

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

#### SUBCOMMITTEE ON LONG-RANGE PLANNING

**Call to Order:** By CHAIR MARY ELLEN CONNELLY, on March 20, 1991,  
at 5:15 p.m.

#### ROLL CALL

**Members Present:**

Rep. Mary Ellen Connelly, Chair (D)  
Sen. Bob Hockett, Vice Chairman (D)  
Rep. Francis Bardanouve (D)  
Sen. Ethel Harding (R)  
Sen. J.D. Lynch (D)  
Rep. Bob Thoft (D)

**Staff Present:** Jim Haubein, Principal Fiscal Analyst (LFA)  
Jane Hamman, Senior Budget Analyst (OBPP)  
Claudia Montagne, Secretary

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

#### **Announcements/Discussion:**

**Jim Haubein** distributed an agenda for the meeting. **EXHIBIT 1**  
He also handed out the gray bills requested by the committee and  
reviewed them one by one. The bills had been reviewed by the  
agencies, with some minor changes requested which he had penciled  
in. He reminded the committee that they had already taken action  
on the proposed amendments, but wanted to review the bills in  
this form before the amendments are finalized for hearing in the  
Appropriations Committee.

#### REVIEW OF HB 6

**Mr. Haubein** reviewed HB 6 and the incorporated amendments.  
**EXHIBIT 2** This is the Water Development and Renewable Resource  
Development Grant Bill. The major changes requested by the  
committee deal with the consolidation of the two lists of  
grantees, beginning on page 7 of the gray bill. The formal  
amendments would be prepared for the full committee. The  
committee reviewed the bill.

#### REVIEW OF HB 7

**Mr. Haubein** reviewed the gray bill on the Water Development  
Loans. **EXHIBIT 3** He referred the committee to page 11 and  
explained the reason for the change. The Department submitted an

amendment addressing the re-issuance of their bonds for revenue bonds, which is attached to the bill, and should be reinserted in the place of New Section 8 as the preferred language for this amendment.

#### REVIEW OF HB 8

**Mr. Haubein** reviewed the gray bill on the Reclamation and Development Grant Program. **EXHIBIT 4 REP. BARDANOUE** asked about the removal of the Montana State Library grant. **Mr. Haubein** said they had received their funding through HB 2. He added that there were some editing changes.

#### REVIEW OF HB 9

**Mr. Haubein** reviewed the Cultural and Aesthetics Grant bill. **CHAIR CONNELLY** brought up the subject of the Helena Arts Council and Archie Bray Foundation project rejections, saying there had been some confusion over the local government contribution requirement. Representatives of the Holter Museum of Art and the Archie Bray Foundation requested time before the committee. **CHAIR CONNELLY** confirmed that there was a balance of \$64,000, less the \$5,000 given to the Choteau project.

#### Archie Bray Foundation and Helena Arts Council: Four Grant Applications

**Bill Porter, Chair, Archie Bray Foundation,** introduced Galen McKibben from the Bray and Barbara Sommer from the Holter Museum. The Holter and the Bray grant requests were originally rated very high based upon merit, with the Bray request ranked 35 out of 129, and the Holter request ranked 66th, with 94 requests granted. Upon further fine combing, he found they were disqualified due to a technicality because they did not fulfill one of the core requirements of the grant, i.e. providing proof of local government support. Those grants approved were often able to prove this support because of the 1 mill levy. Helena was unable to levy this mill because of the freeze (I 105).

Subsequently, **Mr. Porter** said they found that the Big Fork Center for the Performing Arts had used their tax exempt status from property taxes to prove local government support. **REP. BARDANOUE** commented that he did not want one organization to be treated more favorably than another, and questioned the "gimmick" of using tax exempt status to satisfy the local government requirement.

**Mr. Porter** said they should have picked that up sooner (the use of tax exempt status to meet the requirement) and used that argument more successfully. They did not pick that up until after the grants had been made. He took responsibility for that. They would have qualified, and would qualify next biennium; moreover, there is a bill under consideration to amend that local government requirement. Therefore he asked the committee's

consideration of an amendment to the bill to allow the Archie Bray Foundation and the Holter Museum of Art to be given any surplus or undistributed monies for their grants.

496

**REP. BARDANOUE** asked that a determination of how Big Fork was approved be brought before the full committee. **Ms. Hamman** said the minutes should be reviewed and the Montana Arts Council contacted before full Appropriations because she believed there were a number of organizations who used the same method of meeting the local government requirement.

**SEN. HOCKETT** asked for the amounts of their grants. **Mr. Porter** said the Archie Bray Foundation had submitted a Capital Expenditures application in the amount of \$47,000, ranked 35th, for the reconstruction of the beehive kilns, and an Endowment Challenge grant in the amount of \$25,000, ranked 59th. The Holter Museum of Art submitted a Program grant, ranked 66th, in the amount of \$30,000 for its educational programming, and an Endowment Challenge grant, ranked 92nd, in the amount of \$50,000. No grants were recommended for funding because of the technicality. **Mr. Porter** said their tax exempt status would meet the requirement.

**REP. BARDANOUE** commented that the Legislature had demanded that organizations show local evidence of support and was the intent of the law. To him, MAC had come up with a "gimmick" that was not his intent. **Mr. Porter** said that other than remission of certain amounts of property taxes or the one mill levy on the county level, he could not think of any other proofs. **CHAIR CONNELLY** suggested that the Montana Arts Council be contacted to clarify what constitutes local government support, and that the grant applicants return with a minimum amount.

**REP. GRADY, HD 47, Lewis and Clark,** said he would get this information for the committee, and would be willing to make the amendment. This was a fairness issue, since these people were unaware that tax exempt status would meet the local government requirement.

