

SENATE BILL NO. 416

INTRODUCED BY J. BRENDEN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FUNDING AND AUTHORIZATION FOR CAPITAL AND  
5 INFRASTRUCTURE PROJECTS STATEWIDE; CREATING LOCAL INFRASTRUCTURE GRANT AND LOAN  
6 ACCOUNTS; AUTHORIZING THE DEPARTMENT OF COMMERCE TO GRANT FUNDS FOR LOCAL  
7 INFRASTRUCTURE PROJECTS; ESTABLISHING CONDITIONS FOR GRANTS AND LOANS FOR  
8 INFRASTRUCTURE PROJECTS; REQUIRING LOCAL GOVERNMENTS TO PROVIDE MATCHING FUNDS  
9 FOR PROJECTS BASED ON A FORMULA; AUTHORIZING THE DEPARTMENT OF COMMERCE TO MAKE  
10 ~~INTERGAP~~ LOANS TO LOCAL GOVERNMENTS FOR MATCHING FUNDS FOR LOCAL INFRASTRUCTURE  
11 PROJECTS; AUTHORIZING THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF GENERAL  
12 OBLIGATION BONDS; PROVIDING FOR A GENERAL FUND TRANSFER; PROVIDING RULEMAKING  
13 AUTHORITY; PROVIDING APPROPRIATIONS; AMENDING SECTION SECTIONS 15-10-420 AND 16-11-119,  
14 MCA; AMENDING SECTION 5, CHAPTER 324, LAWS OF 2011; AND PROVIDING AN IMMEDIATE EFFECTIVE  
15 DATE AND A TERMINATION DATE."

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

(Refer to Third Reading Blue Bill)

Strike everything after the enacting clause and insert:

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19  
20  
21 NEW SECTION. Section 1. Definitions. For the purposes of [sections 1 through 14], unless otherwise  
22 provided, the following definitions apply:

23 (1) "Authority only" means approval provided by the legislature to expend money that does not require  
24 an appropriation, including grants, donations, auxiliary funds, proprietary funds, and university funds.

25 (2) "Capital project" means improvements or the planning, capital construction, environmental cleanup,  
26 renovation, or major repair projects authorized in [sections 11 through 14].

27 (3) "CPA" means the capital projects account provided for in 17-5-803 and 17-5-804.

28 (4) ~~"Income to mill ratio" means a local government's median household income, as reported by the U.S.~~  
29 ~~census bureau's American community survey, 2006-2010 5-year estimates, divided by its mills, as reported in~~  
30 ~~the most recent biennial report of the department of revenue. The income to mill ratio for a county includes all~~



1 ~~state, county, county wide school, local school average mills, fire district average mills, and miscellaneous mills.~~

2 ~~The income to mill ratio for an incorporated city or town includes only the city average mills.~~

3 ~~(5)~~(4) "Infrastructure projects" means:

4 (a) drinking water systems;

5 (b) wastewater treatment;

6 (c) sanitary sewer or storm sewer systems;

7 (d) solid waste disposal and separation systems, including site acquisition, preparation, and monitoring;

8 (e) local roads; or

9 (f) bridges.

10 ~~(6)~~(5) "Local government" means an incorporated city or town, a county, a consolidated local  
11 government, a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as  
12 defined in 75-6-304.

13

14 **NEW SECTION. Section 2. Local infrastructure accounts -- use -- APPROPRIATIONS.** (1) There is  
15 within the state special revenue fund provided for in 17-2-102 an account called the local infrastructure grant  
16 program account to provide grant funding to local governments for local infrastructure projects. The department  
17 of commerce shall administer the account.

18 (2) There is within the state special revenue fund provided for in 17-2-102 an account called the local  
19 infrastructure loan program account to provide loans to local governments for matching funds required for a local  
20 infrastructure project to receive a grant under [section 3]. The department of commerce shall administer the  
21 account.

22 (3) FUNDS IN THE ACCOUNTS ESTABLISHED IN SUBSECTIONS (1) AND (2) ARE APPROPRIATED TO THE  
23 DEPARTMENT OF COMMERCE FOR THE PURPOSES DESCRIBED IN SUBSECTIONS (1) AND (2).

