

## 1 SENATE BILL NO. 258

2 INTRODUCED BY D. ANKNEY

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT RENAMING THE TREASURE STATE ENDOWMENT PROGRAM  
 5 AND FUND TO THE MONTANA COAL ENDOWMENT PROGRAM AND FUND; AND AMENDING SECTIONS  
 6 17-5-703, 17-7-111, 22-3-1306, 90-1-204, 90-6-701, 90-6-702, 90-6-710, AND 90-6-715, MCA."

7  
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9  
 10 **Section 1.** Section 17-5-703, MCA, is amended to read:

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

- 13 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
 14 severance tax must be deposited;
- 15 (b) a ~~treasure state~~ Montana coal endowment fund;
- 16 (c) a ~~treasure state~~ Montana coal endowment regional water system fund;
- 17 (d) a coal severance tax permanent fund;
- 18 (e) a coal severance tax income fund;
- 19 (f) a big sky economic development fund; and
- 20 (g) a school facilities fund.

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

24 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
 25 (2)(a) must be transferred from that fund as provided in subsections (4) and (5).

26 (3) (a) The state treasurer shall monthly transfer from the ~~treasure state~~ Montana coal endowment  
 27 fund to the ~~treasure state~~ Montana coal endowment special revenue account the amount of earnings, excluding  
 28 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in

1 accordance with 90-6-710. Earnings not transferred to the ~~treasure-state~~ Montana coal endowment special  
2 revenue account must be retained in the ~~treasure-state~~ Montana coal endowment fund.

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

9 (4) (a) Starting July 1, 2017, the state treasurer shall quarterly transfer to the school facilities fund  
10 provided for in 20-9-380(1) 75% of the amount in the coal severance tax bond fund in excess of the amount that  
11 is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state treasurer  
12 when the balance of the school facilities fund is \$200 million. Beginning with the quarter following this  
13 certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 75% of the  
14 amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be  
15 retained in the fund.

16 (b) The state treasurer shall monthly transfer from the school facilities fund to the account established  
17 in 20-9-525 the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of  
18 the state that are payable from the account. Earnings not transferred to the account established in 20-9-525  
19 must be retained in the school facilities fund.

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

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

28 (6) Any amount in the coal severance tax bond fund in excess of the amount that is specified in

1 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
 2 deposited in the coal severance tax permanent fund. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L.  
 3 2015.)

4 **17-5-703. (Effective July 1, 2031) Coal severance tax trust funds.** (1) The trust established under  
 5 Article IX, section 5, of the Montana constitution is composed of the following funds:

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

8 (b) a ~~treasure-state~~ Montana coal endowment fund;

9 (c) a coal severance tax permanent fund;

10 (d) a coal severance tax income fund;

11 (e) a big sky economic development fund; and

12 (f) a school facilities fund.

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

16 (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection  
 17 (2)(a) must be transferred from that fund as provided in subsections (4) and (5).

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

23 (4) (a) Starting July 1, 2017, the state treasurer shall quarterly transfer to the school facilities fund  
 24 provided for in 20-9-380(1) 75% of the amount in the coal severance tax bond fund in excess of the amount that  
 25 is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state treasurer  
 26 when the balance of the school facilities fund is \$200 million. Beginning with the quarter following this  
 27 certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 75% of the  
 28 amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be

1 retained in the fund.

2 (b) The state treasurer shall monthly transfer from the school facilities fund to the account established  
3 in 20-9-525 the amount of earnings, excluding unrealized gains and losses, required to meet the obligations of  
4 the state that are payable from the account. Earnings not transferred to the account established in 20-9-525  
5 must be retained in the school facilities fund.

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

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

14 (6) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
15 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
16 deposited in the coal severance tax permanent fund."

17

18 **Section 2.** Section 17-7-111, MCA, is amended to read:

19 **"17-7-111. Preparation of state budget -- agency program budgets -- form distribution and**

20 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the state  
21 need information that is consistent and accurate. Necessary information includes detailed disbursements by  
22 fund type for each agency and program for the appropriate time period, recommendations for creating a  
23 balanced budget, and recommended disbursements and estimated receipts by fund type and fund category.

24 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst  
25 shall by agreement:

26 (i) establish necessary standards, formats, and other matters necessary to share information between  
27 the agencies and to ensure that information is consistent and accurate for the preparation of the state's budget;  
28 and

1 (ii) provide for the collection and provision of budgetary and financial information that is in addition to or  
2 different from the information otherwise required to be provided pursuant to this section.