**REP. THOFT** said he and **REP. BARDANOUE** might want to think of some new language. When they had proposed local government support, they had meant dollars. **Mr. Porter** commented that the one mill levy as a means of raising dollars was not possible in places where it did not already exist.

800

REVIEW OF HB 10

**Mr. Haubein** reviewed HB 10, Oil Overcharge. EXHIBIT 6

EXECUTIVE ACTION ON INMATE LABOR ISSUES IN HB 5

**Mr. Haubein** said the committee bill requested on inmate labor had been drafted and was in the process. The subcommittee did have

to deal with the projects within HB 5 not yet approved by the committee, those prison projects whose dollar figures assume the use of inmate labor. EXHIBIT 7

**Motion:** REP. THOFT moved to approve the projects into the bill.

**Discussion:** REP. BARDANOUVE said there had been no change in the amounts. Mr. Haubein said he would still like the committee to act on the issue. SEN. HOCKETT asked about the committee bill which dealt with the issue of inmate labor as well. REP. THOFT said that bill made this action possible. Mr. Haubein said the motion should include the first three projects: roof replacement, \$30,000, seal prison buildings, \$25,000, and expansion of industries facilities, \$335,976. EXHIBIT 7 The other inmate labor question would come up when the bonding issue comes up for discussion later in the agenda.

REP. THOFT withdrew his motion.

**Motion/Vote:** REP. BARDANOUVE moved to approve the three aforementioned projects within HB 5. Motion CARRIED 5-0, SEN. LYNCH absent.

#### REVIEW OF THE CASH ACCOUNT

Mr. Haubein took up the issue of the cash account. He distributed the cash schedule, EXHIBIT 8, and clarified three items. First, on the second page of the exhibit, the Funds Available for Capital Projects was determined to be \$8,180,457. His understanding was that the committee would use approximately \$7,600,000, leaving a balance of \$549,519 for working capital for A&E and any contingencies. On page one of the exhibit, it is shown that as of 3/14/91, \$5,329,803 in expenditures had been approved, leaving a balance of \$2,301,135. He said there needed to be a correction in the 5.3 million. When acting upon the Long Range Projects, he had presented a wrong amount for Eastmont Human Services Center, \$598,000 instead of \$98,000. Therefore, action will need to be taken again on the Eastmont projects, with the result of an additional \$500,000 cash back into the balance remaining.

Secondly, Mr. Haubein said an item had been included in the Galen Repair projects that was not part of the committee approval, resulting in an addition of over \$100,000. The balance now remains corrected at \$2,301,135. Actions pending total \$2,702,495. If the same amount of \$549,000 were reserved for contingencies, there would be a negative balance of \$401,360. If the negative balance were taken out of the reserve, that would leave a net working capital of \$148,159, with money having been provided out of the cash account for the planning of projects to be bonded.

Mr. O'Connell said they would be comfortable with that amount as a balance, which would leave them some latitude as projects are

initiated. REP. THOFT suggested that if there is additional money left, it could be put in that same reserve. Mr. O'Connell agreed, and said ultimately any monies reverted would be rolled into the revenue estimates for the next biennium. REP. THOFT asked if A&E could budget amend in an emergency situation if there were surpluses in projects. Mr. O'Connell said that does happen.

REP. BARDANOUVE brought up the subject of a project coming in at a cost under that which was appropriated. He wanted to insure that money would revert, and not go into fancy decor. He referenced the Justice Building. A general discussion of the issue followed.

#### REVIEW OF HB 5

Tape 1:B:000

Mr. Haubein distributed a copy of HB 5 as it was introduced and went through the changes the committee had approved. EXHIBIT 8 He pointed out the removal of \$32,000 out of the Hazardous Material Abatement program for the roof at the Vo-Tech at Missoula, and the State Building Energy Retrofit Statewide amendment acted upon at the last meeting.

#### Executive Action on Dept. of Administration: Construction Litigation Account

REP. BARDANOUVE brought up the construction Litigation Account and asked if that amount in the bill was going to be enough. Mr. O'Connell said the \$345,000 allocated was originally planned to be spent on the defense of the state against claims or to go after contractors or consultants who had not performed according to their contracts. In the interim, there was a mediation and a settlement of \$330,000, on the prison project, so the money will be spent on that, with a balance for the Construction Litigation Account in the amount of \$15,000.

Mr. O'Connell distributed the amendment, which would permit the use of a budget amendment process to transfer left over funds from any other Long Range Building projects into the Construction Litigation Account. EXHIBIT 9 The present language would limit this process to Dept. of Administration projects only.

Mr. Haubein questioned the use of this language in an Appropriations Bill. Mr. O'Connell said the language in the amendment was an extension of the language on budget amendment already in HB 5. It merely expands that language for the Construction Litigation Account.

Motion/Vote: REP. THOFT moved to approve the amendment. EXHIBIT 9 Motion CARRIED unanimously.

Returning to a review of HB 5 and its changes, Jim Whaley said the Dept. of Fish Wildlife and Parks was requesting an amendment at the end of page 4 on Waterfowl Habitat Enhancement to reduce

the amount by \$50,000, and to add \$50,000 on page 9, following line 10, so that the Department can make grants directly to Ducks Unlimited for waterfowl habitat improvement.

