

1 HOUSE BILL NO. 546

2 INTRODUCED BY D. FERN, T. WELCH, J. HAMILTON, D. HAWK, G. NIKOLAKAKOS, D. LOGE, R.

3 FITZGERALD, M. YAKAWICH, J. KASSMIER, J. KARLEN, B. CARTER, L. SMITH

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

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11  
12 **Section 1.** Section 17-6-308, MCA, is amended to read:

13 **"17-6-308. Authorized investments.** (1) Except as provided in subsections (2) through (8) of this  
14 section and subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested  
15 as authorized by rules adopted by the board.

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

22 (3) The board shall manage the seed capital and research and development loan portfolios  
23 created by the former Montana board of science and technology development. The board shall establish an  
24 appropriate repayment schedule for all outstanding research and development loans made to the university  
25 system. The board is the successor in interest to all agreements, contracts, loans, notes, or other instruments  
26 entered into by the Montana board of science and technology development as part of the seed capital and  
27 research and development loan portfolios, except agreements, contracts, loans, notes, or other instruments

**Amendment - 1st Reading/2nd House-blue - Requested by: Dave Fern - (S) Business, Labor, and Economic Affairs**

- 2023

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Drafter: Erin Sullivan, 406-444-3594

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1 payments on the loan must be deposited in the coal tax trust fund until all of the principal of the loan is repaid.  
2 Interest received on a loan may be used by the board, in amounts determined by the board in accordance with  
3 90-6-136, to pay for the servicing of a loan and for reasonable costs of the board for administering the program.  
4 After payment of associated expenses, interest received on the loan must be deposited into the coal tax trust  
5 fund.

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

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

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

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

12 (iii) The minimum interest rate charged on a loan pursuant to this section is ~~0.5% less than 0.5%~~  
13 LESS MORE THAN the interest rate charged for a loan funded by the housing Montana fund provided for in 90-6-  
14 133.

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

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

17 (VI) PROJECTS FUNDED WITH THE LOANS MUST DISPLAY SIGNAGE IN A PROMINENT MANNER INDICATING  
18 THAT THE PROJECT IS FUNDED WITH COAL TAX REVENUE.

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

21 (5) Funds administered by the board from the coal tax trust fund may not be used to pay the  
22 expenses of any other program or service administered by the board."  
23

24 COORDINATION SECTION. Section 3. Coordination instruction. If both House Bill No. 927 and  
25 [this act] are passed and approved and if both amend 90-6-137, then [sections 1 and 2 of this act] are void, and  
26 [section 2 of House Bill No. 927], amending 90-6-137, must be amended as follows:

27 **"90-6-137. Alternate funding source for housing loans -- use of coal tax trust fund money. (1)**

1 The board of investments shall allow the board of housing to administer ~~\$15 million~~\$130 million of the coal tax  
2 trust fund for the purpose of providing loans for the development and preservation of homes and apartments to  
3 assist eligible low-income and moderate-income applicants. Until the board uses money in the coal tax trust  
4 fund to loan to a qualified applicant pursuant to this part, the money under the administration of the board must  
5 remain invested by the board of investments.

6 (2) While a loan made from the coal tax trust fund pursuant to this section is repaid, the principal  
7 payments on the loan must be deposited in the coal tax trust fund until all of the principal of the loan is repaid.  
8 Interest received on a loan may be used by the board, in amounts determined by the board in accordance with  
9 90-6-136, to pay for the servicing of a loan and for reasonable costs of the board for administering the program.  
10 After payment of associated expenses, interest received on the loan must be deposited into the coal tax trust  
11 fund.

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

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

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

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

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

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

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

22 (vi) Projects funded with the loans must display signage in a prominent manner indicating that the  
23 project is funded with coal tax revenue.

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

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