

HOUSE BILL NO. 704

INTRODUCED BY B. GRUBBS

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE MONTANA SOLAR SCHOOLS ACT;  
5 PROVIDING FOR A SOLAR SCHOOLS ACCOUNT AND FOR A SOLAR SCHOOLS GRANT PROGRAM IN THE  
6 DEPARTMENT OF ENVIRONMENTAL QUALITY; INCREASING THE SALES TAX ON ACCOMMODATIONS  
7 TO FUND THE SOLAR SCHOOLS GRANT PROGRAM; DIRECTING ACCOMMODATIONS TAX  
8 COLLECTIONS TO THE SOLAR SCHOOLS GRANT PROGRAM ACCOUNT; PROVIDING GRANT CRITERIA;  
9 GRANTING THE DEPARTMENT OF ENVIRONMENTAL QUALITY RULEMAKING AUTHORITY;  
10 ESTABLISHING REPORTING REQUIREMENTS; PROVIDING A STATUTORY APPROPRIATION; AMENDING  
11 SECTIONS 15-68-102, 15-68-820, AND 17-7-502, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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15 NEW SECTION. **Section 1. Short title.** [Sections 1 through 7] may be cited as the "Montana Solar  
16 Schools Act".

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18 NEW SECTION. **Section 2. Legislative findings.** The legislature finds that investing in solar energy  
19 systems for public school buildings will:

- 20 (1) reduce state and local tax revenue spent on energy bills;
- 21 (2) improve the condition of aging buildings;
- 22 (3) create employment opportunities in the building trades; and
- 23 (4) stimulate Montana's economy.

24  
25 NEW SECTION. **Section 3. Definitions.** As used in [sections 1 through 7], unless the context requires  
26 otherwise, the following definitions apply:

- 27 (1) "Department" means the department of environmental quality provided for in 2-15-3501.
- 28 (2) "Public school district" means a district as defined in 20-6-101 or a K-12 school district as defined  
29 in 20-6-701.
- 30 (3) "Solar energy system" means a generation system or equipment that converts solar energy into

1 electricity. The term includes but is not restricted to associated electrical equipment, inverters, interconnection  
2 components, structural support and racking equipment, and monitoring equipment.

3  
4 **NEW SECTION. Section 4. Solar schools account -- statutory appropriation.** (1) There is a solar  
5 schools account in the special revenue fund established in 17-2-102.

6 (2) Money must be deposited in the account in accordance with 15-68-820(3)(b) for solar energy system  
7 grants to public school districts.

8 (3) (a) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for  
9 grants to public school districts for solar energy systems as provided for in [section 5] and for administration of  
10 a grant program in accordance with [sections 1 through 7].

11 (b) Costs to administer the grant program in a given year may not exceed 5% of the statutory  
12 appropriation to the program in the previous year.

13  
14 **NEW SECTION. Section 5. Solar schools grant program -- department duties -- criteria.** (1) There  
15 is a solar schools grant program. The department shall prepare an application form outlining grant eligibility  
16 criteria, application and grant award timelines, grant reporting requirements, and award-ranking criteria based  
17 on the criteria in this section and any rules adopted by the department in accordance with [section 6]. The  
18 application process must be based on state procurement laws.

19 (2) A public school district may submit an application to the department for assistance with funding for  
20 a solar energy system to be constructed on property owned or leased by the public school district.

21 (3) The department shall, in consultation with the advisory group established in subsection (8), award  
22 competitive grants to public school districts annually using the account established in [section 4]. Grants must  
23 be awarded in accordance with this section and with any rules adopted by the department in accordance with  
24 [section 6].

25 (4) Eligible applicants include public school districts that demonstrate:

26 (a) a commitment to pay for at least 5% of the total solar energy system costs;

27 (b) that the proposed solar energy system provides a projected simple payback period not to exceed 25  
28 years;

29 (c) that a suitable structure or location for the solar energy system exists on property owned or leased  
30 by the public school district; and

1 (d) knowledge and understanding of installation and maintenance requirements for a solar energy  
2 system.

3 (5) The department shall consider the following funding priorities when awarding grants:

4 (a) a simple payback period, with shorter timeframes ranking higher;

5 (b) installation costs; and

6 (c) annual estimated energy production, with higher production values ranking higher.

