

HOUSE BILL NO. 777

INTRODUCED BY QUILICI, DRISCOLL, D. BROWN,  
MERCER, FORRESTER  
BY REQUEST OF THE DEPARTMENT OF  
NATURAL RESOURCES AND CONSERVATION

IN THE HOUSE

FEBRUARY 12, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON APPROPRIATIONS.

FEBRUARY 13, 1991                   FIRST READING.

MARCH 25, 1991                    COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 26, 1991                    PRINTING REPORT.

MARCH 27, 1991                    SECOND READING, DO PASS.

MARCH 28, 1991                    ENGROSSING REPORT.

                                      THIRD READING, PASSED.  
                                      AYES, 95; NOES, 2.

                                      TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 28, 1991                    INTRODUCED AND REFERRED TO COMMITTEE  
ON FINANCE & CLAIMS.

                                      FIRST READING.

APRIL 10, 1991                    COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

APRIL 11, 1991                    SECOND READING, CONCURRED IN.

APRIL 12, 1991                    THIRD READING, CONCURRED IN.  
AYES, 48; NOES, 1.

                                      RETURNED TO HOUSE.

IN THE HOUSE

APRIL 13, 1991                    RECEIVED FROM SENATE.

                                      SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *HOUSE* BILL NO. *777*  
 2 INTRODUCED BY *Julian D. Russell Dave Brown*  
 3 *MCCA* BY REQUEST OF THE DEPARTMENT OF  
 4 NATURAL RESOURCES AND CONSERVATION

5  
 6 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE  
 7 ISSUANCE OF GENERAL OBLIGATION BONDS TO FUND THE STATE  
 8 BUILDING ENERGY CONSERVATION PROGRAM; APPROVING ENERGY  
 9 CONSERVATION PROJECTS FOR FISCAL YEARS 1992-93;  
 10 APPROPRIATING BOND PROCEEDS TO THE DEPARTMENT OF NATURAL  
 11 RESOURCES AND CONSERVATION; PLEDGING THE CREDIT OF THE STATE  
 12 OF MONTANA TO SECURE THE BONDS TO BE ISSUED; APPROPRIATING  
 13 STRIPPER-WELL PAYMENTS CONTAINED IN THE FEDERAL SPECIAL  
 14 REVENUE FUND; REMOVING THE STATUTORY APPROPRIATION FROM  
 15 SECTION 90-4-613, MCA; WITHDRAWING AUTHORIZATION FOR THE  
 16 BONDS AUTHORIZED BY CHAPTER 473, LAWS OF 1989; AMENDING  
 17 SECTIONS 17-7-502 AND 90-4-613, MCA; AND PROVIDING AN  
 18 IMMEDIATE EFFECTIVE DATE."

19  
 20 WHEREAS, Chapter 473, Laws of 1989, established the  
 21 state building energy conservation program and authorized  
 22 the issuance of up to \$3 million of general obligation bonds  
 23 to provide money for the state building energy conservation  
 24 program for fiscal years 1990-91; and

25 WHEREAS, the Department of Natural Resources and

1 Conservation determined that the issuance of the bonds was  
 2 not necessary during fiscal years 1990-91 and that portions  
 3 of the projects identified in section 9, Chapter 473, Laws  
 4 of 1989, were either funded from other sources or not in the  
 5 state's best interest at the time; and

6 WHEREAS, recommended projects for the state building  
 7 energy conservation program for fiscal years 1992-93 have  
 8 been identified as required by Title 90, chapter 4, part 6.  
 9

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

11 NEW SECTION. Section 1. Stripper-well payments --  
 12 definition -- appropriation -- priority. (1) There is  
 13 reappropriated from the stripper-well payments contained in  
 14 the federal special revenue fund to the department of  
 15 natural resources and conservation \$550,000 to fulfill  
 16 duties authorized by 90-4-605 and 90-4-607. This  
 17 appropriation is a biennial appropriation.

18 (2) (a) "Stripper-well payments" means the oil  
 19 overcharge payments made to the United States treasury for  
 20 distribution to the state of Montana as the result of the  
 21 final settlement agreement in the United States district  
 22 court for the district of Kansas, Cause No. M.D.L. 378, and  
 23 any interest accrued on the payments.

24 (b) The term does not include stripper-well payments  
 25 that have been expended or legally obligated or have been



1 incorporated into any of the existing federal energy  
2 programs as the result of prior appropriations by the  
3 legislature.