24

25 **NEW SECTION. Section 3. Authorization for local infrastructure project grants -- matching funds**  
26 **requirement.** (1) The department of commerce is authorized to make grants to local governments for  
27 infrastructure projects. The grants authorized in this section are subject to the conditions set forth in [section 7].  
28 The department shall commit funds to projects until the funds deposited into the local infrastructure grant program  
29 account during the biennium beginning July 1, 2015, are expended.

30 (2) The department shall allocate \$3,514,423 of the funds in the local infrastructure grant program

1 account established in [section 2(1)] to the coal board provided for in 2-15-1821 for the purpose of awarding  
2 grants to local governments pursuant to Title 90, chapter 6, part 2.

3 (3) (a) If the amount deposited into the local infrastructure grant program account established in [section  
4 2(1)] pursuant to [section 19] is \$30 million, the department shall grant at least 40% of the funds in the account  
5 to projects related to exploration or natural resource impacts.

6 (b) If the amount deposited into the local infrastructure grant program account established in [section  
7 2(1)] pursuant to [section 19] is \$50 million or more, the department shall grant at least 35% of the funds in the  
8 account to projects related to exploration or natural resource impacts.

9 (4) A local government shall provide one-to-one matching funds up to the first \$750,000 of grant funding  
10 sought. For a grant request exceeding \$750,000, the relative participation ratio for the local government as  
11 calculated pursuant to [section 5] is applied to the amount of the grant exceeding \$750,000.

12 (5) Funding for projects may be provided only as long as there are sufficient funds available from the  
13 amount that was deposited or transferred into the local infrastructure grant program account established in  
14 [section 2(1)] during the biennium beginning July 1, 2015. Funding for these projects must be made available in  
15 the order that the grant recipients satisfy the conditions described in [section 7(1)]. However, any of the projects  
16 that have not completed the conditions described in [section 7(1)] by September 30, 2016, must be reviewed by  
17 the next regular session of the legislature to determine if the authorized grant should be withdrawn.

18 (6) If a grant recipient does not complete all of the conditions described in [section 7(1)] by September  
19 30, 2018, any obligation to the grant recipient is extinguished.

20 (7) FOR A LOCAL GOVERNMENT THAT IS NOT A COUNTY, THE COUNTY IN WHICH THE LOCAL GOVERNMENT IS  
21 LOCATED MUST ALSO CONTRIBUTE ITS MATCH RATE AS DETERMINED IN [SECTION 5].

22  
23 **NEW SECTION. Section 4. Eligibility -- submission deadline -- priority -- rulemaking authority.**

24 (1) A local government may apply to the department of commerce for local infrastructure grants under [section  
25 3]. A local government that has submitted a grant request for a local infrastructure project to the department within  
26 the last 2 years and that did not receive approval by the 64th legislature may resubmit the grant request on or  
27 before June 1, 2015, without resubmitting other grant materials if there is no material change to the originally  
28 submitted grant request.

29 (2) Projects that were approved for funding from the treasure state endowment program by the 64th  
30 legislature are not eligible for grants under [this act].

1 (3) For a project that was submitted for approval to the 64th legislature for funding from the treasure state  
 2 endowment program but did not receive legislative approval for funding from the program, the amount of a grant  
 3 for the project under [this act] may not exceed the amount of funding recommended for the project as described  
 4 in the treasure state endowment program 2017 biennium report to the 64th legislature.

5 (4) All local governments that do not submit a grant request pursuant to subsection (1) shall submit grant  
 6 requests and materials to the department by August 15, 2015, in order to be eligible for funding under [section  
 7 3].

8 (5) For projects having equal ranking, the department shall give higher consideration to projects that  
 9 present a higher percentage of matching funds.

10 (6) The department is authorized to adopt rules necessary to implement [sections 1 through 10].