7 (6) The department shall consider public school district classifications as defined in 20-6-201 and  
8 20-6-301 when awarding grants and, if sufficient eligible applications are received and sufficient revenue exists,  
9 shall award grants to a minimum of:

10 (a) one first-class school district;

11 (b) two second-class school districts; and

12 (c) three third-class school districts.

13 (7) If a public school district receives a grant, the same public school district may not apply for another  
14 grant until 1 year has elapsed from the date a grant is paid to the public school district.

15 (8) (a) The department shall establish a solar schools advisory group. Members of the group must  
16 adequately represent public school districts, including student representation.

17 (b) The group shall meet at least annually to review grant applications and provide recommendations  
18 to the department on grant awards. Recommendations to the department are not binding.

19  
20 **NEW SECTION. Section 6. Rulemaking.** The department may adopt rules to implement and administer  
21 the provisions of [sections 1 through 7].

22  
23 **NEW SECTION. Section 7. Reporting.** (1) (a) Except as provided in subsection (1)(b), within 1 year  
24 of receiving a grant for a solar energy system installation, a grant recipient shall provide the department with:

25 (i) a properly executed agreement between the public school district and the applicable utility that  
26 outlines the terms of the installation;

27 (ii) documentation of completion of the installation;

28 (iii) evidence that the solar energy system was installed in accordance with all applicable regulations,  
29 building codes, and utility interconnection requirements and in accordance with the project proposed to the  
30 department in the public school district's grant application;

1 (iv) documentation that the solar energy system is operational; and

2 (v) all invoices or receipts associated with the installation.

3 (b) The department may grant an extension of time for submission of the information required in  
4 subsection (1)(a) if the public school district demonstrates that circumstances require an extension.

5 (2) Before September 1 of each even-numbered year, the department shall produce a report  
6 summarizing the grants awarded in the previous biennium, including the generating capacity, projected energy  
7 production, and total installed cost of each solar energy system constructed by the grant recipients. The  
8 department shall provide the report to the energy and telecommunications interim committee in accordance with  
9 5-11-210.

10

11 **Section 8.** Section 15-68-102, MCA, is amended to read:

12 **"15-68-102. Imposition and rate of sales tax and use tax -- exceptions.** (1) A sales tax of the  
13 following percentages is imposed on sales of the following property or services:

14 (a) ~~3%~~ 3.2% on accommodations and campgrounds;

15 (b) 4% on the base rental charge for rental vehicles.

16 (2) The sales tax is imposed on the purchaser and must be collected by the seller and paid to the  
17 department by the seller. The seller holds all sales taxes collected in trust for the state. The sales tax must be  
18 applied to the sales price.

19 (3) (a) For the privilege of using property or services within this state, there is imposed on the person  
20 using the following property or services a use tax equal to the following percentages of the value of the property  
21 or services:

22 (i) ~~3%~~ 3.2% on accommodations and campgrounds;

23 (ii) 4% on the base rental charge for rental vehicles.

24 (b) The use tax is imposed on property or services that were:

25 (i) acquired outside this state as the result of a transaction that would have been subject to the sales tax  
26 had it occurred within this state;

27 (ii) acquired within the exterior boundaries of an Indian reservation within this state as a result of a  
28 transaction that would have been subject to the sales tax had it occurred outside the exterior boundaries of an  
29 Indian reservation within this state;

30 (iii) acquired as the result of a transaction that was not initially subject to the sales tax imposed by

1 subsection (1) or the use tax imposed by subsection (3)(a) but which transaction, because of the buyer's  
2 subsequent use of the property, is subject to the sales tax or use tax; or

3 (iv) rendered as the result of a transaction that was not initially subject to the sales tax or use tax but that  
4 because of the buyer's subsequent use of the services is subject to the sales tax or use tax.

5 (4) For purposes of this section, the value of property must be determined as of the time of acquisition,  
6 introduction into this state, or conversion to use, whichever is latest.

7 (5) The sale of property or services exempt or nontaxable under this chapter is exempt from the tax  
8 imposed in subsections (1) and (3).

9 (6) Lodging facilities and campgrounds are exempt from the tax imposed in subsections (1)(a) and  
10 (3)(a)(i) until October 1, 2003, for contracts entered into prior to April 30, 2003, that provide for a guaranteed  
11 charge for accommodations or campgrounds."

12

13 **Section 9.** Section 15-68-820, MCA, is amended to read:

14 **"15-68-820. Sales tax and use tax proceeds.** (1) Except as provided in ~~subsection (2)~~ subsections (2)  
15 and (3), all money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited  
16 by the department into the general fund.