4 (3) The stripper-well payments appropriated in this  
5 section have a higher priority than any other appropriation  
6 of stripper-well payments for fiscal years 1992-93.

7 NEW SECTION. Section 2. Approval of energy  
8 conservation projects. (1) Pursuant to Title 90, chapter 4,  
9 part 6, the legislature approves the following energy  
10 conservation projects for fiscal years 1992-93:

11 FACILITY

12 University of Montana  
13 Central Heating Plant  
14 Health Science Building  
15 Chemistry/Pharmacy Building  
16 Math Building  
17 Mansfield Library  
18 Science Complex  
19 Pharmacy/Psychology Building  
20 Music Building  
21 Eastmont Human Services Center  
22 Pine Hills School Campus  
23 Cogswell Building, State Capitol Complex

24 (2) In addition to the projects listed in subsection  
25 (1), the department of natural resources and conservation

1 may expend funds appropriated under [section 3] to respond  
2 to unanticipated situations that provide an opportunity to  
3 finance, acquire, construct, or install energy-saving  
4 equipment, systems, or improvements in a state facility in  
5 circumstances in which the opportunity will be lost whenever  
6 the department is delayed in providing the necessary funds  
7 until specific legislative approval can be obtained.

8 NEW SECTION. Section 3. Bond authorization --  
9 appropriation of bond proceeds. (1) The board of examiners  
10 may, pursuant to 90-4-611, issue and sell bonds of the state  
11 in an aggregate principal amount not to exceed \$3 million  
12 for fiscal years 1992-93. The bonds are general obligations  
13 for which the full faith and credit and taxing powers of the  
14 state are pledged for payment of the principal and interest  
15 on the bonds. The bonds must be issued as provided by Title  
16 17, chapter 5, part 8.

17 (2) The proceeds of the bonds, other than any premiums  
18 and accrued interest received, must be deposited in the  
19 energy conservation program account established by 90-4-612.  
20 Premiums and accrued interest must be deposited in the debt  
21 service fund established in 17-2-102. Proceeds of bonds  
22 deposited in the energy conservation program account may be  
23 used to pay the costs of issuing the bonds and to fund the  
24 projects approved by the legislature in [section 2]. For  
25 purposes of 17-5-803 and 17-5-804, the energy conservation

1 program account constitutes a capital projects account. The  
 2 bond proceeds must be available to the department of natural  
 3 resources and conservation and may be used for the purposes  
 4 authorized in this section without further budgetary  
 5 authorization.

6 **Section 4.** Section 17-7-502, MCA, is amended to read:

7 "17-7-502. Statutory appropriations -- definition --  
 8 requisites for validity. (1) A statutory appropriation is an  
 9 appropriation made by permanent law that authorizes spending  
 10 by a state agency without the need for a biennial  
 11 legislative appropriation or budget amendment.

12 (2) Except as provided in subsection (4), to be  
 13 effective, a statutory appropriation must comply with both  
 14 of the following provisions:

15 (a) The law containing the statutory authority must be  
 16 listed in subsection (3).

17 (b) The law or portion of the law making a statutory  
 18 appropriation must specifically state that a statutory  
 19 appropriation is made as provided in this section.

20 (3) The following laws are the only laws containing  
 21 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;  
 22 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;  
 23 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;  
 24 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;  
 25 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;

1 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;  
 2 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;  
 3 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;  
 4 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150;  
 5 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101;  
 6 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136;  
 7 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306;  
 8 and section 13, House Bill No. 861, Laws of 1985.

9 (4) There is a statutory appropriation to pay the  
 10 principal, interest, premiums, and costs of issuing, paying,  
 11 and securing all bonds, notes, or other obligations, as due,  
 12 that have been authorized and issued pursuant to the laws of  
 13 Montana. Agencies that have entered into agreements  
 14 authorized by the laws of Montana to pay the state  
 15 treasurer, for deposit in accordance with 17-2-101 through  
 16 17-2-107, as determined by the state treasurer, an amount  
 17 sufficient to pay the principal and interest as due on the  
 18 bonds or notes have statutory appropriation authority for  
 19 such payments. (In subsection (3), pursuant to sec. 10, Ch.  
 20 664, L. 1987, the inclusion of 39-71-2504 terminates June  
 21 30, 1991.)"

