

HOUSE BILL NO. 652

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FUNDING AND AUTHORIZATION FOR CAPITAL AND INFRASTRUCTURE PROJECTS STATEWIDE; PROVIDING FUNDING AND AUTHORIZATION FOR SCHOOL FACILITY PROJECTS STATEWIDE; CREATING THE DELIVERING LOCAL ASSISTANCE GRANT PROGRAM; PROVIDING RULEMAKING AUTHORITY; CREATING THE DELIVERING LOCAL ASSISTANCE ACCOUNT FOR GRANTS AND THE LOCAL INFRASTRUCTURE ACCOUNT; APPROPRIATING MONEY TO AGENCIES FOR CAPITAL PROJECTS; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS UNDER THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM; APPROPRIATING MONEY TO THE DEPARTMENT OF COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS; AUTHORIZING PROJECT GRANT AMOUNTS; PLACING CONDITIONS UPON GRANTS AND FUNDS; AUTHORIZING THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS; AMENDING SECTION 90-6-701, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

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

NEW SECTION. **Section 1. Definitions.** For the purposes of [sections 1 through 12], unless otherwise provided, the following definitions apply:

- (1) "Capital project" means improvements or the planning, capital construction, environmental cleanup, renovation, or major repair projects authorized in [sections 9 through 12].
- (2) "CPA" means the capital projects account provided for in 17-5-803 and 17-5-804.
- (3) "Infrastructure projects" means:
 - (a) drinking water systems;

- 1 (b) wastewater treatment;
- 2 (c) sanitary sewer or storm sewer systems;
- 3 (d) solid waste disposal and separation systems, including site acquisition, preparation, and monitoring;
- 4 (e) bridges;
- 5 (f) facilities for government administration;
- 6 (g) public safety infrastructure related to law enforcement, fire protection, or emergency services; or
- 7 (h) school district infrastructure projects. A school district infrastructure project means a project:
- 8 (i) that is related to life safety or security issues;
- 9 (ii) for major repairs or deferred maintenance to an existing school facility; or
- 10 (iii) for major improvements or enhancements to an existing school facility.
- 11 (4) "Local government" means an incorporated city or town, a county, a consolidated local government,
- 12 a tribal government, a school district, a county or multicounty water, sewer, irrigation, or solid waste district, or
- 13 an authority as defined in 75-6-304.
- 14

15 **NEW SECTION. Section 2. Local infrastructure accounts -- use.** (1) There is within the state special

16 revenue fund provided for in 17-2-102 an account called the delivering local assistance account for grants to

17 provide grant funding to local governments for local infrastructure projects. The department of commerce shall

18 administer the account.

19 (2) There is within the state special revenue fund provided for in 17-2-102 an account called the local

20 infrastructure account to provide grants as authorized in [sections 14, 19, and 20]. The department of commerce

21 shall administer the account.

22

23 **NEW SECTION. Section 3. Delivering local assistance grant program created -- authorization for**

24 **local infrastructure project grants.** (1) The department of commerce is authorized to make up to \$14 million

25 in grants to local governments impacted by natural resource development for infrastructure projects. The grants

26 authorized in this section are subject to the conditions set forth in [section 5].

27 (2) Of the grants authorized in subsection (1), \$7 million must be distributed to local governments for

28 local infrastructure projects as defined in [section 1(3)(a) through (3)(g)].

29 (3) Of the grants authorized in subsection (1), \$7 million must be distributed to local governments for

30 school district infrastructure projects as defined in [section 1(3)(h)]. The department shall prioritize school district

1 infrastructure projects in the following priority order:

2 (a) projects that solve urgent and serious public health or safety or security problems or that enable public
3 school districts to meet state or federal health or safety standards; and

4 (b) projects that provide improvements necessary to bring school facilities up to current local, state, and
5 federal codes and standards.

6 (4) Except as provided in subsection (3), beginning June 1, 2019, the department of commerce shall
7 receive proposals from local governments for infrastructure projects.