17 (2) Twenty-five percent of the revenue collected on the base rental charge for rental vehicles under  
18 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited in the state special revenue fund to the credit of the  
19 senior citizen and persons with disabilities transportation services account provided for in 7-14-112.

20 (3) (a) For each tax year, the department shall determine the total revenue collected from the tax  
21 collected statewide in accordance with 15-68-102(1)(a) and 15-68-102(3)(a)(i).

22 (b) The portion of revenue generated by 0.2% in subsection (3)(a) must be deposited in the solar schools  
23 account established in [section 4] to the credit of the department of environmental quality for use in accordance  
24 with [sections 1 through 7]."

25

26 **Section 10.** Section 17-7-502, MCA, is amended to read:

27 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
28 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the  
29 need for a biennial legislative appropriation or budget amendment.

30 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both

1 of the following provisions:

2 (a) The law containing the statutory authority must be listed in subsection (3).

3 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory  
4 appropriation is made as provided in this section.

5 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;  
6 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-807; 10-3-203; 10-3-310;  
7 10-3-312; 10-3-314; 10-3-1304; 10-4-304; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110;  
8 15-65-121; 15-70-101; 15-70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222;  
9 17-3-241; 17-6-101; 17-7-215; 18-11-112; 19-3-319; 19-3-320; 19-6-404; 19-6-410; 19-9-702; 19-13-604;  
10 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622;  
11 20-9-905; 20-26-617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; 22-3-1004; 23-4-105; 23-5-306; 23-5-409;  
12 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-51-501; 37-54-113; 39-71-503; 41-5-2011;  
13 42-2-105; 44-4-1101; 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-148; 53-6-1304; 53-9-113; 53-24-108;  
14 53-24-206; 60-11-115; 61-3-321; 61-3-415; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313;  
15 75-26-308; 76-13-150; 76-13-416; 76-17-103; 76-22-109; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518;  
16 80-11-1006; 81-1-112; 81-1-113; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102];  
17 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; [section 4]; and 90-9-306.

18 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
19 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
20 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana  
21 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state  
22 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory  
23 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion  
24 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded  
25 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and  
26 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.  
27 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under  
28 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion  
29 of 76-13-416 terminates June 30, 2019; pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112  
30 terminates on occurrence of contingency; pursuant to sec. 27, Ch. 285, L. 2015, and sec. 1, Ch. 292, L. 2015,

1 the inclusion of 53-9-113 terminates June 30, 2021; pursuant to sec. 6, Ch. 291, L. 2015, the inclusion of  
2 50-1-115 terminates June 30, 2021; pursuant to sec. 28, Ch. 368, L. 2015, the inclusion of 53-6-1304 terminates  
3 June 30, 2019; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on occurrence of  
4 contingency; pursuant to sec. 5, Ch. 422, L. 2015, the inclusion of 17-7-215 terminates June 30, 2021; pursuant  
5 to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117 terminates June 30, 2025; pursuant to sec.  
6 10, Ch. 427, L. 2015, the inclusion of 37-50-209 terminates September 30, 2019; pursuant to sec. 33, Ch. 457,  
7 L. 2015, the inclusion of 20-9-905 terminates December 31, 2023; pursuant to sec. 12, Ch. 55, L. 2017, the  
8 inclusion of 37-54-113 terminates June 30, 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304  
9 terminates September 30, 2025; pursuant to sec. 55, Ch. 151, L. 2017, the inclusion of 30-10-1004 terminates  
10 June 30, 2021; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant  
11 to secs. 5, 8, Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023;  
12 pursuant to sec. 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023, and pursuant to sec. 2,  
13 Ch. 340, L. 2017, and sec. 32, Ch. 429, L. 2017, is void for fiscal years 2018 and 2019; and pursuant to sec. 10,  
14 Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027.)"

15  
16 **NEW SECTION. Section 11. Notification to tribal governments.** The secretary of state shall send  
17 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
18 Chippewa tribe.

19  
20 **NEW SECTION. Section 12. Codification instruction.** [Sections 1 through 7] are intended to be  
21 codified as an integral part of Title 90, and the provisions of Title 90 apply to [sections 1 through 7].

22  
23 **NEW SECTION. Section 13. Effective date.** [This act] is effective on passage and approval.

24 - END -