

## HOUSE BILL NO. 424

INTRODUCED BY Z. BROWN, J. POMNICHOWSKI, C. VINCENT

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4 A BILL FOR AN ACT ENTITLED: "AN ACT RECOGNIZING SOURCE WATERSHEDS AS A WATER  
5 RESOURCE; CLARIFYING THAT SOIL AND RANGE HEALTH ARE VITAL TO RENEWABLE NATURAL  
6 RESOURCES; PROVIDING THAT SOURCE WATERSHEDS MAY BE CONSIDERED FOR THE MONTANA  
7 RENEWABLE RESOURCE GRANT AND LOAN PROGRAM; CLARIFYING OBJECTIVES OF THE PROGRAM  
8 TO INCLUDE SOURCE WATERSHEDS; ~~PROVIDING ADDITIONAL CRITERIA~~ INCREASING AVAILABLE  
9 MATCHING FUNDS FOR GRANTS AND LOANS TO PRIVATE PARTIES; AND AMENDING SECTIONS  
10 85-1-601, 85-1-602, AND ~~85-1-610~~, 85-1-614, MCA."  
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12 WHEREAS, one of five key recommendations in the 2015 State Water Plan's "Water Supply and  
13 Demand" section is to use natural storage to benefit water supplies; and

14 WHEREAS, the maintenance and repair of source watersheds in Montana are essential to maintaining  
15 the reliability, quantity, timing, and quality of Montana's water supplies; and

16 WHEREAS, section 85-1-601(6), MCA, states that the renewable resource grant and loan program  
17 "supports, in part, the implementation...of the 'state water plan'" and that "the department shall give preference  
18 to projects that will implement state water plan priorities"; and

19 WHEREAS, because clean water delivered from source watersheds reduces the costs of treatment for  
20 drinking water, the health of source watersheds could be a cost benefit to the state's water supply.  
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22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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24 **Section 1.** Section 85-1-601, MCA, is amended to read:

25 **"85-1-601. Purpose and policies.** (1) The legislature finds and declares that in order that the people  
26 of Montana may enjoy the benefits of the state's water and other renewable resources, the state shall establish  
27 this long-term renewable resource grant and loan program providing financial and administrative assistance to  
28 private for-profit, private, nonprofit, local government, state government, and tribal government entities for  
29 renewable resource grant and loan projects.

30 (2) The purpose of the renewable resource grant and loan program is to further the state's policies, set

1 forth in 85-1-101, regarding the conservation, development, and beneficial use of water resources and to invest  
 2 in renewable natural resource projects that will preserve for the citizens of Montana the economic and other  
 3 benefits of the state's natural heritage.

4 (3) The legislature recognizes the value of Montana's renewable resources; therefore, it is appropriate  
 5 that a portion of the taxes and other revenue from nonrenewable resources be invested in the replacement of  
 6 nonrenewable resources with the development of renewable resource projects that will continue to provide tax  
 7 and other revenue and will preserve for the citizens the economic and other benefits of the state's natural  
 8 heritage.

9 (4) The conservation, development, management, and preservation of water and other renewable  
 10 resources are high priorities because a large portion of Montana's present and future economy is based either  
 11 directly or indirectly on the wise use of these resources.

12 (5) Developments supported by this part may not significantly diminish the quality of existing public  
 13 resources, such as land, air, fish, wildlife, and recreation opportunities.

14 (6) This renewable resource grant and loan program supports, in part, the implementation and  
 15 development of the comprehensive, coordinated, multiple-use water resources plan known as the "state water  
 16 plan". In making funding recommendations for grants and loans, the department shall give preference to projects  
 17 that will implement state water plan priorities if, in all other respects, the proposed projects are equal in public  
 18 benefit and technical feasibility.

19 (7) Source watersheds are an integral component of Montana's water resources. Source watersheds  
 20 that provide the majority of the state's drinking and irrigated agricultural water are particularly important to  
 21 maintaining the reliability, quantity, timing, and quality of Montana's environmental, drinking, and agricultural water  
 22 supply. Because source watersheds have a critical role in enhancing water supply reliability, the maintenance  
 23 and repair of source watersheds are eligible for the renewable resource grant and loan program.