8 (5) Funding for projects may be provided only as long as there are sufficient funds available from the
9 amount that was deposited or transferred into the delivering local assistance account for grants established in
10 [section 2(1)]. Funding for these projects must be made available in the order that the grant recipients satisfy the
11 conditions described in [section 5(1)].

12 (6) If a grant recipient does not complete all of the conditions described in [section 5(1)] by September
13 30, 2020, any obligation to the grant recipient is extinguished.

14
15 **NEW SECTION. Section 4. Eligibility -- submission deadline -- priority -- rulemaking authority.**

16 (1) A local government may apply to the department of commerce for local infrastructure grants under [section
17 3].

18 (2) For a project that was submitted for approval to the 66th legislature for funding from the treasure state
19 endowment program but did not receive legislative approval for funding from the program, the amount of a grant
20 for the project under [this act] may not exceed the amount of funding recommended for the project as described
21 in the treasure state endowment program 2021 biennium report to the 66th legislature.

22 (3) All local governments shall submit grant requests and materials to the department by September 30,
23 2019, in order to be eligible for funding under [section 3].

24 (4) The department is authorized to adopt rules or guidelines necessary to implement [this act].
25

26 **NEW SECTION. Section 5. Condition of grants -- disbursement of funds.** (1) The disbursement of
27 grant funds for the projects chosen by the department of commerce pursuant to [section 3] is subject to
28 completion of the following conditions:

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

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

2 (c) The grant recipient must be in compliance with the auditing and reporting requirements provided in
3 2-7-503 and have established a financial accounting system that the department can reasonably ensure conforms
4 to generally accepted accounting principles. Tribal governments shall comply with auditing and reporting
5 requirements provided for in 2 CFR part 200.

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

7 (e) The grant recipient shall satisfactorily comply with any conditions described in the application (project)
8 summaries section of the treasure state endowment program 2021 biennium report to the 66th legislature.

9 (f) The grant recipient shall satisfy other specific requirements considered necessary by the department
10 of commerce to accomplish the purpose of the project as evidenced by the application to the department.

11 (2) With the exception of bridges and facilities defined in [section 1(3)(f) through (3)(h)], all projects must
12 adhere to the design standards required by the department of environmental quality. Recipients of grants under
13 [section 3] that are not subject to the department of environmental quality design standards shall adhere to
14 generally accepted industry standards such as Recommended Standards for Wastewater Facilities or
15 Recommended Standards for Water Works, published by the Great Lakes-Upper Mississippi River Board of State
16 and Provincial Public Health and Environmental Managers, latest edition.

17 (3) Facility projects as defined in [section 1(3)(f) through (3)(h)] must adhere to the design standards
18 required by applicable regulatory agencies. Recipients of program funds for projects that are not subject to any
19 design standards must comply with generally accepted industry standards.

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

23
24 **NEW SECTION. Section 6. Disbursement of funds.** (1) The department of commerce shall disburse
25 grant funds on a reimbursement basis as grant recipients incur eligible project expenses.

26 (2) If actual project expenses are lower than the projected expense of the project, the department must
27 reduce the amount of grant funds to be provided to grant recipients.

28
29 **NEW SECTION. Section 7. Maximum state funding available for infrastructure -- per project -- per**
30 **county.** The maximum amount of state funding under [sections 3 through 7] may not exceed \$750,000 per

1 project, and the maximum amount of grant funding under [sections 3 through 7] that may be received in a single
 2 county may not exceed \$1.5 million.

3
 4 **NEW SECTION. Section 8. Appropriations of grants.** There is appropriated to the department of
 5 commerce \$14 million for the biennium beginning July 1, 2019, from the delivering local assistance account for
 6 grants as authorized in [sections 3 through 7].

