfer from the treasure state endowment regional water system fund to the treasure state endowment regional water system special revenue account the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable from the account for regional water systems authorized under 90-6-715. Earnings not transferred to the treasure state endowment regional water system special revenue account must be retained in the treasure state endowment regional water system fund.

~~———— (4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount~~

1 ~~that is specified in subsection (2) to be retained in the fund.~~

2 ~~(b)(4)~~ The state treasurer shall monthly transfer from the big sky economic development fund to the  
3 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding  
4 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in  
5 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must  
6 be retained in the big sky economic development fund.

7 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
8 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
9 deposited in the coal severance tax permanent fund. (Terminates June 30, 2016--secs. 8 through 10, Ch. 390,  
10 L. 2013.)

11 **17-5-703. (Effective July 1, 2016) Coal severance tax trust funds.** (1) The trust established under  
12 Article IX, section 5, of the Montana constitution is composed of the following funds:

13 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
14 severance tax must be deposited;

15 (b) a treasure state endowment fund;

16 (c) a coal severance tax permanent fund;

17 (d) a coal severance tax income fund; and

18 (e) a big sky economic development fund.

19 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all  
20 principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
21 months and retain that amount in the coal severance tax bond fund.

22 (b) ~~The~~ Once the trust established under Article IX, section 5, of the Montana constitution exceeds \$1  
23 billion, excluding the coal severance tax bond fund, the state treasurer shall certify that fact to the budget director.  
24 Once the state treasurer makes the certification, 90% of the amount in the coal severance tax bond fund in  
25 excess of the amount required in subsection (2)(a) must be transferred from that fund ~~as provided in subsections~~  
26 ~~(3) and (4)~~ on a quarterly basis to the build Montana fund established in [section 3].

27 ~~—— (3) (a) Until June 30, 2016, the state treasurer shall quarterly transfer to the treasure state endowment~~  
28 ~~fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in~~  
29 ~~subsection (2) to be retained in the fund.~~

30 ~~(b)(3)~~ The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure

1 state endowment special revenue account the amount of earnings, excluding unrealized gains and losses,  
2 required to meet the obligations of the state that are payable from the account in accordance with 90-6-710.  
3 Earnings not transferred to the treasure state endowment special revenue account must be retained in the  
4 treasure state endowment fund.

5 ~~———— (4) (a) From July 1, 2005, through June 30, 2025, the state treasurer shall quarterly transfer to the big~~  
6 ~~sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of the amount~~  
7 ~~that is specified in subsection (2) to be retained in the fund.~~

8 ~~(b)(4)~~ The state treasurer shall monthly transfer from the big sky economic development fund to the  
9 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding  
10 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in  
11 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account must  
12 be retained in the big sky economic development fund.

13 (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
14 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
15 deposited in the coal severance tax permanent fund."  
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17 NEW SECTION. Section 7. Codification instruction. [Sections 1 through 5] are intended to be codified  
18 as an integral part of Title 90, chapter 6, and the provisions of Title 90, chapter 6, apply to [sections 1 through 5].  
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20 COORDINATION SECTION. Section 8. Coordination instruction -- contingent voidness. If [LC 280]  
21 is not passed and approved by the electorate, [this act] is void.  
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23 NEW SECTION. Section 9. Contingent effective date. [This act] is effective upon the passage and  
24 approval by the electorate of [LC 280].  
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