Other changes include the Dept. of Highways amendment, consolidating the amounts and expanding the definition of their projects. Concerning the Dept. of Institutions, the committee reduced the water lines project at the Montana Developmental Project in the amount of \$32,500 for the Missoula Vo-Tech roof. Under Maintaining Roads and Parking Lots for Institutions, \$37,625 for the parking lots at the Veterans Home and Eastmont replaces the original figure, with the remainder put into the Montana State Hospital for the Infrastructure Study. The bill contains the addition of the \$181,000 for the Galen repairs. Under the Dept. of Labor, their amendment acted upon by the committee provides for \$209,450 of Federal Special Revenue. On page 6 is the addition of the \$65,000 for the Vo-Tech Roof in Missoula in the University System roof replacements. On page 7, he noted the removal of \$200,000 for the UM Life Science Building. Under the Metallurgy Remodel on Montana Tech, the windows added \$142,000. Also, on MSU, the Centennial Mall, \$1,600,000 was authorized. Mr. Haubein said he had a question about the wording, specifically "auxiliary funds".

361

REP. BARDANOUVE questioned the source of these funds, and asked if it was clear that these were not appropriated out of University funds. A discussion followed, and SEN. HOCKETT said his understanding was that they would raise private funds specifically for this purpose, and asked if Mr. Haubein's concern was how MSU would segregate them. Mr. Haubein said yes, that his question was on terminology. REP. BARDANOUVE said this was internal operating money and not donated money and asked the University System to address the issue. Marilyn Wessel, Montana State University, said it was MSU's intention to raise that money from private sources and would not expect to use any appropriated or internal money. REP. BARDANOUVE commented that the term was internal money, and asked for a definition of the term. Mr. Haubein said "Auxiliary" is money collected primarily from the dormitories, food services, etc. The issue was which fund the donated funds were placed in, and he would clarify the wording. "Donated" could not be used because it is not an identified source of funding in the University System.

The next change would be in the amount for the match required in the construction of the Engineering/Physical Science Building, representing 12% as opposed to the original 15%. The same held for the Business Administration Building at UM. The last change within the University System section was the addition of the multi-purpose building at the Northern Agriculture Research Center, an amount removed from HB 649.

Mr. Haubein continued with changes on page 8, indicating the cash program money for the planning that would have come out of the Long Range Building Fund. Following that is a change DFWP had in

their amendment, to reduce the amount of money in the river restoration. On page 9 is the Highways amendment that increased the maintenance projects by \$100,000.

**Mr. Haubein** reviewed the items still needing subcommittee action, located on the bottom of page 9 of the bill. The increased bonding amount reflects the reduction in participation by the Universities from 15 to 12%. After striking the Eastern Montana College project, Apsaruke Hall, the net result is a \$96,000 reduction in the three projects.

The last item on the committee's business was the construction of Northern Montana College Gymnasium, listed in the bill at \$8,000,000. He said representatives of NMC would be addressing the committee. The bracketed portions of the bill on page 10 are contingent upon the committee's action.

The note on page 11 relates to an amendment to HB 2 from Rep. Wanzenried, relating to the Creston Springs Hatchery. **Mr. Haubein** said he had to check to make sure that the action in the two bills did not conflict.

#### HEARING ON NORTHERN MONTANA COLLEGE GYMNASIUM

710

**William Daehling, President, NMC**, brought back the information on the gymnasium the committee had requested, a comparison of the various alternatives and their costs. **EXHIBIT 10** They were in no way trying to circumvent the process initiated by the Board of Regents. **President Daehling** gave a chronology of events at the gymnasium, beginning with the closure of the pool in May of 1990, followed by the closure of the gymnasium in October until the lower portions of support beams were repaired. The gym was re-opened within one month. Then it came to their attention that the lower gym section could not be used whenever there was a four inch or more snow load. Without emergency supports provided, it was then advised it should not be used at all.

At the present time, **Pres. Daehling** said only a portion of the existing building is being used and 30% of the educational programs provided within the Physical Education/Health/Recreation program of the college. When fully in use, the facility provides only 60% of those needs.

An architect was appointed in February, and since that time, the alternatives listed in **EXHIBIT 10** had been developed. He reviewed the document, saying a technical and functional assessment had been completed at the same time, with the conclusions based upon both these approaches. The conclusion was that even with full renovation of the facility, Alternative C, the college was still 30,000 to 35,000 square feet short of meeting the needs of the campus. He assured the committee that community needs had been kept separate throughout the process. However, while the facility could be used for an extended period of time providing sufficient repairs were made, there was

significant interest in the surrounding community in a facility that would meet the needs of the campus as well as the High Line region.

**President Daehling** reviewed the alternatives and expanded upon the preferred Alternative D, which takes everything completed in Alternative B and adds a new gymnasium, meeting 95% of the programs on the campus. He said this was an emergency situation and asked the committee's consideration and help in identifying a revenue stream to help them pay the cost of bonding the other part of the facility to meet the needs of the campus.

**Tape 2:A:000**

**Pres. Daehling** addressed the issue of the Land Grant monies, which NMC did not have, and which had been used by the other units to fund major capitol purchases or to pay off bond issues for facilities.

**Questions from the Subcommittee Members:**

**SEN. HOCKETT** commented on NMC's lack of revenue stream compared to the other units within the University System and said it was a real discrepancy that needed to be addressed. He asked if the bonding ability of the state had been exhausted.

**Karen Munro, Dept. of Administration**, referred to the memo from Mae Nan Ellingson, Dorsey and Whitney, and herself. **EXHIBIT 11 and 12** She said if this \$8,000,000 was included in a General Obligation Bond, that would constitute another \$800,000 per year in General Fund money to be used for debt service over a twenty year maturity. Included in the Governor's proposal were \$20,000,000 for Men's Prison Expansion and \$32,000,000 for the University Buildings, with the \$8,000,000 for the NMC Gymnasium to come from a different revenue source.