7
 8 **NEW SECTION. Section 9. Authorization of and appropriations for capital projects.** (1) Upon
 9 passage and approval of [this act], the following projects, pursuant to 18-2-102, are authorized and approved and
 10 funds are appropriated to the department of administration from the indicated funding sources. Funds not
 11 requiring legislative appropriation are included for the purposes of authorization only:

12 DEPARTMENT OF ADMINISTRATION

13 Life Safety and Deferred Maintenance,

14 Statewide	\$3 million (CPA)	
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15 Life Safety and Deferred Maintenance,

16 Capitol Complex	\$2 million (CPA)	
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17 MONTANA UNIVERSITY SYSTEM

18 Romney Hall - MSU Bozeman	\$25 million (CPA)	\$7 million (Authority only)
19 MAES Research Labs	\$2 million (CPA)	
20 New Dental Clinic, Assisting and Hygiene Lab -		
21 MSUGF	\$4.25 million (CPA)	

22 DEPARTMENT OF MILITARY AFFAIRS

23 Butte-Silver Bow County Armory	5 million (CPA)	\$17 million (Federal Special Revenue)
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24 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

25 Montana State Hospital - Sewer Replacement	\$4.5 million (CPA)	
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26 (2) \$1.3 million is appropriated from the CPA to the department of fish, wildlife, and parks for the
 27 Makoshika State Park Waterline.

28
 29 **NEW SECTION. Section 10. Planning and design.** The department of administration may proceed
 30 with the planning and design of capital projects prior to the receipt of other funding sources. The department may

1 use interentity loans in accordance with 17-2-107 to pay planning and design costs incurred before the receipt
2 of funding from another funding source.

3
4 **NEW SECTION. Section 11. Capital projects -- contingent funds -- legislative consent.** (1) Except
5 as provided in subsection (2), if a capital project is financed in part with appropriations contingent on the receipt
6 of funding from another funding source, the department of administration may not let the project go to bid until
7 the agency receiving funding has submitted a financial plan for approval by the director of the department of
8 administration.

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

10 (a) the level of funding provided under the financial plan deviates substantially from the funding level
11 provided in [section 9] for that project; or

12 (b) the scope of the project is substantially altered or revised from the preliminary plans presented for that
13 project in the 2021 biennium long-range building program and as presented to the 66th legislature.

14 (3) The appropriations authorized in [section 9] constitute legislative consent for the capital projects
15 contained in [section 9] within the meaning of 18-2-102.

16
17 **NEW SECTION. Section 12. Review by department of environmental quality.** The department of
18 environmental quality shall review capital projects authorized in [section 9] for potential inclusion in the state
19 building energy conservation program under Title 90, chapter 4, part 6. When a review shows that a capital
20 project will result in energy improvements, the project must be submitted to the energy conservation program for
21 funding consideration. Funding provided under the energy conservation program guidelines must be used to
22 offset or add to the authorized funding for the project, with the amount dependent on the annual utility savings
23 resulting from the facility improvement. Agencies must be notified of potential funding after the review.

24
25 **NEW SECTION. Section 13. Authorization of bonds -- conditions -- maturity.** (1) The board of
26 examiners is authorized to issue and sell general obligation bonds in one or more series and from time to time
27 for the purposes described in subsection (3) in addition to the amount of general obligation bonds outstanding
28 on January 1, 2019.

29 (2) The bonds under this section must be issued in accordance with the terms and in the manner required
30 by Title 17, chapter 5, part 8, and the maturity of these bonds must be 10 years. The authority granted to the

1 board of examiners by this section is in addition to any other authorization to the board of examiners to issue and
 2 sell general obligation bonds.

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

5 (a) \$47,050,000 of the proceeds from the bonds sold under this section must be deposited in the capital
 6 projects account provided for in 17-5-803 and 17-5-804; and

7 (b) \$14,000,000 of the proceeds from the bonds sold under this section must be deposited in the
 8 delivering local assistance account for grants provided for in [section 2(1)].

9 (c) \$18,823,553 of the proceeds from the bonds sold under this section must be deposited in the local
 10 infrastructure account provided for in [section 2(2)].