3 (2) In the preparation of a state budget, the budget director shall, not later than the date specified in  
4 17-7-112(1), distribute to all agencies the proper forms and instructions necessary for the preparation of budget  
5 estimates by the budget director. These forms must be prescribed by the budget director to procure the  
6 information required by subsection (3). The forms must be submitted to the budget director by the date provided  
7 in 17-7-112(2), or the agency's budget is subject to preparation based upon estimates as provided in 17-7-  
8 112(5). The budget director may refuse to accept forms that do not comply with the provisions of this section or  
9 the instructions given for completing the forms.

10 (3) The agency budget request must set forth a balanced financial plan for the agency completing the  
11 forms for each fiscal year of the ensuing biennium. The plan must consist of:

12 (a) a consolidated agency budget summary of funds subject to appropriation, as provided in 17-8-101,  
13 for the current base budget expenditures, including statutory appropriations, and for each present law  
14 adjustment and new proposal request setting forth the aggregate figures of the full-time equivalent personnel  
15 positions (FTE) and the budget, showing a balance between the total proposed disbursements and the total  
16 anticipated receipts, together with the other means of financing the budget for each fiscal year of the ensuing  
17 biennium, contrasted with the corresponding figures for the last-completed fiscal year and the fiscal year in  
18 progress;

19 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each fund for the  
20 current biennium and estimated for the subsequent biennium;

21 (c) a statement of the agency mission and a statement of goals and objectives for each program of  
22 the agency. The goals and objectives must include, in a concise form, sufficient specific information and  
23 quantifiable information to enable the legislature to formulate an appropriations policy regarding the agency and  
24 its programs and to allow a determination, at some future date, on whether the agency has succeeded in  
25 attaining its goals and objectives.

26 (d) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated  
27 FTE and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by  
28 program;

1 (e) actual disbursements for the completed fiscal year of the current biennium, estimated  
 2 disbursements for the current fiscal year, and the agency's recommendations for the ensuing biennium, by  
 3 disbursement category;

4 (f) for agencies with more than 20 FTE, a plan to reduce the proposed base budget for the general  
 5 appropriations act and the proposed state pay plan to 95% of the current base budget or lower if directed by the  
 6 budget director. Each agency plan must include base budget reductions that reflect the required percentage  
 7 reduction by fund type for the general fund and state special revenue fund types. Exempt from the calculations  
 8 of the 5% target amounts are legislative audit costs, administratively attached entities that hire their own staff  
 9 under 2-15-121, and state special revenue accounts that do not transfer their investment earnings or fund  
 10 balances to the general fund. The plan must include:

11 (i) a prioritized list of services that would be eliminated or reduced;

12 (ii) for each service included in the prioritized list, the savings that would result from the elimination or  
 13 reduction; and

14 (iii) the consequences or impacts of the proposed elimination or reduction of each service.

15 (g) a reference for each new information technology proposal stating whether the new proposal is  
 16 included in the approved agency information technology plan as required in 2-17-523;

17 (h) energy cost saving information as required by 90-4-616; and

18 (i) other information the budget director feels is necessary for the preparation of a budget.

19 (4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance with  
 20 17-7-112:

21 (a) detailed recommendations for capital developments for:

22 (i) local infrastructure projects;

23 (ii) funding for energy development-impacted areas; and

24 (iii) the state long-range building program. Each recommendation for the capital developments long-  
 25 range building program must be presented by institution, agency, or branch, by funding source, with a  
 26 description of each proposed project.

27 (b) a statewide project budget summary as provided in 2-17-526;

28 (c) the proposed pay plan schedule for all executive branch employees at the program level by fund,

1 with the specific cost and funding recommendations for each agency. Submission of a pay plan schedule under  
2 this subsection is not an unfair labor practice under 39-31-401.

3 (d) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2, part  
4 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation and  
5 development grants program under Title 90, chapter 2, part 11, and the ~~treasure state~~ Montana coal  
6 endowment program under Title 90, chapter 6, part 7.

