

SENATE BILL 55

Introduced by Crippen

1/04	Introduced
1/07	Referred to Taxation
1/07	First Reading
1/07	Fiscal Note Requested
1/14	Fiscal Note Received
1/15	Fiscal Note Printed
1/25	Hearing
4/05	Tabled in Committee

1 SENATE BILL NO. 55
 2 INTRODUCED BY CRIPPEN
 3 BY REQUEST OF THE GOVERNOR
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE BIG
 6 SKY DIVIDEND INFRASTRUCTURE GRANT PROGRAM; PROVIDING FOR
 7 GRANTS TO LOCAL GOVERNMENTS TO ASSIST IN FUNDING CAPITAL
 8 PROJECTS; CREATING AN INFRASTRUCTURE ADVISORY COUNCIL; AND
 9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION
 10 DATE."
 11

12 STATEMENT OF INTENT

13 A statement of intent is required for this bill because
 14 [section 6] requires the department of commerce to adopt
 15 rules necessary to implement and administer the big sky
 16 dividend program. The legislature intends that the rules
 17 describe the policies and guidelines for the program and the
 18 criteria and procedures for ranking applications made under
 19 the program. In addition, the legislature intends that the
 20 rules address procedures for local project startup,
 21 environmental review of project activities, procurement of
 22 goods and services, financial management, acquisition of
 23 property, and other administrative matters.
 24

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



1 NEW SECTION. **Section 1.** Short title. [Sections 1
 2 through 12] shall be known and may be cited as the "Big Sky
 3 Dividend Act".

4 NEW SECTION. **Section 2.** Purpose. The purpose of
 5 [sections 1 through 12] is to establish a grant program that
 6 will:

7 (1) enhance the quality of life and protect the health,
 8 safety, and welfare of Montana's citizens by creating a
 9 partnership between the state and local governments to help
 10 finance necessary public infrastructure projects;

11 (2) support long-term, stable economic growth and job
 12 creation and help keep Montana competitive with nearby
 13 states by providing for the infrastructure necessary for
 14 economic growth;

15 (3) encourage local participation in the funding of
 16 public facility improvements in proportion to local
 17 financial capacity and make these improvements affordable to
 18 Montana citizens;

19 (4) protect future generations from the undue fiscal
 20 burdens that result when infrastructure systems are
 21 inadequate or are allowed to deteriorate;

22 (5) encourage maximum use of all available private and
 23 public funding sources;

24 (6) complement and improve the effectiveness of
 25 existing private and public infrastructure financing

1 mechanisms and improve coordination between state and
2 federal infrastructure financing programs; and

3 (7) encourage coordinated, long-term strategies for
4 addressing Montana's infrastructure needs.

5 NEW SECTION. Section 3. Definitions. As used in
6 [sections 1 through 12], the following definitions apply:

7 (1) "Account" means the local government infrastructure
8 grant account established in [section 5].

9 (2) "Council" means the big sky dividend advisory
10 council established in [section 13].

11 (3) "Department" means the department of commerce.

12 NEW SECTION. Section 4. Council duties -- meetings --
13 funding. (1) The council shall advise the department on the
14 general policies and rules governing the big sky dividend
15 program.

16 (2) The council shall meet as necessary or as called by
17 the chairman or a majority of the members.

18 (3) The administrative and operating expenses of the
19 council must be paid from the local government
20 infrastructure grant account.

21 NEW SECTION. Section 5. Local government
22 infrastructure grant account -- disposition of interest --
23 nonreversion of funds. (1) There is a local government
24 infrastructure grant account in the state special revenue
25 fund. Money is payable into this account as provided in

1 17-5-703.

2 (2) Interest and earnings of the account must be
3 deposited in the general fund.

4 (3) For purposes of 17-7-302, the funds remaining in
5 the account at the end of a fiscal year are considered
6 encumbered for use under [sections 1 through 12] and may not
7 revert under 17-7-304.

8 NEW SECTION. Section 6. Department duties. The
9 department shall administer the big sky dividend program and
10 shall:

11 (1) adopt rules necessary to implement the program,
12 including but not limited to:

13 (a) eligibility criteria for grants;

14 (b) application procedures based on a quarterly,
15 competitive application and grant cycle;

16 (c) requirements and criteria for the ranking of grant
17 applications consistent with the provisions of [sections 1
18 through 12];

19 (d) criteria for local financial contributions to
20 infrastructure projects;

21 (e) requirements governing the administration of
22 grants; and

23 (f) other matters the department considers appropriate
24 and necessary for the successful administration of the
25 program;

- 1 (2) provide staff support for the council; and
- 2 (3) review and rank applications and award grants under
- 3 the applicable ranking criteria adopted by the department.

4 NEW SECTION. Section 7. Eligible applicants. (1) A
 5 county, incorporated city or town, or consolidated local
 6 government is eligible to apply for a grant under [sections
 7 1 through 12].

8 (2) A county, incorporated city or town, or
 9 consolidated local government may apply for a grant on
 10 behalf of a school district, special purpose district, or
 11 private nonprofit corporation that provides public services
 12 if the county, incorporated city or town, or consolidated
 13 local government agrees to assume the administrative and
 14 financial responsibility for the grant project.

15 NEW SECTION. Section 8. Eligible projects. (1) Grants
 16 may be made for the direct costs related to the planning,
 17 design, construction, reconstruction, acquisition,
 18 alteration, modernization, improvement, or expansion of:

- 19 (a) drinking water systems;
- 20 (b) sewer systems;
- 21 (c) solid waste collection and disposal systems;
- 22 (d) transportation systems;
- 23 (e) telecommunications and other high-technology
- 24 systems for education; or
- 25 (f) other public works projects that the department by

1 rule has determined to be in the public interest.