11
 12 **NEW SECTION. Section 14. Appropriation for treasure state endowment program grants.** (1)

13 There is appropriated to the department of commerce \$9,645,000 for the biennium beginning July 1, 2019, from
 14 the local infrastructure account established in [section 2(2)] to finance treasure state endowment program grants
 15 authorized by subsection (2).

16 (2) The following applicants and projects are authorized for grants and listed in the order of their priority:

17 Infrastructure Applicant (project type)	Grant Amount
18 15. Chinook, City of (water)	\$500,000
19 16. Cut Bank, City of (water)	\$750,000
20 17. Roundup, City of (water)	\$750,000
21 18. Darby, Town of (wastewater)	\$500,000
22 19. Scobey, City of (water)	\$500,000
23 20. Circle, Town of (water)	\$500,000
24 21. Seeley Lake Sewer District (wastewater)	\$750,000
25 22. Polson, City of (wastewater)	\$750,000
26 23. Black Eagle-Cascade County Water & Sewer District (water & wastewater)	\$645,000
27 24. Hardin, City of (wastewater)	\$625,000
28 25. Harlowton, City of (wastewater)	\$625,000
29 26. Dillon, City of (water)	\$500,000
30 27. Bigfork County Water & Sewer District (wastewater)	\$500,000

1	28. Vaughn Cascade County Water & Sewer District (water)	\$625,000
2	29. East Helena, City of (water)	\$500,000
3	30. Whitefish, City of (wastewater)	\$625,000
4	31. Red Lodge, City of (storm water)	\$500,000
5	32. Cascade, Town of (water)	\$500,000
6	33. Plentywood, City of (wastewater)	\$750,000
7	34. Sun Prairie Village County Water & Sewer District (wastewater)	\$500,000
8	35. North Havre County Water District (water)	\$430,000
9	36. Conrad, City of (water)	\$398,779
10	37. Sun Prairie County Water District (water)	\$275,000
11	38. Winnett, Town of (wastewater)	\$500,000
12	39. Baker, City of (water)	\$600,000
13	40. White Sulphur Springs, City of (water)	\$200,000

14 (3) Funding for the projects numbered 15 through 40 in subsection (2) will be provided up to the amount
 15 of the appropriation in subsection (1) as projects meet the conditions provided in [section 16(1)].

16 (4) There is appropriated to the department of commerce \$2,956,553 for the biennium beginning July 1,
 17 2019, from the local infrastructure account established in [section 2(2)] to finance treasure state endowment
 18 program grants authorized by subsection (5) as projects meet the conditions provided in [section 16(1)].

19 (5) The following applicants and projects are authorized for grants and listed in the order of their priority:

20	Bridge Applicant	Grant Amount
21	5. Madison County	\$591,768
22	6. Chouteau County	\$279,753
23	7. Fergus County	\$262,839
24	8. Sweet Grass County	\$591,976
25	9. Jefferson County	\$207,903
26	10. Big Horn County	\$272,314
27	11. Gallatin County	\$750,000

28 (6) If sufficient funds are available, this section constitutes a valid obligation of funds to the grant
 29 recipients listed in subsections (2) and (5) for purposes of encumbering local infrastructure account funds for the
 30 biennium beginning July 1, 2019, pursuant to 17-7-302. However, a grant recipient's entitlement to receive funds

1 is dependent on the grant recipient's compliance with the conditions described in [section 16(1)] and on the
2 availability of funds.

3 (7) Funding for projects in subsections (2) and (5) will be provided only as long as there are sufficient
4 funds available from the amount that was deposited into the local infrastructure account. Funding for these
5 projects will be made available in the order that the grant recipients satisfy the conditions described in [section
6 16(1)]. However, any of the projects listed in subsections (2) and (5) that have not completed the conditions
7 described in [section 16(1)] by September 30, 2020, must be reviewed by the next regular session of the
8 legislature to determine if the authorized grant should be withdrawn.