11  
 12 ~~NEW SECTION. Section 5. Formula for local government match rate based on relative~~  
 13 ~~participation ratio.~~ (1) The match rate for a local government is calculated based on its relative participation  
 14 ratio:

15 ~~(2) (a) The relative participation ratio for a county is equal to its income to mill ratio divided by the median~~  
 16 ~~income to mill ratio of all counties in Montana.~~

17 ~~(b) The relative participation ratio for an incorporated city or town is equal to its income to mill ratio~~  
 18 ~~divided by the median income to mill ratio of all incorporated cities and towns in Montana.~~

19 ~~(c) The relative participation ratio for any other local government applicant is the same as for the county~~  
 20 ~~in which it is located.~~

21 ~~(3) For a local government with a relative participation ratio of 1.0-1.5, the match rate is 12.5%. For a~~  
 22 ~~local government with a relative participation ratio greater than 1.5, the match rate is 25%. For a local~~  
 23 ~~government that is not a county, the county in which the local government is located shall also contribute its~~  
 24 ~~match rate as determined above.~~

25 ~~(4) A local government's matching funds may not consist of grant funds from any state source.~~

26  
 27 NEW SECTION. SECTION 5. FORMULA FOR LOCAL GOVERNMENT MATCH RATE BASED ON RELATIVE  
 28 PARTICIPATION RATIO. (1) THE MATCH RATE FOR A LOCAL GOVERNMENT IS CALCULATED BASED ON ITS RELATIVE  
 29 PARTICIPATION RATIO.

30 (2) THE RELATIVE PARTICIPATION RATIO FOR A LOCAL GOVERNMENT THAT IS NOT A COUNTY IS THE NUMBER OF

1 ITS CITY-REPORTED MILLS DIVIDED BY THE MEDIAN OF THE CITY-REPORTED MILLS OF ALL CITIES AS REPORTED IN THE MOST  
 2 RECENT BIENNIAL REPORT OF THE DEPARTMENT OF REVENUE.

3 (3) THE RELATIVE PARTICIPATION RATIO FOR A COUNTY IS THE SUM OF ITS COUNTY MILLS DIVIDED BY THE MEDIAN  
 4 OF COUNTY MILLS OF ALL COUNTIES AS REPORTED IN THE DEPARTMENT OF REVENUE'S MOST RECENT BIENNIAL REPORT.  
 5 THE SUM OF COUNTY MILLS INCLUDES ALL MILLS OTHER THAN THE CITY MILLS AS REPORTED IN THE MOST RECENT BIENNIAL  
 6 REPORT OF THE DEPARTMENT OF REVENUE, INCLUDING STATE, COUNTY, COUNTYWIDE SCHOOL, AND LOCAL SCHOOL  
 7 AVERAGE MILLS, FIRE DISTRICT AVERAGE MILLS, AND MISCELLANEOUS MILLS.

8 (4) THE MATCH RATE FOR A LOCAL GOVERNMENT IS CALCULATED BY:

9 (A) SUBTRACTING THE LOCAL GOVERNMENT'S RELATIVE PARTICIPATION RATIO FROM 1;

10 (B) DIVIDING THE DIFFERENCE BY 2; AND

11 (C) MULTIPLYING THE QUOTIENT BY 100.

12

13 NEW SECTION. Section 6. Criteria for local road grants -- application requirements. (1) Grants  
 14 for local road projects made pursuant to [section 3] are available for:

15 (a) deferred maintenance, rehabilitation, and restoration, including projects designed to extend the life  
 16 of existing road surfaces by pothole filling, crack sealing, chip sealing, graveling, asphaltting, and overlaying; and

17 (b) reconstruction.

18 (2) A local road project for reconstruction should be designed in accordance with road standards  
 19 adopted by the local government, the Montana county gravel road standards established by the local technical  
 20 assistance program at Montana state university, or the standards of the American association of state highway  
 21 and transportation officials, as applicable.

22 (3) Each local government may submit no more than two applications for road projects for funding under  
 23 [section 3].

24

25 NEW SECTION. Section 7. Conditions of grants -- disbursement of funds. (1) The disbursement  
 26 of grant funds for the projects chosen by the department of commerce pursuant to [section 3] is subject to  
 27 completion of the following conditions:

28 (a) The grant recipient shall document that other matching funds required for completion of the project  
 29 are firmly committed.

30 (b) The grant recipient must have a project management plan that is approved by the department.