**REP. THOFT** asked what the Governor had meant by a different revenue source. **Mr. O'Connell** said typically, these types of facilities had been financed with auxiliary funds. It had been included in order to give NMC a "hunting license" to get the project off dead center and get the process rolling. It was not intended, nor was any other P.E. Facility, for state funding.

**SEN. HOCKETT** asked if all other P.E. Facilities had been built with auxiliary funds. **Mr. O'Connell** said that was correct. **REP. THOFT** asked if a hunting license was of any value to NMC. **Pres. Daehling** said it would be very difficult to hunt for funds without any funds with which to begin. He reviewed the alternatives, and said \$1,500,000 from student fees was all the student body could bear. He requested help from the Legislature to identify the revenue stream for the remaining \$5,000,000, similar to what was available to other campuses. If they had part of the funds, they could leverage that against the High Line community, and listed the possibility of revenue bonds issued by Hill County, and going after EPA funds.



President Daehling mentioned legislation pending which could provide some funding. CHAIR CONNELLY asked the cost of the bare minimum of repairs. Pres. Daehling said Alternative B would be the minimum, and with that they would need authorization for additional monies should they be successful in their hunt. REP. THOFT said it would be a big mistake to patch the facility and suggested postponing the decision.

SEN. HOCKETT commented that this was a crisis situation potentially facing the State not just at NMC, but within the University System as a whole, with \$20,000,000 of deferred maintenance. REP. THOFT suggested that the subcommittee delete this project, approve the rest of the bill, and then after serious exploration for a solution at NMC, amend it in later in the House or the Senate.

#### EXECUTIVE ACTION ON NMC GYMNASIUM

Motion/Vote: REP. THOFT moved to delete the Northern Montana College project from HB 5. Motion CARRIED unanimously with SEN. LYNCH voting by proxy. EXHIBIT 15

Motion/Vote: REP. THOFT moved to approve HB 5 as amended. Motion CARRIED unanimously with SEN. LYNCH voting by proxy. EXHIBIT 15

CHAIR CONNELLY brought up the matter of HB 963. Mr. Haubein said the subcommittee had approved HB 963 and the amendment, but there were now changes approved by the full Appropriations Committee. REP. BARDANOUVE said the amendments enacted by the full committee were not substantive and did not change the intent. Therefore, no subcommittee action was needed.

#### HEARING ON DFWP PARKS PROPOSAL

460

SEN. HARDING asked for the committee's consideration for her amendment that she had submitted earlier in the session on the use of RIT monies for the Parks Fund.

K.L. COOL, Director, Dept. of Fish, Wildlife and Parks, said the Department had perceived the subcommittee's approval of the Department's Capital Budget as a "fishing license", since the revenue was not there at the time, specifically for the Parks Program. Sen. Harding's idea was taken to the Office of Budget and Program Planning, and was approved by the Governor himself. The Department was asking the subcommittee to consider a committee bill providing a two year diversion of the corpus that is going into the DFWP portion of the Parks Trust. This would require legislation that would separate the Arts and Cultural 1/3 of the trust from the DFWP 2/3 portion. EXHIBIT 13 This would generate in net dollars \$886,297. The exhibit clearly delineates the proposal and the rationale. A description of the parks projects with the most immediate needs which would benefit from the funding are listed on EXHIBIT 14

**Mr. Cool** reiterated that this diversion would happen only for a two year period and would sunset on June 30, 1993. The principal of the trust would not be touched. He again asked for concurrence in the concept of the drafting of a committee bill.

561

**REP. BARDANOUE** commented that this would constitute a short term cash infusion for current needs with a long term loss of many thousands of dollars more. However, in light of the situation, one must weigh the short term loss against the long term loss of the cash. He had reservations about the proposal, but could reluctantly support it with a sunset.

**SEN. HOCKETT** asked for a description of the projects that were priorities. **Mr. Cool** highlighted three projects that demanded immediate attention: one, the stabilization of Bannack's historic territorial buildings; two, stabilization, at Fort Owen; and three, the stabilization at Chief Plenty Coups home. If these buildings are lost, they are lost forever. **Mr. Cool** said there would be benefits to local and state economies as the State is able to preserve and market these types of historical experiences. He added that this list, **EXHIBIT 14**, represented approximately \$1,400,000 of projects that are the highest priorities.

Referring to the second page of **EXHIBIT 13**, **Mr. Cool** noted that all of the areas listed receiving Coal Tax funds have the monies directly allocated to them except for the Parks Trust, which provides only the interest in the amount of \$1,300,000 per year for parks operations and maintenance. He pointed out that the interest would still be available. He agreed with Rep. Bardanouve that they were asking for a short term gain to address critical needs vs a long term loss. The resources are important enough to do that. Long term revenue sources would be sought for the capital program in a year when there was not such a negative reaction to taxes.

**REP. GRADY** commented that this had been a concern of his for the last two sessions, the problem of getting some type of long term funding for parks. He noted that for years these areas had been purchased for parks, and he was sure the intention was not to let them deteriorate as they are now for lack of maintenance. Despite the fact that there were other bills in the hopper, including Rep. Bardanouve's bill, to address this issue, they are tax bills and would not be accepted this session. He suggested that this may be an easier way to get some short term funding for critical needs in certain parks.

#### EXECUTIVE ACTION ON DFWP PARKS PROPOSAL

**Motion:** **REP. THOFT** moved to accept the Parks Coal Tax Proposal.

**Discussion:** **CHAIR CONNELLY** asked if this would require a 2/3 vote. **Mr. Cool** said it would not since it does not get into the principal.