9 (8) The funds appropriated in this section must be used by the department to make grants to the
10 governmental entities listed in subsections (2) and (5) for the described purposes and in amounts not to exceed
11 the amounts set out in subsections (2) and (5). The grants authorized in this section are subject to the conditions
12 set forth in [section 16(1)] and described in the treasure state endowment program 2021 biennium report to the
13 66th legislature. The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in subsections
14 (2) and (5). The department shall commit funds to projects listed in subsections (2) and (5), up to the amounts
15 authorized, based on the manner of disbursement set forth in [section 16] until the funds deposited into the local
16 infrastructure account during the biennium beginning July 1, 2019, are expended.

17 (9) Grant recipients shall complete all of the conditions described in [section 16(1)] by September 30,
18 2022, or any obligation to the grant recipient will cease.

19
20 **NEW SECTION. Section 15. Approval of grants -- completion of biennial appropriation.** (1) The
21 legislature, pursuant to 90-6-701, authorizes grants for the projects identified in [sections 14(2) and 14(5)].

22 (2) The authorization of these grants completes a biennial appropriation from the local infrastructure
23 account established in [section 2(2)].

24
25 **NEW SECTION. Section 16. Condition of grants -- disbursements of funds.** (1) The disbursement
26 of grant funds for the projects specified in [sections 14(2) and 14(5)] is subject to completion of the following
27 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 of

1 commerce.

2 (c) The grant recipient must be in compliance with the auditing and reporting requirements provided for
3 in 2-7-503 and have established a financial accounting system that the department can reasonably ensure
4 conforms to generally accepted accounting principles. Tribal governments shall comply with auditing and
5 reporting requirements provided for in 2 CFR part 200.

6 (d) The grant recipient shall satisfactorily comply with any conditions described in the application (project)
7 summaries section of the treasure state endowment program 2021 biennium report to the 66th legislature.

8 (e) The grant recipient shall satisfy other specific requirements considered necessary by the department
9 of commerce to accomplish the purpose of the project as evidenced by the application to the department.

10 (f) The grant recipient shall execute a grant agreement with the department of commerce.

11 (2) With the exception of bridges, all projects must adhere to the design standards required by the
12 department of environmental quality. Recipients of treasure state endowment program funds that are not subject
13 to the department of environmental quality design standards must adhere to generally accepted industry
14 standards, such as Recommended Standards for Wastewater Facilities or Recommended Standards for Water
15 Works, published by the Great Lakes-Upper Mississippi River Board of State and Provincial Public Health and
16 Environmental Managers, latest edition.

17 (3) Recipients of treasure state endowment program funds are subject to the requirements of the
18 department of commerce as described in the most recent edition of the Treasure State Endowment Program
19 Project Administration Manual adopted by the department through the administrative rulemaking process.

20

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

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

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

28 (b) authorize the amount of grant funds to be provided so that the grant recipient's projected average
29 residential user rates do not become lower than their target rate as determined by the department; or

30 (c) reduce the amount of grant funds to be provided so that the grant recipient's projected average

1 residential user rates do not become lower than their target rate as determined by the department.

2 (3) If the grant recipient obtains a greater amount of grant funds than was contained in the treasure state
3 endowment program application, the department may reduce the amount of the treasure state endowment
4 program grant funds to be provided to ensure that the grant recipient continues to meet the threshold
5 requirements contained in program guidelines for receiving the larger treasure state endowment program grant.

6
7 **NEW SECTION. Section 18. Appropriation from treasure state endowment special revenue**
8 **account for administrative expenses.** There is appropriated to the department of commerce \$200,000 for the
9 biennium beginning July 1, 2019, from the treasure state endowment special revenue account for administrative
10 expenses.

11
12 **NEW SECTION. Section 19. Appropriations for renewable resource grants.** (1) There is
13 appropriated from the local infrastructure account established in [section 2(2)] to the department of natural
14 resources and conservation up to \$4,975,000 for grants to political subdivisions and local governments on the
15 biennium beginning July 1, 2019. The funds referred to in this subsection must be awarded by the department
16 to the named entities for the described purposes and in the grant amounts listed in subsection (3), subject to the
17 conditions set forth in [sections 21 and 22] and the contingencies described in the renewable resource grant and
18 loan program January 2019 report to the 66th legislature.