1 (c) The grant recipient must be in compliance with the auditing and reporting requirements provided in  
2 2-7-503 and have established a financial accounting system that the department can reasonably ensure conforms  
3 to generally accepted accounting principles. Tribal governments shall comply with auditing and reporting  
4 requirements provided for in office of management and budget Circular A-133.

5 (d) The grant recipient shall execute a grant agreement with the department of commerce.

6 (2) With the exception of local roads and bridges, all projects must adhere to the design standards  
7 required by the department of environmental quality. Recipients of grants under [section 3] that are not subject  
8 to the department of environmental quality design standards shall adhere to generally accepted industry  
9 standards such as Recommended Standards for Wastewater Facilities or Recommended Standards for Water  
10 Works, published by the Great Lakes-Upper Mississippi River board of state and provincial public health and  
11 environmental managers, latest edition.

12 (3) When applicable, recipients of grants under [section 3] are subject to the requirements of the  
13 department of commerce as described in the most recent edition of the Treasure State Endowment Program  
14 Project Administration Manual adopted by the department by administrative rule.

15  
16 **NEW SECTION. Section 8. Other powers and duties of department.** (1) The department of  
17 commerce shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project  
18 expenses.

19 (2) If actual project expenses are lower than the projected expense of the project, the department may,  
20 at its discretion:

21 (a) reduce the amount of grant funds to be provided to grant recipients in proportion to all other project  
22 funding sources; or

23 (b) authorize the use of the remaining authorized grant amounts for the construction of additional  
24 infrastructure components directly related to the approved project that will further enhance the overall system.

25  
26 **NEW SECTION. Section 9. Authorization to provide loans -- loan repayments to department --**  
27 **conditions on loans -- transfer.** (1) The department of commerce is authorized to make loans to local  
28 governments from the local infrastructure loan program account in [section 2(2)] for matching funds required for  
29 a local infrastructure project to receive a grant under [section 3]. A loan to a local government may not exceed  
30 the amount of matching funds required.

1 (2) Disbursement of loan proceeds for infrastructure projects under this section to a local government  
2 is subject to the conditions set forth in [section 7].

3 (3) The local government shall execute a loan agreement with the department of commerce prior to  
4 receiving loan proceeds.

5 (4) Payments made by a local government to the department for repayment of a loan made pursuant  
6 to subsection (1) must be deposited in the general fund.

7 (5) The amount of unencumbered funds in the local infrastructure loan program account on July 1, 2016,  
8 may be transferred to the local infrastructure grant program account on or after July 15, 2016.

9  
10 **NEW SECTION. Section 10. Maximum state funding available for infrastructure -- per project --**

11 **per county.** (1) If the amount deposited into the local infrastructure grant program account established in [section  
12 (2)(1)] in the biennium beginning July 1, 2015, is \$60 million:

13 (a) the maximum amount of state funding under [this act], whether through grants or loans, may not  
14 exceed \$2.5 million per project; or

15 (b) the maximum amount of grant funding that may be received in a single county, including grant funding  
16 under [this act] and any grant funding awarded by the 64th legislature, may not exceed \$5 million.

17 (2) If the amount deposited into the local infrastructure grant program account established in [section  
18 2(1)] in the biennium beginning July 1, 2015, is \$100 million:

19 (a) the maximum amount of state funding under [this act], whether through grants or loans, may not  
20 exceed \$3.75 million per project; or

21 (b) the maximum amount of grant funding that may be received in a single county, including grant funding  
22 under [this act] and any grant funding awarded by the 64th legislature, may not exceed \$7.5 million.

23 (3) If the amount deposited into the local infrastructure grant program account established in [section 2(1)]  
24 in the biennium beginning July 1, ~~2015~~ 2016, is \$125 million:

25 (a) the maximum amount of state funding under [this act], whether through grants or loans, may not  
26 exceed \$5 million per project; or

27 (b) the maximum amount of grant funding that may be received in a single county, including grant funding  
28 under [this act] and any grant funding awarded by the 64th legislature, may not exceed \$10 million.