7 (5) The board of regents shall submit, with its budget request for each university unit in accordance  
8 with 17-7-112, a report on the university system bonded indebtedness and related finances as provided in this  
9 subsection (5). The report must include the following information for each year of the biennium, contrasted with  
10 the same information for the last-completed fiscal year and the fiscal year in progress:

11 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

12 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each  
13 outstanding bond indenture, clearly delineating the accounts relating to each indenture and the minimum legal  
14 funding requirements for each bond indenture; and

15 (c) a schedule showing the total funds available from each bond indenture and its associated  
16 accounts, with a list of commitments and planned expenditures from the accounts, itemized by revenue source  
17 and project for each year of the current and ensuing bienniums.

18 (6) (a) The department of revenue shall make Montana individual income tax information available by  
19 removing names, addresses, and social security numbers and substituting in their place a state accounting  
20 record identifier number. Except for the purposes of complying with federal law, the department may not alter  
21 the data in any other way.

22 (b) The department of revenue shall provide the name and address of a taxpayer on written request  
23 of the budget director when the values on the requested return, including estimated payments, are considered  
24 necessary by the budget director to properly analyze state revenue and are of a sufficient magnitude to  
25 materially affect the analysis and when the identity of the taxpayer is necessary to evaluate the effect of the  
26 return or payments on the analysis being performed."  
27

28 **Section 3.** Section 22-3-1306, MCA, is amended to read:

1           **"22-3-1306. Priorities for funding -- rulemaking.** (1) The department of commerce shall make  
2 recommendations for grants awarded under the historic preservation grant program to public or private entities  
3 for the preservation of historic sites, historical societies, or history museums in the state. The recommendations  
4 must be based on competitive criteria created by the department, as guided by the legislature. The criteria may  
5 include:

6           (a) the degree of economic stimulus or economic activity, including job creation and work creation for  
7 Montana contractors and service workers;

8           (b) the purpose of the project, including whether it provides features that establish or enhance  
9 security, climate control, or fire protection for museums or address infrastructure, maintenance, or building code  
10 issues;

11           (c) the timing of the project, including access to matching funds, if needed, and approval of permits so  
12 that work can be completed without delay;

13           (d) the historic or heritage value related to the state of Montana;

14           (e) the successful track record or experience of the organization directing the project; and

15           (f) the expected ongoing economic benefit to the state as a result of the project completion.

16           (2) The department of commerce shall adopt rules necessary to implement the historic preservation  
17 grant program. In adopting rules, the department shall look to the rules adopted for the ~~treasure state~~ Montana  
18 coal endowment program, the cultural and aesthetic grant program, and other similar state programs. To the  
19 extent feasible, the department shall make the rules compatible with those other programs."  
20

21           **Section 4.** Section 90-1-204, MCA, is amended to read:

22           **"90-1-204. Priorities for funding -- rulemaking.** (1) Under the big sky economic development  
23 program provided for in 90-1-201, the department must receive proposals for grants and loans from local  
24 governments and tribal governments. A local government shall work with an economic development  
25 organization on a proposal. The department shall work with the local government and the economic  
26 development organization or with an applicant tribal government in preparing cost estimates for a proposed  
27 project. In reviewing proposals, the department may consult with other state agencies with expertise pertinent  
28 to the proposal.



1           (2) (a) The department shall adopt rules necessary to implement the big sky economic development  
2 program. In adopting rules, the department shall look to the rules adopted for the ~~treasure state~~ Montana coal  
3 endowment program and other similar state programs. To the extent feasible, the department shall make the  
4 rules compatible with those other programs. To the extent feasible, the department shall employ an approach  
5 pertaining to the use of funds so that, except as provided in subsection (2)(b), the needs of rural areas are  
6 balanced with the needs of the state's urban centers.

7           (b) For high-poverty counties, the department shall employ an approach pertaining to the use of funds  
8 that is intended to lower poverty levels in the county to a percentage at which the county no longer is defined as  
9 a high-poverty county.

10           (c) The rules must provide for the types of uses of funds available under the big sky economic  
11 development program. The types of uses of funds by:

12           (i) local governments and tribal governments include but are not limited to:

13           (A) a reduction in the interest rate of a commercial loan for the expansion of a basic sector company;

14           (B) a grant or low-interest loan for relocation expenses for a basic sector company; and

15           (C) rental assistance or lease buy-downs for a relocation or expansion project for a basic sector  
16 company;

17           (ii) a certified regional development corporation or a tribal government include:

18           (A) support for business improvement districts and central business district redevelopment;

19           (B) industrial development;

20           (C) feasibility studies;

21           (D) creation and maintenance of baseline community profiles; and

22           (E) matching funds for federal funds, including but not limited to brownfields funds and natural  
23 resource damage funds.