**Vote:** Motion CARRIED unanimously, with SEN. LYNCH voting aye by proxy. EXHIBIT 15

**ADJOURNMENT**

**Adjournment:** 5:15 p.m.

*M. E. Connelly*

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MARY ELLEN CONNELLY, Chair

*Conntagne*

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CLAUDIA MONTAGNE, Secretary

MEC/cm

HOUSE OF REPRESENTATIVES  
LONG-RANGE PLANNING SUBCOMMITTEE

ROLL CALL

DATE 3-20-91

NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUE	✓		
SEN. ETHEL HARDING	✓		
SEN. BOB HOCKETT, VICE-CHAIRMAN	✓		
SEN. J.D. LYNCH	✓		
REP. BOB THOFT	✓		
REP. MARY ELLEN CONNELLY, CHAIR	✓		

HR:1991  
CS10DLRLCALONGRP.MAN

EXHIBIT ~~2~~ 1  
DATE 3-20-91  
HB Long Range Plan

## LONG RANGE BUILDING COMMITTEE

March 20, Agenda

- I. House Bills 6-10 - Gray Bills for Committee Review ✓
- II. Inmate Labor ✓
  - 1. Inmate Labor Bill ✓
  - 2. Inmate Labor Projects ✓
- III. Cash Account ✓
- IV. House Bill 5
  - 1. Eastmont Correction ✓
  - 2. Review of Committee Actions ✓
  - 3. Bonded Projects ✓
- V. Amendment to HB 963
- VI. FW&P Proposed Legislation Change for Committee Bill
- VI. Northern Montana College Gym ✓

2  
DATE 3-20-91  
HB 6 Long Range Planning

HB 0006/gray

HOUSE BILL NO. 6  
INTRODUCED BY CONNELLY  
BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS AND GRANTS UNDER THE WATER DEVELOPMENT PROGRAM AND THE RENEWABLE RESOURCE DEVELOPMENT PROGRAM; TO AUTHORIZE LOANS FROM WATER DEVELOPMENT BOND PROCEEDS, RENEWABLE RESOURCE DEVELOPMENT BOND PROCEEDS, AND APPROPRIATE FUNDS FOR DEBT SERVICE; TO REAUTHORIZE GRANTS AND LOANS APPROVED BY THE 51ST LEGISLATURE; TO REALLOCATE CERTAIN RESOURCE INDEMNITY TRUST ACCOUNT INTEREST INCOME FOR WATER DEVELOPMENT PROGRAM GRANTS DURING THE BIENNIUM ENDING JUNE 30, 1993; TO PLACE CERTAIN CONDITIONS UPON GRANTS AND LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Appropriations from the water development state special revenue account. (1) Because the legislature cannot appropriate individual grants to private entities, there is appropriated to the department of natural resources and conservation ~~\$106,508~~ \$72,208 from the water development state special revenue account during the 1992-93

1 biennium for grants to private persons for water development  
2 projects and activities pursuant to the provisions of Title 85,  
3 chapter 1, part 6. This appropriation is from money available in  
4 the water development state special revenue account for grants for  
5 water development projects and activities under 85-1-604(3)(c) and  
6 according to priorities established in subsections (3) and (4) of  
7 this section.

8 (2) There are appropriated to the department the interest  
9 earnings from the proceeds of water development bonds and renewable  
10 resource development bonds issued to finance loans authorized by  
11 [sections 1 through 12]. Interest earnings must be deposited in the  
12 water development debt service fund and the renewable resource  
13 development account, respectively.

14 (3) There are appropriated to the department all other funds  
15 not appropriated under subsection (1) and available for grants to  
16 political subdivisions and local government entities from the water  
17 development state special revenue account during the 1992-93  
18 biennium. This appropriation is from money available in the water  
19 development state special revenue account and renewable resource  
20 development account for grants and from the water development or  
21 renewable resource accounts for loans for water development  
22 projects and activities under 85-1-604(3)(c) and [sections 1  
23 through 12]. The funds appropriated in this section must be awarded  
24 by the department to the named entities for the described purposes  
25 and in the described grant amounts set out in subsection (4),  
26 subject to the conditions set forth in [sections 1 through 12] and

the contingencies described in the renewable resource and water development program's January 1991 report. The legislature, pursuant to 85-1-605, approves the grants listed in subsection (4), with grants to be made in the order indicated in the prioritized list of projects and activities. Funds must be awarded up to the amounts approved in this section in order of priority until available funds are expended. Funds not accepted or used by higher ranked projects and activities must be provided for projects and activities further down the priority list that would not otherwise receive funding. If the total expenditure of funds appropriated under this section results in a cutoff that ends at a point at which more than one project or activity is ranked equal in priority, the decision regarding which project or projects will receive funding must be made by the department. Any projects that are funded by the reclamation and development grants program may not be funded under [sections 1 through 12]. Actual rank and score of the various projects and activities are contained within the renewable resource and water development program's project evaluations and recommendations report for the 1992-93 biennium.

(4) The following are the grant and loan prioritized projects and activities:

WATER DEVELOPMENT PROGRAM

<u>Applicant\Project</u>	<u>Recommended Funding</u>	
	<u>Grant</u>	<u>Loan</u>
CHINOOK IRRIGATION DISTRICT		
Milk River Water Supply Project	\$100,000	