29  
30 **NEW SECTION. Section 11. Authorization of AND APPROPRIATIONS FOR capital projects.** (1) Upon

1 passage and approval of [this act], the following projects, pursuant to 18-2-102, are authorized and approved AND  
 2 FUNDS ARE APPROPRIATED TO THE DEPARTMENT OF ADMINISTRATION from the indicated funding sources. The  
 3 department of administration is authorized to transfer funding and authority between fund types. Funds not  
 4 requiring legislative appropriation are included for the purposes of authorization only:

5 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

6 First Step - Mental Health \$7.6 million (CPA)

7 MONTANA UNIVERSITY SYSTEM

8 Romney Hall - MSU Bozeman \$18.4 million (CPA) \$4.6 million (Authority only)

9 (2) If the amount deposited into the capital projects fund pursuant to [section 15] in the biennium  
 10 beginning July 1, 2015, is \$50 million, the following project, pursuant to 18-2-102, is also authorized and approved  
 11 from the indicated funding sources. The department of administration is authorized to transfer funding and  
 12 authority between fund types. Funds not requiring legislative appropriation are included for the purposes of  
 13 authorization only:

14 DEPARTMENT OF ADMINISTRATION

15 Montana Heritage Center \$25 million (CPA) \$5 million (Authority only)

16 (3) If the amount deposited into the capital projects fund pursuant to [sections 15 and 19] in the biennium  
 17 beginning July 1, 2015, is \$75 million, the following projects, pursuant to 18-2-102, are authorized and approved  
 18 from the indicated funding sources. The department of administration is authorized to transfer funding and  
 19 authority between fund types. Funds not requiring legislative appropriation are included for the purposes of  
 20 authorization only.

21 MONTANA UNIVERSITY SYSTEM

22 Missoula-UM-Renovation Clapp Science Building \$10 million (CPA)

23 Library Renovation - MSU Billings \$2.65 million (CPA)

24 Learning and Veteran Center, Great Falls College-MSU \$3 million (CPA)

25 Butte-MTECH - Renovate Engineering Facilities \$6 million (CPA) \$4 million (Authority only)

26 MONTANA HERITAGE COMMISSION

27 Virginia City, Nevada City and Reeder's Alley \$1.6 million (CPA)

28 DEPARTMENT OF FISH, WILDLIFE, & PARKS

29 Lewis & Clark Caverns SP Electrical Upgrades \$1.75 million (CPA)

30 (4) ALL FUNDS FOR THE PROJECTS IN THE INDICATED AMOUNTS IN THIS SECTION ARE APPROPRIATED TO THE



1 DEPARTMENT OF ADMINISTRATION.

2

3 NEW SECTION. Section 12. Planning and design. The department of administration may proceed  
4 with the planning and design of capital projects prior to the receipt of other funding sources. The department may  
5 use interentity loans in accordance with 17-2-107 to pay planning and design costs incurred before the receipt  
6 of funding from another funding source.

7

8 NEW SECTION. Section 13. Capital projects -- contingent funds. (1) Except as provided in  
9 subsection (2), if a capital project is financed in whole or in part with appropriations contingent on the receipt of  
10 funding from another funding source, the department of administration may not let the project for bid until the  
11 agency receiving funding has submitted a financial plan for approval by the director of the department of  
12 administration.

13 (2) A financial plan may not be approved by the director if:

14 (a) the level of funding provided under the financial plan deviates substantially from the funding level  
15 provided in [section 11] for that project; or

16 (b) the scope of the project is substantially altered or revised from the preliminary plans presented for  
17 that project in the 2017 biennium long-range building program and as presented to the 64th legislature.

18

19 NEW SECTION. Section 14. Review by department of environmental quality. The department of  
20 environmental quality shall review capital projects authorized in [section 11] for potential inclusion in the state  
21 building energy conservation program under Title 90, chapter 4, part 6. When a review shows that a capital  
22 project will result in energy improvements, the project must be submitted to the energy conservation program for  
23 funding consideration. Funding provided under the energy conservation program guidelines must be used to  
24 offset or add to the authorized funding for the project, with the amount dependent on the annual utility savings  
25 resulting from the facility improvement. Agencies must be notified of potential funding after the review.

26

27 NEW SECTION. Section 15. Authorization of bonds -- conditions. (1) The board of examiners is  
28 authorized to issue and sell general obligation bonds in one or more series and from time to time for the purposes  
29 described in subsections (3) through (5) in addition to the amount of general obligation bonds outstanding on  
30 January 1, 2015.

