

1 HOUSE BILL NO. 11

2 INTRODUCED BY W. MCKAMEY

3 BY REQUEST OF THE DEPARTMENT OF COMMERCE

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY FROM THE TREASURE STATE

6 ENDOWMENT SPECIAL REVENUE ACCOUNT TO THE DEPARTMENT OF COMMERCE FOR

7 INFRASTRUCTURE PROJECTS, EMERGENCY GRANTS FOR FINANCIAL ASSISTANCE TO LOCAL

8 GOVERNMENTS, AND INFRASTRUCTURE PLANNING GRANTS; AUTHORIZING GRANTS FROM THE

9 TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT; PLACING CONDITIONS AND

10 PROVIDING CLARIFICATIONS ON GRANTS AND FUNDS; APPROPRIATING MONEY FROM THE

11 TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT TO THE

12 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR FINANCIAL ASSISTANCE TO

13 REGIONAL WATER AUTHORITIES FOR REGIONAL WATER SYSTEM PROJECTS; AMENDING 90-6-710,

14 MCA; AND PROVIDING AN EFFECTIVE DATE."

15

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

17

18 **NEW SECTION. Section 1. Appropriation for treasure state endowment program grants.** (1)

19 There is appropriated to the department of commerce \$9,869,800 for the biennium beginning July 1, 2021, from

20 the treasure state endowment special revenue account established in 17-5-703(3)(a) to finance treasure state

21 endowment program grants authorized by subsection (2).

22 (2) The following applicants and projects are authorized for grants and listed in the order of their

23 priority:

Infrastructure Applicant (project type)	Grant Amount
1. Butte-Silver Bow, City-County of (water)	\$500,000
2. Thompson Falls, City of (wastewater)	\$750,000
3. Loma County Water and Sewer District (water)	\$455,800
4. Fort Smith Water and Sewer District (wastewater)	\$750,000

1	5.	Hardin, City of (wastewater)	\$500,000
2	6.	Lockwood Water and Sewer District (wastewater)	\$750,000
3	7.	Phillips County—Buffalo Trail Water District (water)	\$200,000
4	8.	Alberton, Town of (water)	\$750,000
5	9.	Ekalaka, Town of (water)	\$500,000
6	10.	Lewiston, City of (water)	\$500,000
7	11.	Harlowton, City of (water)	\$625,000
8	12.	Joliet, Town of (water)	\$625,000
9	13.	Deer Lodge, City of (wastewater)	\$500,000
10	14.	Libby, City of (wastewater)	\$464,000
11	15.	Manhattan, Town of (wastewater)	\$750,000
12	16.	Fairfield, Town of (water)	\$625,000
13	17.	Darby, Town of (wastewater)	\$625,000
14	18.	Seeley Lake Sewer District (wastewater)	\$750,000
15	19.	Roundup, City of (water)	\$750,000
16	20.	Red Lodge, City of (storm water)	\$500,000

17 (3) Funding for the projects numbered 1 through 17 in subsection (2) will be provided only as long as
 18 there are sufficient funds available from the amount that was deposited into the treasure state endowment
 19 special revenue account during the biennium beginning July 1, 2021. Funding for the projects will be made
 20 available in the order that the grant recipients satisfy the conditions described in [section 3(1)]. Projects
 21 numbered 18 through 20 listed in subsection (2) that have satisfied the conditions described in [section 3(1)]
 22 may receive grant funds if one or more of the projects numbered 1 through 17 terminate their right to any
 23 awarded funds in writing prior to the end of the biennium beginning July 1, 2021.

24 (4) There is appropriated to the department of commerce \$3,169,451 for the biennium beginning July
 25 1, 2021, from the treasure state endowment special revenue account established in 17-5-703(3)(a) to finance
 26 treasure state endowment program grants authorized by subsection (5) as projects meet the conditions
 27 provided in [section 3(1)].

28 (5) The following applicants and projects are authorized for grants and listed in the order of their

1 priority:

2	Bridge Applicant	Grant Amount
3	1. Custer County	\$378,615
4	2. Chouteau County	\$318,706
5	3. Park County	\$492,054
6	4. Powell County	\$365,900
7	5. Cascade County	\$750,000
8	6. Wibaux County	\$526,176
9	7. Madison County	\$338,000

10 (6) If sufficient funds are available, this section constitutes a valid obligation of funds to the grant
 11 recipients listed in subsections (2) and (5) for purposes of encumbering the funds in the treasure state
 12 endowment special revenue account established in 17-5-703(3)(a) for the biennium beginning July 1, 2021,
 13 pursuant to 17-7-302. However, a grant recipient's entitlement to receive funds is dependent on the grant
 14 recipient's compliance with the conditions described in [section 3(1)] and on the availability of funds.