22 **Section 5.** Section 90-4-613, MCA, is amended to read:

23 "90-4-613. Use of energy conservation program account.  
 24 The energy conservation program account must be segregated  
 25 by the treasurer from all other money in that or any other

1 fund in the state treasury and used only to pay costs of the  
2 energy conservation program. The department may transfer all  
3 money authorized by the legislature for its administrative  
4 expenditures from the energy conservation program account to  
5 a special revenue fund. ~~This--money--is--statutorily~~  
6 ~~appropriated-as-provided-in-17-7-502."~~

7 NEW SECTION. **Section 6.** Withdrawal of authorization  
8 for previously authorized bonds. The authorization granted  
9 by section 10, Chapter 473, Laws of 1989, for the issuance  
10 of up to \$3 million in bonds to provide money for fiscal  
11 years 1990-91 energy conservation program is withdrawn.

12 NEW SECTION. **Section 7.** Requirements for approval of  
13 state debt. Because [section 3] authorizes the creation of a  
14 state debt, a vote of two-thirds of the members of each  
15 house is required for enactment of [section 3].

16 NEW SECTION. **Section 8.** Effective date. [This act] is  
17 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0777, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill provides for the issuance of general obligation bonds to fund the energy conservation program; approves energy conservation projects for the 1992-93 biennium; appropriates the bond proceeds to the Department of Natural Resources and Conservation, pledges the credit of the State of Montana to secure the bonds; appropriates stripper well payments contained in the federal special revenue fund; and removes the existing statutory appropriation.

ASSUMPTIONS:


1. Stripper well funds remaining from the \$550,000 appropriated in the 1991 biennium are reappropriated for the 1993 biennium.
2. Bond issue is \$2.23 million (could be higher or lower depending on final bids).
3. State general obligation bonds are sold at an interest rate of 7.5% for 10 years in FY93.
4. Annual debt service to retire bonds is \$325,000.
5. Annual energy savings to the state is \$334,000, and will increase as fuel prices rise.
6. There will be no fiscal impact to the state in this biennium because the first debt service payment will not be due until FY94.
7. No additional staffing will be required to administer this program at DNRC.

FISCAL IMPACT:

No fiscal Impact.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The state initially will show short run cost savings because the reduction in utility bills will exceed the debt service payments for the bonds. If fuel prices rise, the dollar savings to the state will increase. Once the debt is retired, the state will continue to benefit from the permanent reduction in utility bills.

 2-15-91  
ROD SUNDSTED, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

 2-18-91  
JOE QUILICI, PRIMARY SPONSOR DATE

Fiscal Note for HB0777, as introduced

HB 777

APPROVED BY COMMITTEE  
ON APPROPRIATIONS

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3                   MERCER, FORRESTER  
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22   state building energy conservation program and authorized  
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25   program for fiscal years 1990-91; and

1           WHEREAS, the Department of Natural Resources and  
2   Conservation determined that the issuance of the bonds was  
3   not necessary during fiscal years 1990-91 and that portions  
4   of the projects identified in section 9, Chapter 473, Laws  
5   of 1989, were either funded from other sources or not in the  
6   state's best interest at the time; and

7           WHEREAS, recommended projects for the state building  
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 16 on the bonds. The bonds must be issued as provided by Title  
 17 17, chapter 5, part 8.

18 (2) The proceeds of the bonds, other than any premiums  
 19 and accrued interest received, must be deposited in the  
 20 energy conservation program account established by 90-4-612.  
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 22 service fund established in 17-2-102. Proceeds of bonds  
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 24 used to pay the costs of issuing the bonds and to fund the  
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8 \*17-7-502. **Statutory appropriations -- definition --**  
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 11 by a state agency without the need for a biennial  
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 9 and section 13, House Bill No. 861, Laws of 1985.

10 (4) There is a statutory appropriation to pay the  
 11 principal, interest, premiums, and costs of issuing, paying,  
 12 and securing all bonds, notes, or other obligations, as due,  
 13 that have been authorized and issued pursuant to the laws of  
 14 Montana. Agencies that have entered into agreements  
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 18 sufficient to pay the principal and interest as due on the  
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 21 664, L. 1987, the inclusion of 39-71-2504 terminates June  
 22 30, 1991.)"

23 **Section 5.** Section 90-4-613, MCA, is amended to read:

24 \*90-4-613. **Use of energy conservation program account.**  
 25 The energy conservation program account must be segregated

1 by the treasurer from all other money in that or any other  
2 fund in the state treasury and used only to pay costs of the  
3 energy conservation program. The department may transfer all  
4 money authorized by the legislature for its administrative  
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6 a special revenue fund. ~~This--money--is--statutorily~~  
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8 NEW SECTION. Section 6. Withdrawal of authorization  
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15 state debt, a vote of two-thirds of the members of each  
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 3 bond proceeds must be available to the department of natural  
 4 resources and conservation and may be used for the purposes  
 5 authorized in this section without further budgetary  
 6 authorization.