24           (d) (i) The rules must provide for distribution methods for financial assistance available to local  
25 governments and tribal governments. The rules must provide for distribution based upon the number of jobs  
26 expected to be created because of the funding.

27           (ii) Funding may not exceed \$5,000 for each expected job, except that funding for a project in a high-  
28 poverty county may not exceed \$7,500 for each expected job.

1 (iii) The rules must require equal matching funds for a grant or loan, except that the rules for a grant or  
2 a loan in a high-poverty county may allow a 50% to 100% match requirement for the high-poverty county.

3 (e) The rules may provide for greater incentives for a high-poverty county.

4 (f) The rules must provide for the full or partial repayment of a grant if the new jobs or some of the  
5 new jobs for which a grant is given are not created.

6 (g) A grant or loan under the big sky economic development program may be made only for a new job  
7 that has an average weekly wage that meets or exceeds the lesser of 170% of Montana's current minimum  
8 wage or the current average weekly wage of the county in which the employees are to be principally employed.  
9 For purposes of this subsection (2)(g) and subject to subsection (2)(h), the department may consider the value  
10 of employee benefits in determining whether the wage requirements have been met.

11 (h) Nothing in subsection (2)(g) exempts an employer from minimum wage requirements."  
12

13 **Section 5.** Section 90-6-701, MCA, is amended to read:

14 **"90-6-701. ~~Treasure state~~ Montana coal endowment program created -- definitions.** (1) (a)

15 There is a ~~treasure state~~ Montana coal endowment program that consists of:

16 (i) the ~~treasure state~~ Montana coal endowment fund established in 17-5-703;

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

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

21 (2) Interest from the ~~treasure state~~ Montana coal endowment fund and from proceeds of the sale of  
22 bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure  
23 projects under this part, to provide funding to the department of commerce for the administrative costs of the  
24 ~~treasure state~~ Montana coal endowment program [and the delivering local assistance grant program], and to  
25 repay loans from the board of investments.

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

27 (a) "Infrastructure projects" means:

28 (i) drinking water systems;

- 1 (ii) wastewater treatment;
- 2 (iii) sanitary sewer or storm sewer systems;
- 3 (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;
- 4 or
- 5 (v) bridges.
- 6 (b) "Local government" means an incorporated city or town, a county, a consolidated local
- 7 government, a tribal government, a county or multicounty water, sewer, or solid waste district, or an authority as
- 8 defined in 75-6-304.
- 9 (c) "~~Treasure state~~ Montana coal endowment fund" means the coal severance tax infrastructure
- 10 endowment fund established in 17-5-703(1)(b).
- 11 (d) "~~Treasure state~~ Montana coal endowment program" means the local government infrastructure
- 12 investment program established in subsection (1).
- 13 (e) "Tribal government" means a federally recognized Indian tribe within the state of Montana.
- 14 (Bracketed language terminates June 30, 2021--sec. 31, Ch. 476, L. 2019.)"

15

16 **Section 6.** Section 90-6-702, MCA, is amended to read:

17 **"90-6-702. Purpose.** The purpose of the ~~treasure state~~ Montana coal endowment program is to assist

18 local governments in funding infrastructure projects that will:

- 19 (1) create jobs for Montana residents;
- 20 (2) promote economic growth in Montana by helping to finance the necessary infrastructure;
- 21 (3) encourage local public facility improvements;
- 22 (4) create a partnership between the state and local governments to make necessary public projects
- 23 affordable;
- 24 (5) support long-term, stable economic growth in Montana;
- 25 (6) protect future generations from undue fiscal burdens caused by financing necessary public works;
- 26 (7) coordinate and improve infrastructure financing by federal, state, local government, and private
- 27 sources; and
- 28 (8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens."