19 (2) Funds must be awarded up to the amounts approved in subsection (3) in the following listed order
20 of priority until available funds are expended. Funds not accepted or used by higher-ranked projects must be
21 provided for projects farther down the priority list that would not otherwise receive funding. If at any time a grant
22 sponsor determines that a project will not begin before June 30, 2021, the sponsor shall notify the department
23 of natural resources and conservation. After all eligible projects are funded, remaining funds may be used for any
24 renewable resource project authorized under this section.

25 (3) The following are the prioritized grant projects:

26 RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

27 Applicant/Project	Amount
28 Buffalo Rapids Irrigation Project District 1	
29 (Buffalo Rapids Irrigation Project 1 - Lateral 1.7 Pipeline Conversion)	\$125,000
30 Hardin, City of	

1	(Hardin Wastewater Treatment Plant Improvements)	\$125,000
2	Dillon, City of	
3	(Dillon Water Transmission and Distribution Main Replacement)	\$125,000
4	Helena Valley Irrigation District	
5	(Helena Valley Irrigation District Lateral 14.8 Headgate Rehabilitation, Phase 2)	\$125,000
6	Polson, City of	
7	(Polson Wastewater System Improvement, Phase 2)	\$125,000
8	Carbon County Conservation District	
9	(Golden Ditch Company Clark Fork Diversion Rehabilitation)	\$125,000
10	Savage Irrigation District	
11	(Savage Irrigation District Infrastructure Rehabilitation)	\$125,000
12	Petroleum County Conservation District	
13	(Horse Creek Coulee Water Storage)	\$125,000
14	Wibaux, Town of	
15	(Wibaux Wastewater Treatment System Improvements)	\$125,000
16	Alberton, Town of	
17	(Alberton Water System Improvements)	\$125,000
18	Geraldine, Town of	
19	(Geraldine Wastewater System Improvements)	\$125,000
20	Missoula, City of	
21	(Caras Park Outfall Storm Water Treatment Retrofit, Phase 2)	\$125,000
22	Black Eagle-Cascade County Water & Sewer District	
23	(Black Eagle-Cascade County Water & Sewer District Water & Sewer	
24	System Improvements)	\$125,000
25	East Helena, City of	
26	(East Helena Water System Improvements)	\$125,000
27	Plentywood, City of	
28	(Plentywood Wastewater Collection Improvement, Phase 2)	\$125,000
29	Missoula County	
30	(Lewis & Clark Subdivision Wastewater Improvements)	\$125,000

1	Wilsall Water District	
2	(Wilsall Water District Water System Improvements)	\$125,000
3	Lower Yellowstone Irrigation Project	
4	(Lower Yellowstone Irrigation Project Crane Wasteway & Pump Station Rehabilitation)	\$125,000
5	Missoula County Conservation District	
6	(Grass Valley French Ditch Clark Fork Diversion Rehabilitation)	\$125,000
7	Montana Bureau of Mines and Geology	
8	(Reducing Mobilization of Oil-Brine Salt to Streams)	\$125,000
9	Winifred, Town of	
10	(Winifred Water System Improvements)	\$125,000
11	Hysham, Town of	
12	(Hysham Wastewater System Rehabilitation, Phase 1)	\$125,000
13	Vaughn Cascade County Water and Sewer District	
14	(Vaughn Cascade County Water and Sewer District Water Improvements)	\$125,000
15	Stillwater Conservation District	
16	(Yanzick/Brey, Riddle Ditch Irrigation System Improvements, Phase 2)	\$125,000
17	Lockwood Water and Sewer District	
18	(Lockwood WSD Drinking Water System Improvements)	\$125,000
19	Circle, Town of	
20	(Circle Water System Improvements)	\$125,000
21	Yellowstone County DES	
22	(Billings Bench Water Users Association Main Canal Rehabilitation, Phase 1)	\$125,000
23	Hysham Irrigation District	
24	(Re-Lift Canal Improvement)	\$125,000
25	Clyde Park, Town of	
26	(Clyde Park Water System Improvements)	\$125,000
27	Libby, City of	
28	(Libby Water System Improvements)	\$125,000
29	Chinook, City of	
30	(Chinook Water System Improvements)	\$125,000