7 **Section 4.** Section 17-7-502, MCA, is amended to read:

8 \*17-7-502. Statutory appropriations -- definition --  
 9 requisites for validity. (1) A statutory appropriation is an  
 10 appropriation made by permanent law that authorizes spending  
 11 by a state agency without the need for a biennial  
 12 legislative appropriation or budget amendment.

13 (2) Except as provided in subsection (4), to be  
 14 effective, a statutory appropriation must comply with both  
 15 of the following provisions:

16 (a) The law containing the statutory authority must be  
 17 listed in subsection (3).

18 (b) The law or portion of the law making a statutory  
 19 appropriation must specifically state that a statutory  
 20 appropriation is made as provided in this section.

21 (3) The following laws are the only laws containing  
 22 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;  
 23 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;  
 24 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;  
 25 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;

1 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;  
 2 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;  
 3 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;  
 4 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;  
 5 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150;  
 6 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101;  
 7 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136;  
 8 82-11-161; 90-3-301; 90-4-215; ~~90-4-613~~; 90-6-331; 90-9-306;  
 9 and section 13, House Bill No. 861, Laws of 1985.

10 (4) There is a statutory appropriation to pay the  
 11 principal, interest, premiums, and costs of issuing, paying,  
 12 and securing all bonds, notes, or other obligations, as due,  
 13 that have been authorized and issued pursuant to the laws of  
 14 Montana. Agencies that have entered into agreements  
 15 authorized by the laws of Montana to pay the state  
 16 treasurer, for deposit in accordance with 17-2-101 through  
 17 17-2-107, as determined by the state treasurer, an amount  
 18 sufficient to pay the principal and interest as due on the  
 19 bonds or notes have statutory appropriation authority for  
 20 such payments. (In subsection (3), pursuant to sec. 10, Ch.  
 21 664, L. 1987, the inclusion of 39-71-2504 terminates June  
 22 30, 1991.)"

23 **Section 5.** Section 90-4-613, MCA, is amended to read:

24 \*90-4-613. Use of energy conservation program account.  
 25 The energy conservation program account must be segregated

1 by the treasurer from all other money in that or any other  
2 fund in the state treasury and used only to pay costs of the  
3 energy conservation program. The department may transfer all  
4 money authorized by the legislature for its administrative  
5 expenditures from the energy conservation program account to  
6 a special revenue fund. ~~This--money--is--statutorily~~  
7 ~~appropriated-as-provided-in-17-7-502-~~"

8 NEW SECTION. Section 6. Withdrawal of authorization  
9 for previously authorized bonds. The authorization granted  
10 by section 10, Chapter 473, Laws of 1989, for the issuance  
11 of up to \$3 million in bonds to provide money for fiscal  
12 years 1990-91 energy conservation program is withdrawn.

13 NEW SECTION. Section 7. Requirements for approval of  
14 state debt. Because [section 3] authorizes the creation of a  
15 state debt, a vote of two-thirds of the members of each  
16 house is required for enactment of [section 3].

17 NEW SECTION. Section 8. Effective date. [This act] is  
18 effective on passage and approval.

-End-

1 HOUSE BILL NO. 777

2 INTRODUCED BY QUILICI, DRISCOLL, D. BROWN,

3 MERCER, FORRESTER

4 BY REQUEST OF THE DEPARTMENT OF  
5 NATURAL RESOURCES AND CONSERVATION

6  
7 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE  
8 ISSUANCE OF GENERAL OBLIGATION BONDS TO FUND THE STATE  
9 BUILDING ENERGY CONSERVATION PROGRAM; APPROVING ENERGY  
10 CONSERVATION PROJECTS FOR FISCAL YEARS 1992-93;  
11 APPROPRIATING BOND PROCEEDS TO THE DEPARTMENT OF NATURAL  
12 RESOURCES AND CONSERVATION; PLEDGING THE CREDIT OF THE STATE  
13 OF MONTANA TO SECURE THE BONDS TO BE ISSUED; APPROPRIATING  
14 STRIPPER-WELL PAYMENTS CONTAINED IN THE FEDERAL SPECIAL  
15 REVENUE FUND; REMOVING THE STATUTORY APPROPRIATION FROM  
16 SECTION 90-4-613, MCA; WITHDRAWING AUTHORIZATION FOR THE  
17 BONDS AUTHORIZED BY CHAPTER 473, LAWS OF 1989; AMENDING  
18 SECTIONS 17-7-502 AND 90-4-613, MCA; AND PROVIDING AN  
19 IMMEDIATE EFFECTIVE DATE."  
20