1

2           **Section 7.** Section 90-6-710, MCA, is amended to read:

3           **"90-6-710. Priorities for projects -- procedure -- rulemaking.** (1) The department of commerce  
4 must receive proposals for infrastructure projects from local governments on a continual basis. The department  
5 shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the  
6 department may consult with other state agencies with expertise pertinent to the proposal. For the projects  
7 under 90-6-703(1)(a), the department shall prepare and submit two lists containing the recommended projects  
8 and the recommended form and amount of financial assistance for each project to the governor, prioritized  
9 pursuant to subsection (2) and this subsection. One list must contain the ranked and recommended bridge  
10 projects, and the other list must contain the remaining ranked and recommended infrastructure projects referred  
11 to in 90-6-701(3)(a). Each list must be prioritized pursuant to subsection (2) of this section, but the department  
12 may recommend up to 20% of the interest earnings anticipated to be deposited into the ~~treasure state~~ Montana  
13 coal endowment fund established in 17-5-703 during the following biennium for bridge projects. Before making  
14 recommendations to the governor, the department may adjust the ranking of projects by giving priority to urgent  
15 and serious public health or safety problems. The governor shall review the projects recommended by the  
16 department and shall submit the lists of recommended projects and the recommended financial assistance to  
17 the legislature.

18           (2) In preparing recommendations under subsection (1), preference must be given to infrastructure  
19 projects based on the following order of priority:

20           (a) projects that solve urgent and serious public health or safety problems or that enable local  
21 governments to meet state or federal health or safety standards;

22           (b) projects that reflect greater need for financial assistance than other projects;

23           (c) projects that incorporate appropriate, cost-effective technical design and that provide thorough,  
24 long-term solutions to community public facility needs;

25           (d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and  
26 management of public facilities and that attempt to resolve the infrastructure problem with local resources;

27           (e) projects that enable local governments to obtain funds from sources other than the funds provided  
28 under this part;

1 (f) projects that provide long-term, full-time job opportunities for Montanans, that provide public  
 2 facilities necessary for the expansion of a business that has a high potential for financial success, or that  
 3 maintain the tax base or that encourage expansion of the tax base; and

4 (g) projects that are high local priorities and have strong community support.

5 (3) After the review required by subsection (1), the projects must be approved by the legislature.

6 (4) The department shall adopt rules necessary to implement the ~~treasure state~~ Montana coal  
 7 endowment program.

8 (5) The department shall report to each regular session of the legislature the status of all projects that  
 9 have not been completed in order for the legislature to review each project's status and determine whether the  
 10 authorized grant should be withdrawn."  
 11

12 **Section 8.** Section 90-6-715, MCA, is amended to read:

13 **"90-6-715. (Temporary) Special revenue account -- use.** (1) (a) The ~~treasure state~~ Montana coal  
 14 endowment regional water system special revenue account may be used to:

15 (i) provide matching funds to plan and construct regional drinking water systems in Montana;

16 (ii) pay the debt service for regional water system bond issues;

17 (iii) provide funding of administrative expenses for state and local entities associated with regional  
 18 drinking water systems; and

19 (iv) pay the costs of eligible projects on an interim basis pending the receipt of grant and loan funds by  
 20 those systems or entities.

21 (b) Except for the debt service administrative expenses and payment of the costs of eligible projects  
 22 on an interim basis provided for in subsection (1)(a), each state dollar must be matched equally by local funds.  
 23 Federal and state grants may not be used as a local match.

24 (2) Up to 25% of the local matching funds required under subsection (1) for the ~~treasure state~~  
 25 Montana coal endowment regional water system may be in the form of debt that was incurred by local  
 26 government entities included in the regional water system to construct individual drinking water systems before  
 27 the individual systems were connected to the regional system. However, the amount of an individual entity's  
 28 debt that may be used for matching funds is limited to the amount necessary to allow the entity to maintain its

1 water service charges below the hardship standard established by the department through administrative rules  
2 adopted under 90-6-710.

3 (3) The funds in the account are further restricted to be used to finance regional drinking water  
4 systems that supply water to large geographical areas and serve multiple local governments, such as projects  
5 in north central Montana, from the waters of the Tiber reservoir, that will provide water for domestic use,  
6 industrial use, and stock water for communities and rural residences that lie south of the Canadian border, west  
7 of Havre, north of Dutton, and east of Cut Bank and in northeastern Montana, from the waters of the Missouri  
8 River, that will provide water for domestic use, industrial use, and stock water for communities and rural  
9 residences that lie south of the Canadian border, west of the North Dakota border, north of the Missouri River,  
10 and east of range 39.

11 (4) The funds must be administered by the department of natural resources and conservation for  
12 eligible projects. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L. 2015.)"

13 - END -