1	Cut Bank, City of	
2	(Cut Bank Water System Improvements)	\$125,000
3	North Havre County Water District	
4	(North Havre County Water District Water System Improvements)	\$125,000
5	Plains, Town of	
6	(Plains Wastewater System Protection)	\$125,000
7	Montana Bureau of Mines and Geology	
8	(Measuring Groundwater Recharge in Flood to Pivot Irrigation Conversions)	\$125,000
9	Cascade, Town of	
10	(Cascade Water System Improvements)	\$125,000
11	Fallon County	
12	(Baker Lake Restoration)	\$100,000
13	Pondera County Conservation District	
14	(Kingsbury Turnout Automation)	\$125,000
15	Tin Cup County Water and Sewer District	
16	(Tin Cup County Water and Sewer District Water Conservation)	\$125,000
17	Clancy Water and Sewer District	
18	(Clancy Water and Sewer District Water Improvements)	\$125,000

19

20 **NEW SECTION. Section 20. Appropriations for reclamation and development grants.** (1) The

21 amount of \$1,247,000 is appropriated to the department of natural resources and conservation from the local

22 infrastructure account established in [section 2(2)] for grants to political subdivisions and local governments

23 during the biennium ending June 30, 2021. The funds in this subsection must be awarded by the department to

24 the named entities for the described purposes and in the grant amounts set out in subsection (3) subject to the

25 conditions set forth in [sections 21 and 22] and the contingencies described in the reclamation and development

26 grant program January 2019 report to the 66th legislature.

27 (2) Funds must be awarded up to the amounts approved in this section in the order of priority listed in

28 subsection (3) until available funds are expended. Funds not accepted or used by higher-ranked projects must

29 be provided for projects farther down the priority list that would not otherwise receive funding. After all eligible

30 projects are funded, remaining funds may be used for any reclamation and development project authorized under

1 this section.

2 (3) The following are the prioritized grant projects:

3 Applicant/Project	Amount
4 Montana Department of Environmental Quality	
5 (Cottonwood #2 Acid Mine Drainage Diversion Project)	\$300,000
6 Deer Lodge, City of	
7 (Milwaukee Roundhouse CECRA Site Passenger Refueling	
8 Area VCRA Program Remediation)	\$297,000
9 Montana Department of Environmental Quality	
10 (Basin Creek Mine - Phase 2 Site Stability Project)	\$300,000
11 Ryegate, Town of	
12 (Former Ryegate Conoco Groundwater Remediation)	\$50,000
13 Montana Department of Environmental Quality	
14 (Upper Blackfoot Mining Complex Water Treatment Plant Bridge	
15 and Infrastructure Protection)	\$300,000

16
 17 **NEW SECTION. Section 21. Coordination of fund sources for grants to political subdivisions and**

18 **local governments.** (1) A project sponsor listed under [section 20] may not receive funds from both the
 19 reclamation and development grants program and the renewable resource grant and loan program for the same
 20 project during the same biennium.

21 (2) If a project listed in [this act] receives an appropriation in House Bill Nos. 6, 7, or 11 that fully funds
 22 the project as proposed in that bill, the project sponsor is not eligible to receive a grant under [this act].

23 (3) If the amount of funding in the natural resources projects state special revenue account established
 24 in 15-38-302 is insufficient to fund appropriation levels authorized in House Bill No. 6, a project in House Bill No.
 25 6 that does not receive funding from the natural resources projects state special revenue account established
 26 in 15-38-302 may be funded with the appropriation in [section 19(1)].