1	LOWER MUSSELSHELL CONSERVATION DISTRICT		
2	River Management Tools	72,539	
3	GLASGOW IRRIGATION DISTRICT		
4	Improving Water Use Efficiency	100,000	
5	GREENFIELDS IRRIGATION DISTRICT		
6	Greenfields Gravity Sprinkler Planning	100,000	
7	MONTANA STATE LIBRARY		
8	Drought Monitoring System	58,364	
9	JOCKO, MISSION, AND FLATHEAD IRRIGATION		
10	DISTRICTS, JOINT BOARD OF CONTROL		
11	Flathead Irrigation Information System	92,000	
12	LEWIS AND CLARK COUNTY CONSERVATION DISTRICT		
13	Nilan Water Conservation Project	100,000	
14	PRIVATE APPLICANT		
15	Ruby Creek Dam Feasibility Study	14,708	
16	<u>PRIVATE APPLICANT</u>		
17	<u>WASTEWATER COLLECTION AND</u>		
18	<u>TREATMENT SYSTEM</u>	<u>50,000</u>	<u>150,000</u>
19	FORT SHAW IRRIGATION DISTRICT		
20	Rehabilitation of Headworks and "A"		
21	System Diversion	50,000	
22	DUTTON, TOWN OF		
23	Dutton Water Storage Reservoir	91,319	
24	<del>PRIVATE APPLICANT</del>		
25	<del>    Wastewater Collection and</del>		
26	<del>    Treatment System</del>	<del>50,000</del>	<del>\$150,000</del>

EXHIBIT 2  
DATE 3-20-91  
Belong Range Planning

~~PRIVATE APPLICANT~~

~~Fishery Improvement and Sediment~~

~~Reduction~~ \_\_\_\_\_ ~~15,000~~

PHILLIPS CONSERVATION DISTRICT

Moisture Monitoring Project 53,382

~~MONTANA BUREAU OF MINES AND GEOLOGY~~

~~Hydrogeologic Controls on Selenium~~

~~Mobility in Southcentral Montana~~ \_\_\_\_\_ ~~98,778~~

~~GRANITE CONSERVATION DISTRICT~~

~~Demonstration Ice Block~~ \_\_\_\_\_ ~~67,787~~

~~PRIVATE APPLICANT~~

~~Cherry Creek Flood Control~~ \_\_\_\_\_ ~~21,880~~

~~PRIVATE APPLICANT~~

~~River Road Stabilization~~ \_\_\_\_\_ ~~5,000~~

PRIVATE APPLICANT

SUN RIVER WATER SYSTEM 7,500

(5) TO THE ENTITIES LISTED IN THIS SECTION, THIS APPROPRIATION CONSTITUTES A VALID OBLIGATION OF THESE FUNDS FOR PURPOSES OF ENCUMBERING THE FUNDS WITHIN THE 1993 BIENNIUM PURSUANT TO 17-7-302.

NEW SECTION. Section 2. Appropriations under renewable resource development program -- eligibility. (1) There are appropriated to the department of natural resources and conservation all available funds from the renewable resource development account during the 1992-93 biennium for projects under

1 the renewable resource development program.

2 (2) The department shall award grants to the named entities  
3 for the described purposes and in the described amounts set out in  
4 subsection (3). The legislature, pursuant to 90-2-111, approves the  
5 listed grants, with grants to be made in order of priority ranking,  
6 except renewable resource development grants for water development  
7 projects and activities that must be made in the order of priority  
8 listed in [section 1]. Projects and activities sponsored by public  
9 entities listed in [section 1] that do not receive water  
10 development funding are eligible for renewable resource development  
11 funds on the basis of the renewable resource development program  
12 priority ranking criteria. Any project or activity listed in  
13 [section 1] that receives water development funds is not eligible  
14 to compete for renewable resource development funds. Projects and  
15 activities listed in this section that do not receive renewable  
16 resource development funding are eligible for water development  
17 funds on the basis of the water development program priority  
18 ranking criteria. A project or activity listed in this section that  
19 receives renewable resource development funds is not eligible to  
20 compete for water development funds. Funds not accepted or used by  
21 higher ranked projects must be provided for projects further down  
22 the priority list that would not otherwise receive funding. If the  
23 total expenditure of funds appropriated under this section results  
24 in a cutoff that ends at a point at which more than one project is  
25 ranked equal in priority, the decision regarding which project or  
26 projects will receive funding must be made by the department.

Actual rank and score of the various projects are contained within the renewable resource and water development program's project evaluations and recommendations report for the 1992-93 biennium.

(3) The following are the grant and loan prioritized projects and activities:

RENEWABLE RESOURCE DEVELOPMENT PROGRAM

<u>Applicant\Project</u>	<u>Recommended Funding</u>	
	<u>Grant</u>	<u>Loan</u>
<del>JEFFERSON VALLEY CONSERVATION DISTRICT</del>		
<del>Cereal-Legume Energy Efficient</del>		
<del>Crop Rotations</del>	<del>\$ 48,677</del>	
<del>YELLOWSTONE COUNTY CONSERVATION DISTRICT</del>		
<del>Streambank Reinforcement</del>	<del>100,000</del>	
<del>MONTANA STATE LIBRARY, NATURAL RESOURCE</del>		
<del>INFORMATION SYSTEM</del>		
<del>Montana Water Information System</del>	<del>99,866</del>	
<del>NEIHART, TOWN OF</del>		
<del>Neihart Water System Improvements</del>	<del>50,000</del>	<del>\$150,000</del>
<del>MONTANA STATE UNIVERSITY, MONTANA WATER</del>		
<del>RESOURCES CENTER</del>		
<del>Public Education in Water Management</del>	<del>100,000</del>	
<del>EKALAKA, TOWN OF</del>		
<del>Water Supply and Storage Project</del>	<del>49,975</del>	<del>100,000</del>
<del>MONTANA STATE LIBRARY, NATURAL RESOURCE</del>		
<del>INFORMATION SYSTEM</del>		
<del>Montana Natural Heritage Program</del>	<del>99,760</del>	