24 (8) SOIL AND RANGE HEALTH PLAY A VITAL ROLE IN PROTECTING AND SUSTAINING MONTANA'S RENEWABLE  
 25 NATURAL RESOURCES BY RETAINING WATER, SOIL, AND NUTRIENTS IN PLACE ON THE LANDSCAPE. ENHANCING SOIL AND  
 26 RANGE HEALTH WILL PROVIDE LONG-TERM BENEFITS TO MONTANA'S WATER AND OTHER RENEWABLE RESOURCES AND  
 27 TO THE USERS, WILDLIFE, AND ECONOMIES THEY SUPPORT."

28

29 **Section 2.** Section 85-1-602, MCA, is amended to read:

30 **"85-1-602. Objectives.** (1) The department shall administer a renewable resource grant and loan

1 program to enhance Montana's renewable resources through projects that measurably conserve, develop,  
2 manage, or preserve resources. Either grants or loans may be provided to fund the following:

3 (a) feasibility, design, research, and resource assessment studies;

4 (b) preparation of construction, rehabilitation, or production plans; and

5 (c) construction, rehabilitation, production, education, or other implementation efforts.

6 (2) Projects that may enhance renewable resources in Montana include but are not limited to:

7 (a) development of natural resource-based recreation;

8 (b) development of natural, offstream, and tributary storage;

9 (c) improvement of water use efficiency, including development of new, efficient water systems,  
10 rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required  
11 under 85-2-113; monitoring; and development of state, tribal, and federal water projects;

12 (d) water-related projects that improve water quality, including livestock containment facility projects, SOIL  
13 AND RANGE HEALTH PROJECTS, and the maintenance and repair of source watersheds;

14 (e) water-related projects that improve water quantity, including streamflows and water storage in existing  
15 natural systems, such as riparian areas, flood plains, and wetlands;

16 ~~(e)~~(f) advancement of farming practices that reduce agricultural chemical use; and

17 ~~(f)~~(g) projects that facilitate the use of alternative renewable energy sources, as defined in 15-6-225.

18 (3) The renewable resource grant and loan program is the key implementation portion of the state water  
19 plan and must be administered to encourage grant and loan applications for projects designed to accomplish the  
20 objectives of the plan."

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22 ~~Section 3. Section 85-1-610, MCA, is amended to read:~~

23 ~~"85-1-610. Evaluation of grants and loans to private persons. The department shall consider the~~  
24 ~~following criteria and preferences in evaluating applications and selecting the recipients of grants and loans for~~  
25 ~~water-related projects that are eligible for funding under 85-1-609:~~

26 ~~(1) The extent and desirability of the public benefits that will be provided must be considered.~~

27 ~~(2) A water-related project that will be used as part of a family farm must be given preference. A family~~  
28 ~~farm is one devoted primarily to agriculture under the ownership and operation of a resident Montana family.~~

29 ~~(3) A water-related project that will utilize or develop water reserved under 85-2-316 must be given~~  
30 ~~preference.~~

1 ~~———— (4) A project that improves a source watershed or natural water storage must be given preference.~~  
2 ~~———— (4)(5) The department, to the extent practicable, shall attempt to achieve geographic balance in the~~  
3 ~~promotion of renewable resource grant and loan projects through the awarding of loans and grants to private~~  
4 ~~persons.~~  
5 ~~———— (5)(6) The extent to which the project will effectively utilize water resources and promote the conservation~~  
6 ~~and efficient use of the water resource must be evaluated and considered.~~  
7 ~~———— (6)(7) Projects that could not be accomplished without the assistance of a loan or grant must be given~~  
8 ~~preference.~~  
9 ~~———— (7)(8) The department shall give due consideration to any other factor that, in the department's judgment,~~  
10 ~~is important to the evaluation of the project in light of the purposes, policies, and objectives of the renewable~~  
11 ~~resource grant and loan program."~~

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13 **SECTION 3. SECTION 85-1-614, MCA, IS AMENDED TO READ:**

14 **"85-1-614. Limits on grants from natural resources projects state special revenue account. (1)**

15 The maximum grant awarded to a private person may not exceed the lesser of:

16 (a) 5% of the estimated total funds potentially available in the natural resources projects state special  
17 revenue account established in 15-38-302 for public and private grants in the biennium in which the grant will be  
18 made; or

19 (b) ~~25%~~ 50% of the total project cost.

20 (2) This part does not limit the amount of grant funds that may be appropriated by the legislature to fund  
21 a state or local government project."

22 - END -