1 (2) The bonds under this section must be issued in accordance with the terms and in the manner  
2 required by Title 17, chapter 5, part 8. The authority granted to the board of examiners by this section is in  
3 addition to any other authorization to the board of examiners to issue and sell general obligation bonds.

4 (3) On [the effective date of this act], the board of examiners is authorized to issue and sell general  
5 obligation bonds and deposit the proceeds as follows:

6 (a) \$30 million of the proceeds from the bonds sold under this section must be deposited in the capital  
7 projects account provided for in 17-5-803 and 17-5-804; and

8 (b) \$30 million of the proceeds from the bonds sold under this section must be deposited in the local  
9 infrastructure loan program account provided for in [section 2(2)].

10 (4) If the unaudited general fund revenue, including transfers in, for fiscal year ending June 30, 2015 as  
11 certified by the state treasurer is at least \$2.152 billion, the board of examiners is authorized to issue and sell  
12 additional general obligation bonds and deposit the proceeds as follows:

13 (a) \$20 million of the proceeds from the bonds sold under this section must be deposited in the capital  
14 projects account provided for in 17-5-803 and 17-5-804; and

15 (b) \$20 million of the proceeds from the bonds sold under this section must be deposited in the local  
16 infrastructure loan program account provided for in [section 2(2)].

17

18 **Section 16.** Section 15-10-420, MCA, is amended to read:

19 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a  
20 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount  
21 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3  
22 years. The maximum number of mills that a governmental entity may impose is established by calculating the  
23 number of mills required to generate the amount of property tax actually assessed in the governmental unit in the  
24 prior year based on the current year taxable value, less the current year's value of newly taxable property, plus  
25 one-half of the average rate of inflation for the prior 3 years.

26 (b) A governmental entity that does not impose the maximum number of mills authorized under  
27 subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between  
28 the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority  
29 carried forward may be imposed in a subsequent tax year.

30 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of

1 inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using  
2 the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

3 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any additional  
4 levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit, including newly  
5 taxable property.

6 (3) (a) For purposes of this section, newly taxable property includes:

7 (i) annexation of real property and improvements into a taxing unit;

8 (ii) construction, expansion, or remodeling of improvements;

9 (iii) transfer of property into a taxing unit;

10 (iv) subdivision of real property; and

11 (v) transfer of property from tax-exempt to taxable status.

12 (b) Newly taxable property does not include an increase in value that arises because of an increase in  
13 the incremental value within a tax increment financing district.

14 (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the  
15 release of taxable value from the incremental taxable value of a tax increment financing district because of:

16 (i) a change in the boundary of a tax increment financing district;

17 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

18 (iii) the termination of a tax increment financing district.

19 (b) If a tax increment financing district terminates prior to the certification of taxable values as required  
20 in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment  
21 financing district terminates. If a tax increment financing district terminates after the certification of taxable values  
22 as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.

23 (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was  
24 constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current  
25 year market value of that property less the previous year market value of that property.

26 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real  
27 property that results in the property being taxable as class four property under 15-6-134 or as nonqualified  
28 agricultural land as described in 15-6-133(1)(c).

29 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

30 (a) school district levies established in Title 20; or

1 (b) a mill levy imposed for a newly created regional resource authority.

2 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received  
3 under 15-6-131 and 15-6-132.

4 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

5 (a) may increase the number of mills to account for a decrease in reimbursements; and

6 (b) may not increase the number of mills to account for a loss of tax base because of legislative action  
7 that is reimbursed under the provisions of 15-1-121(7).

8 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes  
9 of 15-10-108, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the  
10 department may not exceed the mill levy limits established in those sections. The mill calculation must be  
11 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the  
12 calculation must be rounded up to the nearest tenth of a mill.

13 (9) (a) The provisions of subsection (1) do not prevent or restrict:

14 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

15 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;

16 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;

17 (iv) a levy for the support of a study commission under 7-3-184;

18 (v) a levy for the support of a newly established regional resource authority;

19 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's property  
20 tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703; ~~or~~

21 (vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining  
22 county under 7-2-2807 upon relocation of a county boundary; or

23 (viii) a levy for the purpose of repaying a loan to finance matching funds for infrastructure projects in order  
24 to be eligible to receive a grant under [section 3].