1	<del>POLSON, CITY OF</del>	
2	<del>Wellhead Protection Program</del>	<del>76,055</del>
3	<del>STILLWATER CONSERVATION DISTRICT</del>	
4	<del>Evaluation of Plastic Lining and</del>	
5	<del>Fabrication Process</del>	<del>56,848</del>
6	<del>THREE FORKS, TOWN OF</del>	
7	<del>Water System Improvements</del>	<del>100,000</del>
8	<del>BUTTE SILVER BOW, GOVERNMENT OF</del>	
9	<del>Blacktail Creek Restoration</del>	<del>100,000</del>
10	<del>BROADWATER CONSERVATION DISTRICT</del>	
11	<del>Irrigation Water Management</del>	
12	<del>Demonstration Project</del>	<del>100,000</del>
13	<del>FALLON COUNTY</del>	
14	<del>Baker Lake Erosion Control and</del>	
15	<del>Recreation Path</del>	<del>15,361</del>
16	<del>MONTANA STATE UNIVERSITY, LOCAL</del>	
17	<del>GOVERNMENT CENTER</del>	
18	<del>Solid Waste Information and</del>	
19	<del>Assistance Center</del>	<del>88,000</del>
20	<del>NATURAL RESOURCES AND CONSERVATION,</del>	
21	<del>DEPARTMENT OF, WATER MANAGEMENT BUREAU</del>	
22	<del>Beaverhead County Ground Water Study</del>	<del>100,000</del>
23	<del>FORT SHAW IRRIGATION DISTRICT</del>	
24	<del>Rehabilitation and Betterment Study</del>	<del>50,000</del>
25	<del>DARBY SCHOOL DISTRICT NO. 9</del>	
26	<del>Darby School Park Project</del>	<del>25,300</del>

2  
3-20-91  
Long Range Planning

~~LIBERTY COUNTY CONSERVATION DISTRICT~~

~~Sweetgrass Hills Ground Water Study 100,000~~

~~MISSOULA COUNTY CONSERVATION DISTRICT~~

~~Irrigation Diversion Alternatives 85,250~~

~~OUTLOOK COUNTY WATER AND SEWER DISTRICT~~

~~Water Well Connection 7,875~~

~~MILES CITY, CITY OF~~

~~Miles City Community Recycling Program 96,513~~

~~MISSOULA COUNTY~~

~~Aquifer Monitoring and Remediation 85,929~~

~~CARBON COUNTY, STILLWATER COUNTY,~~

~~AND BIG TIMBER, CITY OF~~

~~Integrated Waste Management in~~

~~Southcentral Montana 45,437~~

~~MEACHER COUNTY CONSERVATION DISTRICT~~

~~South Side Canal Lining Project 37,500 62,500~~

~~BELT, TOWN OF~~

~~Belt Sewage System Improvements 25,000 75,000~~

~~TETON COUNTY CONSERVATION DISTRICT~~

~~Alternative Diversion Sites 11,780~~

~~CHINOOK, CITY OF~~

~~Milk River Weir Replacement 50,000 150,000~~

~~COLUMBUS, TOWN OF~~

~~Columbus Recreation Project 99,906~~

~~GLASGOW, TOWN OF~~

~~Water and Wastewater Comprehensive Plan 80,950~~

1	<del>BIG SKY SEWER DISTRICT</del>		
2	<del>County Water and Sewer District</del>	<del>33,750</del>	
3	<del>MISSOULA CITY COUNTY HEALTH DEPARTMENT</del>		
4	<del>Linda Vista Sewer Interceptor Project</del>	<del>100,000</del>	
5	<del>CASCADE AND TETON COUNTY CONSERVATION</del>		
6	<del>DISTRICTS</del>		
7	<del>Muddy Creek Erosion Control Project</del>	<del>100,000</del>	
8	<del>FAIRFIELD, TOWN OF</del>		
9	<del>Fairfield Waterway/Pipeline</del>	<del>14,169</del>	
10	<del>MONTANA STATE UNIVERSITY EXTENSION SERVICE</del>		
11	<del>Natural Resource Management Education</del>		
12	<del>Program</del>	<del>49,280</del>	
13	<u>YELLOWSTONE COUNTY CONSERVATION DISTRICT</u>		
14	<u>STREAMBANK REINFORCEMENT</u>	<u>\$100,000</u>	
15	<u>JEFFERSON VALLEY CONSERVATION DISTRICT</u>		
16	<u>CEREAL-LEGUME ENERGY EFFICIENT</u>		
17	<u>CROP ROTATIONS</u>	<u>48,677</u>	
18	<u>NEIHART, TOWN OF</u>		
19	<u>NEIHART WATER SYSTEM IMPROVEMENTS</u>	<u>50,000</u>	<u>\$150,000</u>
20	<u>EKALAKA, TOWN OF</u>		
21	<u>WATER SUPPLY AND STORAGE PROJECT</u>	<u>49,975</u>	<u>100,000</u>
22	<u>MONTANA STATE UNIVERSITY, MONTANA WATER RESOURCES CENTER</u>		
23	<u>PUBLIC EDUCATION IN WATER MANAGEMENT</u>	<u>100,000</u>	
24	<u>STILLWATER CONSERVATION DISTRICT</u>		
25	<u>EVALUATION OF PLASTIC LINING</u>		
26	<u>AND FABRICATION PROCESS</u>	<u>56,848</u>	

