

1 HOUSE BILL NO. 8
2 INTRODUCED BY M. HOPKINS, J. FITZPATRICK
3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, OFFICE OF
4 BUDGET AND PROGRAM PLANNING

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND
7 AUTHORIZING LOANS; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES
8 AND CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN
9 PROGRAM; AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; CREATING STATE
10 DEBT; PLACING CERTAIN CONDITIONS ON LOANS; AND PROVIDING AN EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 NEW SECTION. **Section 1. Authorization to provide loans.** (1) The legislature finds that the
15 renewable resource projects listed in this section meet the provisions of 17-5-702. The department of natural
16 resources and conservation is authorized to make loans to the political subdivisions of state government and
17 local governments listed in subsection (2) in amounts not to exceed the loan amounts listed for each project
18 from the proceeds of the bonds authorized in [section 3 4].

19 (2) The interest rate for the projects in this group is 3.0% or the rate at which the state bonds are
20 sold, whichever is lower, for up to 30 years:

Loan	Amount
Greenfields Irrigation District	
Hydro Development	\$1,500,000
East Fork	
Dam Rehabilitation	\$10,000,000 <u>\$16,900,000</u>
Painted Rocks	
 Dam Rehabilitation	\$6,000,000

Amendment - 1st Reading/2nd House-blue - Requested by: Mike Lang - (S) Finance and Claims

- 2023

68th Legislature 2023

Drafter: Katy Callon, 406-444-4421

HB0008.002.001

1	Right Subdrain Repair Project	\$200,000
2	Huntley Irrigation District Reauthorization	
3	Tunnel 2 and Canal System	\$3,500,000
4	Lockwood Irrigation District	
5	Box Elder Siphon, Pump Station, and Pump 3	\$750,000 <u>\$1,550,000</u>

6 (4) (a) The interest rate for the project in this group is 3.0% or the rate at which the state bonds are
7 sold, whichever is lower, for up to 30 years:

8	Loan	Amount
9	St. Mary's Diversion Project Local Share	\$40,000,000

- 10 (b) The loan in this subsection (4) is contingent on the following:
- 11 (i) the federal government entering into an agreement with the state that designates the federal
12 and state share of the total project cost;
 - 13 (ii) the forming of a water users' association of Montana users of the waters flowing from the Milk
14 River that includes cities, towns, districts, water users' associations, and other unassociated individuals and
15 entities; and
 - 16 (iii) the water users' association demonstrating to the satisfaction of the department of natural
17 resources and conservation its financial capacity, through water user fees or other available sources of funding,
18 to pay the annual costs of the loan repayment over the term of the loan.

19
20 NEW SECTION. SECTION 3. AUTHORIZATION TO PROVIDE LOAN. (1) THE INTEREST RATE FOR THE PROJECT
21 IN THIS GROUP IS 3.0% OR THE RATE AT WHICH THE STATE BONDS ARE SOLD, WHICHEVER IS LOWER, FOR UP TO 30
22 YEARS:

23	<u>LOAN</u>	<u>AMOUNT</u>
24	<u>ST. MARY'S SIPHON REPLACEMENT PROJECTS LOCAL SHARE</u>	<u>\$26,000,000</u>

25 (2) THE LOAN IN THIS SECTION IS CONTINGENT ON THE FOLLOWING:

26 (A) THE FEDERAL GOVERNMENT ENTERING INTO AN AGREEMENT WITH THE STATE THAT DESIGNATES THE
27 FEDERAL AND STATE SHARE OF THE TOTAL PROJECT COST;

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1 ~~(B) THE FORMING OF A WATER USERS' ASSOCIATION OF MONTANA USERS OF THE WATERS FLOWING FROM~~
2 ~~THE MILK RIVER THAT INCLUDES CITIES, TOWNS, DISTRICTS, WATER USERS' ASSOCIATIONS, AND OTHER UNASSOCIATED~~
3 ~~INDIVIDUALS AND ENTITIES; AND~~

4 ~~(C) THE WATER USERS' ASSOCIATION DEMONSTRATING TO THE SATISFACTION OF THE DEPARTMENT OF~~
5 ~~NATURAL RESOURCES AND CONSERVATION ITS FINANCIAL CAPACITY, THROUGH WATER USER FEES OR OTHER AVAILABLE~~
6 ~~SOURCES OF FUNDING, TO PAY THE ANNUAL COSTS OF THE LOAN REPAYMENT OVER THE TERM OF THE LOAN.~~

7 ~~(a) the receipt of federal cost share that addresses the financial capability of the Milk River project~~
8 ~~contracting entities as cited in the Milk River project ability-to-pay study by the U.S. department of the interior,~~
9 ~~bureau of reclamation, dated September 2022, or the budget director adopting a repair plan from the water~~
10 ~~users' association formed in subsection (2)(b). The department of natural resources and conservation shall~~
11 ~~develop the required contents of the repair plan. The Milk River joint board of control shall submit its repair plan~~
12 ~~to the department of natural resources and conservation. If the budget director does not adopt the repair plan,~~
13 ~~the Milk River joint board of control may resubmit a revised repair plan to the department.~~

14 ~~(b) the Milk River joint board of control demonstrating to the satisfaction of the department of~~
15 ~~natural resources and conservation its technical, managerial, and financial capacity, through water user fees or~~
16 ~~other available sources of funding, to pay the annual costs of the loan repayment over the term of the loan.~~

17
18 NEW SECTION. Section 4. Coal severance tax bonds authorized. (1) The legislature finds that
19 Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved
20 renewable resource projects as part of the state renewable resource grant and loan program. Available funds
21 from previous sales of coal severance tax bonds, plus any additional principal amount on bonds as may be
22 necessary, pursuant to the conditions in 85-1-605, to fund emergency loans, as authorized and approved in
23 accordance with 85-1-605(4), may also be used for the projects approved in [sections 1 through 7 8]. The board
24 of examiners is authorized to issue coal severance tax bonds in an amount not to exceed ~~\$89,950,000~~
25 \$129,415,000 in the biennium beginning July 1, 2023, of which up to ~~\$8,995,000~~ \$11,765,000 is to be used to
26 establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of natural
27 resources and conservation for financing the projects identified in [sections 1 and 2 THROUGH 3] and may be