21 WHEREAS, Chapter 473, Laws of 1989, established the  
22 state building energy conservation program and authorized  
23 the issuance of up to \$3 million of general obligation bonds  
24 to provide money for the state building energy conservation  
25 program for fiscal years 1990-91; and

1 WHEREAS, the Department of Natural Resources and  
2 Conservation determined that the issuance of the bonds was  
3 not necessary during fiscal years 1990-91 and that portions  
4 of the projects identified in section 9, Chapter 473, Laws  
5 of 1989, were either funded from other sources or not in the  
6 state's best interest at the time; and

7 WHEREAS, recommended projects for the state building  
8 energy conservation program for fiscal years 1992-93 have  
9 been identified as required by Title 90, chapter 4, part 6.

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

12 NEW SECTION. Section 1. Stripper-well payments --  
13 definition -- appropriation -- priority. (1) There is  
14 reappropriated from the stripper-well payments contained in  
15 the federal special revenue fund to the department of  
16 natural resources and conservation ~~\$550,000~~ \$400,000 to  
17 fulfill duties authorized by 90-4-605 and 90-4-607. This  
18 appropriation is a biennial appropriation.

19 (2) (a) "Stripper-well payments" means the oil  
20 overcharge payments made to the United States treasury for  
21 distribution to the state of Montana as the result of the  
22 final settlement agreement in the United States district  
23 court for the district of Kansas, Cause No. M.D.L. 378, and  
24 any interest accrued on the payments.

25 (b) The term does not include stripper-well payments



1 that have been expended or legally obligated or have been  
 2 incorporated into any of the existing federal energy  
 3 programs as the result of prior appropriations by the  
 4 legislature.

5 (3) The stripper-well payments appropriated in this  
 6 section have a higher priority than any other appropriation  
 7 of stripper- well payments for fiscal years 1992-93.

8 NEW SECTION. Section 2. Approval of energy  
 9 conservation projects. (1) Pursuant to Title 90, chapter 4,  
 10 part 6, the legislature approves the following energy  
 11 conservation projects for fiscal years 1992-93:

12 FACILITY

13 University of Montana

14 Central Heating Plant

15 Health Science Building

16 Chemistry/Pharmacy Building

17 Math Building

18 Mansfield Library

19 Science Complex

20 Pharmacy/Psychology Building

21 Music Building

22 Eastmont Human Services Center

23 Pine Hills School Campus

24 Cogswell Building, State Capitol Complex

25 (2) In addition to the projects listed in subsection

1 (1), the department of natural resources and conservation  
 2 may expend funds appropriated under [section 3] to respond  
 3 to unanticipated situations that provide an opportunity to  
 4 finance, acquire, construct, or install energy-saving  
 5 equipment, systems, or improvements in a state facility in  
 6 circumstances in which the opportunity will be lost whenever  
 7 the department is delayed in providing the necessary funds  
 8 until specific legislative approval can be obtained.

9 NEW SECTION. Section 3. Bond authorization --  
 10 appropriation of bond proceeds. (1) The board of examiners  
 11 may, pursuant to 90-4-611, issue and sell bonds of the state  
 12 in an aggregate principal amount not to exceed \$3 million  
 13 for fiscal years 1992-93. The bonds are general obligations  
 14 for which the full faith and credit and taxing powers of the  
 15 state are pledged for payment of the principal and interest  
 16 on the bonds. The bonds must be issued as provided by Title  
 17 17, chapter 5, part 8.

18 (2) The proceeds of the bonds, other than any premiums  
 19 and accrued interest received, must be deposited in the  
 20 energy conservation program account established by 90-4-612.  
 21 Premiums and accrued interest must be deposited in the debt  
 22 service fund established in 17-2-102. Proceeds of bonds  
 23 deposited in the energy conservation program account may be  
 24 used to pay the costs of issuing the bonds and to fund the  
 25 projects approved by the legislature in [section 2]. For

1 purposes of 17-5-803 and 17-5-804, the energy conservation  
 2 program account constitutes a capital projects account. The  
 3 bond proceeds must be available to the department of natural  
 4 resources and conservation and may be used for the purposes  
 5 authorized in this section without further budgetary  
 6 authorization.

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