2 (2) Grants may be made for environmental cleanup
 3 projects.

4 NEW SECTION. Section 9. Priorities for awarding
 5 grants. In awarding grants under [sections 1 through 12],
 6 preference must be given to projects based on the following
 7 order of priority:

8 (1) projects that solve urgent and serious public
 9 health or safety problems;

10 (2) projects that enable local governments to meet
 11 state or federal health or safety standards;

12 (3) projects that enable local governments to obtain
 13 funds from sources other than the funds provided under
 14 [sections 1 through 12];

15 (4) projects that provide long-term, full-time job
 16 opportunities for Montanans;

17 (5) projects that provide public facilities necessary
 18 for the expansion of a business that has a high potential
 19 for financial success;

20 (6) projects that result in a benefit to the public
 21 commensurate with the size of the grant;

22 (7) projects that reflect greater need for financial
 23 assistance than other projects; and

24 (8) projects that are high local priorities and have
 25 strong community support.

1 NEW SECTION. Section 10. Contribution of applicant. A
 2 grant may not be awarded under [sections 1 through 12]
 3 unless the department determines that the applicant will
 4 provide 50% of the cost of the proposed project. The
 5 department may by rule prescribe the methods for complying
 6 with this requirement.

7 NEW SECTION. Section 11. Consultation with other
 8 agencies. In reviewing grant applications, the department
 9 may consult with other state agencies with expertise
 10 pertinent to the application.

11 NEW SECTION. Section 12. Biennial report. At the
 12 beginning of each regular session of the legislature, the
 13 department shall submit to the legislature a report on the
 14 grants that have been made under [sections 1 through 12] and
 15 on the status of the local government infrastructure grant
 16 account.

17 NEW SECTION. Section 13. Big sky dividend advisory
 18 council. (1) There is a big sky dividend advisory council.
 19 The council is composed of nine members, including:
 20 (a) the president and the minority leader of the
 21 senate;
 22 (b) the speaker and the minority leader of the house of
 23 representatives; and
 24 (c) five public members appointed by the governor under
 25 2-15-122.

1 (2) The council is subject to the provisions of
 2 2-15-122, except that:

3 (a) the terms of the legislative members are concurrent
 4 with their term in the position requiring membership on the
 5 council; and

6 (b) the provisions of 2-15-122(3) providing for the
 7 duration of an advisory council do not apply.

8 NEW SECTION. Section 14. Coordination instruction. If
 9 [LC 942] is not passed and approved, [this act] is void.

10 NEW SECTION. Section 15. Codification instruction.
 11 [Section 13] is intended to be codified as an integral part
 12 of Title 2, chapter 15, and the provisions of Title 2,
 13 chapter 15, apply to [section 13].

14 NEW SECTION. Section 16. Effective date --
 15 termination. [This act] is effective on passage and approval
 16 and terminates June 30, 2001.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0055, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing the Big Sky Dividend Infrastructure Grant Program which will provide grants to local governments to assist in funding capital projects; creating an infrastructure advisory council; and providing an immediate effective date and a termination date.

ASSUMPTIONS:

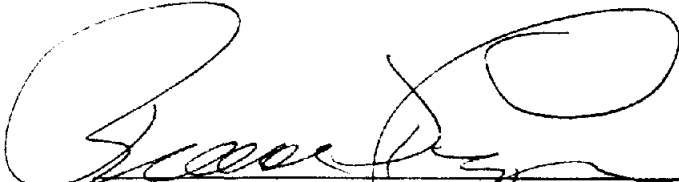
1. LC942, which statutorily appropriates \$20 million of transfers into the coal severance tax permanent trust fund to the proposed infrastructure grant account, is approved.
2. Interest earned on the local government infrastructure grant account will equal the earnings on the short term investments in the permanent coal trust, or 9% for FY92 and FY93.
3. SB0055 will have an effective date of July 1, 1991.
4. The administrative budget to implement the grant program includes 3.00 FTE in FY92, 4.00 FTE in FY93, and 5.00 FTE in FY94 and thereafter, plus related operating costs.
5. Eight regional public hearings will be held in FY92 and four public hearings per year thereafter; the advisory council will meet four time in FY92 and twice per year thereafter.
6. Assuming the average grant award will be \$395,000, the Big Sky Dividend Program will award approximately 50 grants in each fiscal year of the 1993 biennium.
7. Grantees will provide 50% of the project cost. Grantees will be advanced funds only as project costs are incurred.

FISCAL IMPACT

see page 2



ROD SUNDSTED, BUDGET DIRECTOR 1-12-91 DATE
Office of Budget and Program Planning



BRUCE D. CRIPPEN, PRIMARY SPONSOR 1-14-91 DATE

Fiscal Note for SB0055, as introduced.

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Fiscal Note Request, SB0055, as introduced
 Form BD-15
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FISCAL IMPACT:

Dept. of Commerce

	<u>FY 92</u>			<u>FY 93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
FTE	0.00	3.00	3.00	0.00	4.00	4.00
Personal Services	0	84,800	84,800	0	114,178	114,178
Operating Costs	0	138,659	138,659	0	124,177	124,177
Capital Outlay	0	24,500	24,500	0	14,500	14,500
Grants	<u>0</u>	<u>19,752,041</u>	<u>19,752,041</u>	<u>0</u>	<u>19,747,145</u>	<u>19,747,145</u>
Total	0	20,000,000	20,000,000	0	20,000,000	20,000,000
<u>Funding:</u>						
State Special	0	20,000,000	20,000,000	0	20,000,000	20,000,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local infrastructure grants will be compounded with 1:1 local match funds for total projected capital investments of approximately \$39.5 million each year.

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