27 (4) If the amount of funding in the natural resources projects state special revenue account established
 28 in 15-38-302 is insufficient to fund appropriation levels authorized in House Bill No. 7, a project in House Bill No.
 29 7 that does not receive funding from the natural resources projects state special revenue account established
 30 in 15-38-302 may be funded with the appropriation in [section 20(1)].

1 (5) If the amount of funding in the treasure state endowment special revenue account established in
2 17-5-703(3)(a), is insufficient to fund appropriation levels authorized in House Bill No. 11, a project in House Bill
3 No. 11 that does not receive funding from the treasure state endowment special revenue account established
4 in 17-5-703(3)(a) may be funded with the appropriation in [section 14(1)].

5
6 **NEW SECTION. Section 22. Condition of grants.** Disbursement of funds under [sections 19 and 20]
7 is subject to the following conditions that must be met by the project sponsor:

8 (1) A scope of work and budget for the project must be approved by the department of natural resources
9 and conservation. Any changes in scope of work or budget subsequent to legislative approval may not change
10 project goals and objectives. Changes in activities that would reduce the public or natural resource benefits as
11 presented in department of natural resources and conservation reports and applicant testimony to the 66th
12 legislature may result in a proportional reduction in the grant amount.

13 (2) The project sponsor shall show satisfactory completion of conditions described in the
14 recommendation section of the project narrative of the program report to the legislature for the biennium ending
15 June 30, 2021, or, in the case of planning grants issued under [sections 19 and 20], completion of conditions
16 specified at the time of written notification of approved grant authority.

17 (3) The project sponsor must have a fully executed grant agreement with the department.

18 (4) Any other specific requirements considered necessary by the department must be met to accomplish
19 the purpose of the grant as evidenced from the application to the department or from the proposal as presented
20 to the legislature.

21
22 **NEW SECTION. Section 23. Approval of grants -- completion of biennial appropriation.** The
23 legislature, pursuant to 90-2-1111, approves the reclamation and development grants listed in [section 20]. The
24 legislature, pursuant to 85-1-605, approves the renewable resource program grants listed in [section 19]. The
25 authorization of these grants completes a biennial appropriation from the local infrastructure account established
26 in [section 2(2)].

27
28 **Section 24.** Section 90-6-701, MCA, is amended to read:

29 **"90-6-701. Treasure state endowment program created -- definitions.** (1) (a) There is a treasure
30 state endowment program that consists of:

1 (i) the treasure state endowment fund established in 17-5-703;

2 (ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

3 (b) The treasure state endowment program may borrow from the board of investments to provide
4 additional financial assistance for local government infrastructure projects under this part, provided that no part
5 of the loan may be made from retirement funds.

6 (2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under
7 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this
8 part, to provide funding to the department of commerce for the administrative costs of the treasure state
9 endowment program and the delivering local assistance grant program, and to repay loans from the board of
10 investments.

11 (3) As used in this part, the following definitions apply:

12 (a) "Infrastructure projects" means:

13 (i) drinking water systems;

14 (ii) wastewater treatment;

15 (iii) sanitary sewer or storm sewer systems;

16 (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

17 or

18 (v) bridges.

19 (b) "Local government" means an incorporated city or town, a county, a consolidated local government,
20 a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as defined in
21 75-6-304.

22 (c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund
23 established in 17-5-703(1)(b).

24 (d) "Treasure state endowment program" means the local government infrastructure investment program
25 established in subsection (1).

26 (e) "Tribal government" means a federally recognized Indian tribe within the state of Montana."
27

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

1

2 NEW SECTION. SECTION 26. COORDINATION INSTRUCTION. IF HOUSE BILL NO. 553 IS NOT PASSED AND
3 APPROVED, [THIS ACT] IS VOID.

4

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

8

9 NEW SECTION. Section 28. Creation of state debt -- two-thirds vote required. Because [section
10 13] authorizes the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of
11 two-thirds of the members of each house of the legislature for passage.

12

13 NEW SECTION. Section 29. Effective date. [This act] is effective on passage and approval.

14

15 NEW SECTION. Section 30. Termination. [Section 24] terminates June 30, 2021.

16

- END -