15 (7) Funding for the projects in subsections (2) and (5) will be provided only as long as there are
 16 sufficient funds available in the treasure state endowment special revenue account established in 17-5-
 17 703(3)(a) during the biennium beginning July 1, 2021. Funding for the projects will be made available in the
 18 order that the grant recipients satisfy the conditions described in [section 3(1)]. However, any of the projects
 19 listed in subsections (2) and (5) that have not completed the conditions described in [section 3(1)] by
 20 September 1, 2022, must be reviewed by the next regular session of the legislature to determine if the
 21 authorized grant should be withdrawn.

22 (8) The funds appropriated in this section must be used by the department to make grants to the
 23 governmental entities listed in subsections (2) and (5) for the described purposes and in amounts not to exceed
 24 the amounts set out in subsections (2) and (5) except as provided in subsection (3). The grants authorized in
 25 this section are subject to the conditions set forth in [section 3(1)] and described in the treasure state
 26 endowment program 2023 biennium project funding recommendations to the 67th legislature. The legislature,
 27 pursuant to 90-6-710, authorizes the grants for the projects listed in subsections (2) and (5). The department
 28 shall commit funds to projects listed in subsections (2) and (5), up to the amounts authorized except as

1 provided in subsection (3), based on the manner of disbursement set forth in [section 3] until the funds
2 deposited into the treasure state endowment special revenue account established in 17-5-703(3)(a) during the
3 biennium beginning July 1, 2021, are expended.

4 (9) Grant recipients shall complete all of the conditions described in [section 3(1)] by September 30,
5 2024, or any obligation to the grant recipient will cease.

6
7 **NEW SECTION. Section 2. Approval of grants -- completion of biennial appropriation.** (1) The
8 legislature, pursuant to 90-6-701, authorizes grants for the projects identified in [section 1(2) and 1(5)], the
9 emergency infrastructure grants in [section 5], and the infrastructure planning grants in [section 6].

10 (2) The authorization of these grants completes a biennial appropriation from the treasure state
11 endowment special revenue account established in 17-5-703(3)(a).

12 (3) Grants to entities from prior bienniums are reauthorized for completion of contract work.

13
14 **NEW SECTION. Section 3. Condition of grants -- disbursement of funds.** (1) The disbursement of
15 grant funds for the projects specified in [section 1(2) and 1(5)] is subject to completion of the following
16 conditions:

17 (a) The grant recipient shall document that other matching funds required for completion of the project
18 are firmly committed.

19 (b) The grant recipient must have a project management plan that is approved by the department of
20 commerce.

21 (c) The grant recipient must be in compliance with the auditing and reporting requirements provided
22 for in 2-7-503 and have established a financial accounting system that the department can reasonably ensure
23 conforms to generally accepted accounting principles. Tribal governments shall comply with auditing and
24 reporting requirements provided for in 2 CFR 200.

25 (d) The grant recipient shall satisfactorily comply with any conditions described in the application
26 (project) summaries section of the treasure state endowment program 2023 biennium project funding
27 recommendations to the 67th legislature.

28 (e) The grant recipient shall satisfy other specific requirements considered necessary by the

1 department of commerce to accomplish the purpose of the project as evidenced by the application to the
2 department.

3 (f) The grant recipient shall execute a grant agreement with the department of commerce.

4 (2) With the exception of bridges, all projects must adhere to the design standards required by the
5 department of environmental quality. Recipients of treasure state endowment program funds that are not
6 subject to the department of environmental quality design standards must adhere to generally accepted
7 industry standards, such as Recommended Standards for Wastewater Facilities or Recommended Standards
8 for Water Works, published by the Great Lakes-Upper Mississippi River Board of State and Provincial Public
9 Health and Environmental Managers, latest edition.

10 (3) Recipients of treasure state endowment program funds are subject to the requirements of the
11 department of commerce as described in the most recent edition of the Treasure State Endowment Program
12 Project Administration Manual adopted by the department through the administrative rulemaking process.

13

14 **NEW SECTION. Section 4. Other powers and duties of department.** (1) The department of
15 commerce shall disburse grant funds on a reimbursement basis as grant recipients incur eligible project
16 expenses.

17 (2) If actual project expenses are lower than the projected expense of the project, the department
18 may, at its discretion:

19 (a) reduce the amount of grant funds to be provided to grant recipients in proportion to all other
20 project funding sources; or

21 (b) reduce the amount of grant funds to be provided so that the grant recipient's projected average
22 residential user rates do not become lower than their target rate as determined by the department.

23 (3) If the grant recipient obtains a greater amount of grant funds than was contained in the treasure
24 state endowment program application, the department may reduce the amount of the treasure state endowment
25 program grant funds to be provided to ensure that the grant recipient continues to meet the threshold
26 requirements contained in the program guidelines for receiving the larger treasure state endowment program
27 grant.

28

1 **NEW SECTION. Section 5. Appropriation from treasure state endowment special revenue**
2 **account for emergency grants.** There is appropriated \$100,000 from the treasure state endowment special
3 revenue account to the department of commerce for the biennium beginning July 1, 2021, for the purpose of
4 providing local governments, as defined in 90-6-701, with emergency grants for infrastructure projects, as
5 defined in 90-6-701.