25 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes  
26 actually assessed in a subsequent year.

27 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,  
28 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport  
29 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating  
30 funds by a county or municipality during that time.

1 (11) The department may adopt rules to implement this section. The rules may include a method for  
 2 calculating the percentage of change in valuation for purposes of determining the elimination of property, new  
 3 improvements, or newly taxable property in a governmental unit."

4

5 **Section 17.** Section 5, Chapter 324, Laws of 2011, is amended to read:

6 **"Section 5. Capital project appropriations.** (1) There is appropriated ~~\$4,812,500~~ up to \$5,293,750  
 7 from state special revenue account established in section 2, Chapter 461, Laws of 2009, to the department of  
 8 administration for the southwestern Montana veterans' home project.

9 (2) There is appropriated ~~\$8,937,500~~ \$9,831,250 from the federal special revenue fund to the department  
 10 of administration for the southwestern Montana veterans' home project.

11 (3) The department of administration is authorized to transfer the appropriations in subsections (1) and  
 12 (2) among the necessary fund types for this project."

13

14 NEW SECTION. **Section 18. Authorization of bonds -- veterans' home in southwestern Montana.**

15 (1) On [the effective date of this act], the board of examiners is authorized to issue and sell up to \$10 million in  
 16 general obligation bonds for the purpose of funding the construction of the state veterans' home in southwestern  
 17 Montana.

18 (2) The proceeds of the bonds authorized in subsection (a) are appropriated to the department of  
 19 administration to be used for the construction of the state veterans' home in southwestern Montana.

20 (3) If federal grant funds for the construction of the veterans' home are received prior to the bonds being  
 21 issued, the authority to issue bonds as provided for in subsection (a) is extinguished.

22 (4) If federal grant funds for the construction of the veterans' home are received after the bonds are  
 23 issued, the federal grant funds must first be applied to pay off the bonds and any remaining proceeds of the  
 24 bonds must be deposited into the general fund.

25

26 NEW SECTION. **Section 19. General fund transfer.** (1) For the biennium beginning July 1, 2015, there  
 27 is transferred \$30 million from the general fund to the local infrastructure grant program account provided for in  
 28 [section 2(1)].

29 (2) If the unaudited general fund revenue, including transfers in, for the fiscal year ending June 30, 2015,  
 30 as certified by the state treasurer is at least \$2.152 billion, there is transferred an additional \$20 million from the

1 general fund to the local infrastructure grant program account provided for in [section 2(1)].

2 (3) If the unaudited general fund revenue, including transfers in, for the fiscal year ending June 30, 2016,  
3 as certified by the state treasurer is at least \$2.35 billion:

4 (a) an additional \$25 million from the general fund is transferred to the local infrastructure grant program  
5 account provided for in [section 2(1)]; and

6 (b) an additional \$25 million from the general fund is transferred to the capital projects account provided  
7 for in 17-5-803 and 17-5-804.

8  
9 **NEW SECTION. Section 20. Notification to tribal governments.** The secretary of state shall send  
10 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
11 Chippewa tribe.

12  
13 **NEW SECTION. Section 21. Codification instruction.** [Sections 1 through 10] are intended to be  
14 codified as an integral part of Title 90, chapter 6, and the provisions of Title 90, chapter 6, apply to [sections 1  
15 through 10].

16  
17 **NEW SECTION. Section 22. Severability.** If a part of [this act] is invalid, all valid parts that are  
18 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
19 the part remains in effect in all valid applications that are severable from the invalid applications.

20  
21 **NEW SECTION. Section 23. Creation of state debt.** Because [section 15] authorizes the creation of  
22 state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of each  
23 house of the legislature for passage.

24  
25 **NEW SECTION. Section 24. Effective date.** [This act] is effective on passage and approval.

26  
27 **NEW SECTION. Section 25. Termination.** Except for [sections 11 through 14], [this act] terminates  
28 June 30, 2019.

29 - END -