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HOUSE BILL NO. 546

INTRODUCED BY D. FERN, T. WELCH, J. HAMILTON, D. HAWK, G. NIKOLAKAKOS, D. LOGE, R. FITZGERALD, M. YAKAWICH, J. KASSMIER, J. KARLEN, B. CARTER, L. SMITH

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING ADDITIONAL FUNDING FOR LOW-INCOME AND MODERATE-INCOME HOUSING LOANS FROM THE PERMANENT COAL TAX TRUST FUND; AMENDING THE TERMS OF LOANS; AMENDING SECTIONS 17-6-308 AND 90-6-137, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 17-6-308, MCA, is amended to read:

**"17-6-308. Authorized investments.** (1) Except as provided in subsections (2) through (8) of this section and subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized by rules adopted by the board.

(2) The board may make loans from the permanent coal tax trust fund to the capital reserve account created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must be on terms and conditions determined by the board and must be repaid from revenue realized from the exercise of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior pledge of the revenue to the bonds and notes.

(3) The board shall manage the seed capital and research and development loan portfolios created by the former Montana board of science and technology development. The board shall establish an appropriate repayment schedule for all outstanding research and development loans made to the university system. The board is the successor in interest to all agreements, contracts, loans, notes, or other instruments entered into by the Montana board of science and technology development as part of the seed capital and research and development loan portfolios, except agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. The board shall administer the agreements, contracts, loans, notes,

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Drafter: Julie Johnson, 406-444-4024

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1 or other instruments funded with coal tax permanent trust funds. As loans made by the former Montana board  
2 of science and technology development are repaid, the board shall deposit the proceeds or loans made from  
3 the coal severance tax trust fund in the coal severance tax permanent fund until all investments are paid back  
4 with 7% interest.

5 (4) The board shall allow the Montana facility finance authority to administer ~~\$15-\$30~~ \$15 million of  
6 the permanent coal tax trust fund for capital projects. Until the authority makes a loan pursuant to the provisions  
7 of Title 90, chapter 7, the funds under its administration must be invested by the board pursuant to the  
8 provisions of 17-6-201. As loans for capital projects made pursuant to this subsection are repaid, the principal  
9 and interest payments on the loans must be deposited in the coal severance tax permanent fund until all  
10 principal and interest have been repaid. The board and the authority shall calculate the amount of the interest  
11 charge. Individual loan amounts may not exceed 10% of the amount administered under this subsection.

12 (5) The board shall allow the board of housing to administer \$50 million of the permanent coal tax  
13 trust fund for the purposes of the Montana veterans' home loan mortgage program provided for in Title 90,  
14 chapter 6, part 6.

15 (6) The board shall allow the board of housing to administer ~~\$15-\$30~~ million of the permanent coal  
16 tax trust fund for the purpose of providing loans for the development and preservation of homes and apartments  
17 to assist low-income and moderate-income persons with meeting their basic housing needs pursuant to 90-6-  
18 137.

19 (7) (a) Subject to subsections (7)(b) and (7)(c), the board may make working capital loans from the  
20 permanent coal tax trust fund to an owner of a coal-fired generating unit.

21 (b) Loans may be provided in accordance with subsection (7)(a) to an owner to finance:

22 (i) the everyday operations and required maintenance of a coal-fired generating unit of which an  
23 owner has a shared interest;

24 (ii) the purchase of an additional interest in a coal-fired generating unit of which an owner has a  
25 shared interest;

26 (iii) the purchase of coal to use at a coal-fired generating unit or improvements necessary to utilize  
27 coal from a different source at a coal-fired generating unit. When considering loan requests made under this  
28 subsection (7)(b)(iii), the board shall give preference to requests that allow for utilization of coal resources

1 located in Montana or allow for improvements to utilize coal resources located in Montana that are determined  
2 to be economically feasible.

3 (iv) the purchase of electric transmission lines and associated facilities of a design capacity of 500  
4 kilovolts or more primarily used to transmit electricity generated by a coal-fired resource;

5 (v) costs related to decommissioning and remediation of a coal-fired generating unit or affected  
6 property to meet applicable legal obligations as defined in 75-8-103; or

7 (vi) any combination of subsections (7)(b)(i) through (7)(b)(v).

8 (c) The board may charge a working capital loan application fee of up to \$500.

9 (8) The board may make loans from the permanent coal tax trust fund to a city, town, county, or  
10 consolidated city-county government impacted by the closure of a coal-fired generating unit to secure and  
11 maintain existing infrastructure.

12 (9) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance.  
13 The rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit  
14 corporations.

15 (10) All repayments of proceeds pursuant to subsection (3) of investments made from the coal  
16 severance tax trust fund must be deposited in the coal severance tax permanent fund."

17

18 **Section 2.** Section 90-6-137, MCA, is amended to read:

19 **"90-6-137. Alternate funding source for housing loans -- use of coal tax trust fund money. (1)**

20 The board of investments shall allow the board of housing to administer ~~\$15~~ \$30 million of the coal tax trust  
21 fund for the purpose of providing loans for the development and preservation of homes and apartments to  
22 assist eligible low-income and moderate-income applicants. Until the board uses money in the coal tax trust  
23 fund to loan to a qualified applicant pursuant to this part, the money under the administration of the board must  
24 remain invested by the board of investments.

25 (2) While a loan made from the coal tax trust fund pursuant to this section is repaid, the principal  
26 payments on the loan must be deposited in the coal tax trust fund until all of the principal of the loan is repaid.  
27 Interest received on a loan may be used by the board, in amounts determined by the board in accordance with  
28 90-6-136, to pay for the servicing of a loan and for reasonable costs of the board for administering the program.

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1 After payment of associated expenses, interest received on the loan must be deposited into the coal tax trust  
2 fund.

3 (3) (a) Money from the coal tax trust fund must be used for the purposes identified in 90-6-134(3)  
4 and (4).

5 (b) Loans made pursuant to this section must meet the following requirements:

6 (i) Projects funded with the loans must be multifamily rental housing projects that provide low-  
7 income and moderate-income housing.

8 (ii) The loan must be in the first lien position and may not exceed 95% of total development costs.

9 (iii) The minimum interest rate charged on a loan pursuant to this section is ~~0.5% less than~~ 0.5%  
10 less than the interest rate charged for a loan funded by the housing Montana fund provided for in 90-6-133.

11 (iv) The board and the loan recipient shall each pay half of loan servicing fees.

12 (v) Projects funded with the loans must be subject to property taxes.

13 (4) Money from the coal tax trust fund may not be used to replace existing or available sources of  
14 funding for eligible activities.

15 (5) Funds administered by the board from the coal tax trust fund may not be used to pay the  
16 expenses of any other program or service administered by the board."

17  
18 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2023.

19 - END -