6
7 **NEW SECTION. Section 6. Appropriation from treasure state endowment special revenue**
8 **account for infrastructure planning grants.** There is appropriated \$900,000 from the treasure state
9 endowment special revenue account to the department of commerce for the biennium beginning July 1, 2021,
10 for the purpose of providing local governments, as defined in 90-6-701, with the infrastructure planning grants
11 for infrastructure projects, as defined in 90-6-701.

12
13 **NEW SECTION. Section 7. Appropriation from treasure state endowment regional water**
14 **system special revenue account.** (1) There is appropriated \$5,000,000 from the treasure state endowment
15 regional water system special revenue account to the department of natural resources and conservation for the
16 biennium beginning July 1, 2021, to finance the state's share of regional water system projects authorized in
17 subsection (2) and as set forth in 90-6-715.

18 (2) The state's four regional water authorities are authorized to receive the funds appropriated in
19 subsection (1) as long as there are sufficient funds available from the amount that was deposited into the
20 treasure state endowment regional water system special revenue account during the biennium beginning July
21 1, 2021.

22 (3) A regional water authority's receipt of funds is dependent on the authority's compliance with the
23 conditions described in [section 9(1)].

24 (4) This section constitutes a valid obligation of funds to the regional water authorities identified in
25 subsection (2) for purposes of encumbering the treasure state endowment regional water system special
26 revenue account funds received during the biennium beginning July 1, 2021, under 17-7-302.

27
28 **NEW SECTION. Section 8. Approval of funds -- completion of appropriation.** (1) The legislature,

1 pursuant to 90-6-715, authorizes funds for the regional water authorities identified in [section 7(2)].

2 (2) The authorization of these funds completes an appropriation from the treasure state endowment
3 regional water system special revenue account provided for in 17-5-703(3)(b).

4

5 **NEW SECTION. Section 9. Conditions -- manner of disbursements of funds.** (1) The
6 disbursement of funds under [sections 7 and 8] is subject to completion of the following conditions:

7 (a) The regional water authority shall execute an agreement with the department of natural resources
8 and conservation.

9 (b) The regional water authority must have a project management plan that is approved by the
10 department.

11 (c) The regional water authority shall establish a financial accounting system that the department can
12 reasonably ensure conforms to generally accepted accounting principles.

13 (d) The regional water authority shall provide the department with a detailed preliminary engineering
14 report.

15 (2) The department shall disburse funds on a reimbursement basis as the regional water authority
16 incurs eligible project expenses.

17

18 **Section 10.** Section 90-6-710, MCA, is amended to read:

19 **"90-6-710. Priorities for projects -- procedure -- rulemaking.** (1) The department of commerce
20 must receive proposals for infrastructure projects from local governments on a continual basis. The department
21 shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the
22 department may consult with other state agencies with expertise pertinent to the proposal. For the projects
23 under 90-6-703(1)(a), the department shall prepare and submit two lists containing the recommended projects
24 and the recommended form and amount of financial assistance for each project to the governor, prioritized
25 pursuant to subsection (2) and this subsection. One list must contain the ranked and recommended bridge
26 projects, and the other list must contain the remaining ranked and recommended infrastructure projects referred
27 to in 90-6-701(3)(a). Each list must be prioritized pursuant to subsection (2) of this section, but the department
28 may recommend up to 20% of the interest earnings anticipated to be deposited into the treasure state

1 endowment fund established in 17-5-703 during the following biennium for bridge projects. Before making
2 recommendations to the governor, the department may adjust the ranking of projects by giving priority to urgent
3 and serious public health or safety problems. The governor shall review the projects recommended by the
4 department and shall submit the lists of recommended projects and the recommended financial assistance to
5 the legislature.

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

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

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

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

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

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

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

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

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

22 (4) The department shall adopt rules necessary to implement the treasure state endowment program.

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

26 (6) (a) Nothing in this part prohibits a local government from beginning construction of a proposed
27 infrastructure project after submitting an application to the department prior to legislative approval of a grant
28 award if the local government can fully fund the project without a grant award under this part.

1 (b) If the local government begins construction of a proposed infrastructure project after submitting an
2 application to the department and prior to legislative approval, the local government assumes all risk and
3 liability associated with those actions.

4 (c) Any project expenses incurred prior to legislative approval of a grant award may be rendered
5 ineligible by the department if the local government fails to meet any program requirements set forth in this part
6 or the rules adopted by the department pursuant to subsection (4)."

7
8 **NEW SECTION. Section 11. Notification to tribal governments.** The secretary of state shall send a
9 copy of [this act] to each federally recognized tribal government in Montana.

10
11 **NEW SECTION. Section 12. Effective date.** [This act] is effective July 1, 2021.

12 - END -