1	<u>BROADWATER CONSERVATION DISTRICT</u>		
2	<u>IRRIGATION WATER MANAGEMENT</u>		
3	<u>DEMONSTRATION PROJECT</u>	<u>100,000</u>	
4	<u>NATURAL RESOURCES AND CONSERVATION, DEPARTMENT OF, WATER MANAGEMENT</u>		
	<u>BUREAU</u>		
6	<u>BEAVERHEAD COUNTY GROUND WATER STUDY</u>	<u>100,000</u>	
7	<u>POLSON, CITY OF</u>		
8	<u>WELLHEAD PROTECTION PROGRAM</u>	<u>76,055</u>	
9	<u>THREE FORKS, TOWN OF</u>		
	<u>WATER SYSTEM IMPROVEMENTS</u>	<u>100,000</u>	
	<u>FORT SHAW IRRIGATION PROJECT</u>		
2	<u>REHABILITATION AND BETTERMENT STUDY</u>	<u>50,000</u>	
	<u>BUTTE-SILVER BOW, GOVERNMENT OF</u>		
4	<u>BLACKTAIL CREEK RESTORATION</u>	<u>100,000</u>	
	<u>LIBERTY COUNTY CONSERVATION DISTRICT</u>		
	<u>SWEETGRASS HILLS GROUND WATER STUDY</u>	<u>100,000</u>	
	<u>MISSOULA COUNTY CONSERVATION DISTRICT</u>		
	<u>IRRIGATION DIVERSION ALTERNATIVES</u>	<u>85,250</u>	
9	<u>FALLON COUNTY</u>		
	<u>BAKER LAKE EROSION CONTROL</u>		
	<u>AND RECREATION PATH</u>	<u>15,361</u>	
2	<u>DARBY SCHOOL DISTRICT NO. 9</u>		
	<u>DARBY SCHOOL PARK PROJECT</u>	<u>25,300</u>	
4	<u>MEAGHER COUNTY CONSERVATION DISTRICT</u>		
	<u>SOUTH SIDE CANAL LINING PROJECT</u>	<u>37,500</u>	<u>62,500</u>
	<u>NATURAL RESOURCES AND CONSERVATION, DEPARTMENT OF</u>		



**BATTLE CREEK STORAGE UNIT****82,000**

**(4) TO THE ENTITIES LISTED IN THIS SECTION, THIS APPROPRIATION CONSTITUTES A VALID OBLIGATION OF THESE FUNDS FOR PURPOSES OF ENCUMBERING THE FUNDS WITHIN THE 1993 BIENNIUM PURSUANT TO 17-7-302.**

**NEW SECTION.** Section 3. Opportunity to receive loans for projects that do not receive grants. Sponsors of recommended projects and activities on the prioritized lists in [sections 1 and 2] that are not recipients of available grant funds must be offered the opportunity to receive loan funds for up to the total recommended project amount, subject to the conditions described in [sections 1 through 12]. The interest rate applicable to these loans must be the rate paid on bonds issued pursuant to [sections 1 through 12].

**NEW SECTION.** Section 4. Approval of loans from bond proceeds and completion of appropriation. (1) The legislature, pursuant to 85-1-605, 85-1-606, and 90-2-107, hereby approves loans to private sponsors approved by the department of natural resources and conservation during the 1992-93 biennium and the loans for projects and activities identified and described in [section 1] to public entities from water development bond proceeds, interest earnings on such proceeds deposited in the water development debt service fund, and loans from renewable resource development bond proceeds deposited in the renewable resource development account.

1 Bond proceeds may be used for the payment of bond issuance costs.  
2 Funds are appropriated for these costs to a maximum of 4% of the  
3 amount of each bond sale.

4 (2) The approval of specific loans completes an appropriation  
5 of the coal severance tax proceeds allocated by 15-35-108 to the  
6 water development bond account for the purpose of paying, in the  
7 manner established by 85-1-619, principal of and interest and  
8 redemption premiums on any water development bonds issued to  
9 provide the proceeds for the loans to private and public entities  
10 for projects and activities approved in [section 1], and it also  
11 completes an appropriation to the renewable resource debt service  
12 fund for the purpose of paying, in the manner established by 90-2-  
13 123, principal of and interest and redemption premiums on any  
14 renewable resource development bonds issued to provide the proceeds  
15 for the loans to political subdivisions and local government  
16 entities for projects and activities approved in [sections 1 and  
17 2].

18 NEW SECTION. Section 5. Reauthorization of loans and  
19 grants approved by ~~51st legislature~~. (1) The 51st legislature, in  
20 House Bill No. 775, Laws of 1989, approved loans and grants from  
21 the water development and renewable resource development bond  
22 accounts for the Cascade County RID No. 26, Sun Prairie, in the  
23 amount of \$200,000; Carbon County/Roberts Water System Improvements  
24 in the amount of \$142,500; City of Shelby in the amount of  
25 \$100,000; Sage Creek County Water District in the amount of

1 \$158,600; Town of Cascade in the amount of \$200,000; City of  
2 Belgrade in the amount of \$200,000; Town of Hysham in the amount of  
3 \$200,000; and East Glacier Water and Sewer District in the amount  
4 of \$116,380. Loans and grants for the entities described in this  
5 section are hereby reauthorized.

6 (2) THE 50TH LEGISLATURE, IN HOUSE BILL NO. 7, LAWS OF 1987,  
7 APPROVED A GRANT FROM THE RENEWABLE RESOURCE DEVELOPMENT ACCOUNT TO  
8 EASTERN SANDERS CONSERVATION DISTRICT FOR \$86,300 FOR RECHARGE  
9 ENHANCEMENT OF THE LITTLE BITTERROOT AQUIFER. AMONG THE  
10 CONTINGENCIES CONTAINED IN THE GRANT AUTHORIZATION WAS A  
11 REQUIREMENT THAT A COMMITMENT BE OBTAINED FROM THE U.S. BUREAU OF  
12 RECLAMATION FOR FEDERAL MATCHING FUNDS. IT HAS SINCE BEEN  
13 DETERMINED THAT THE FEDERAL MATCHING FUNDS WILL NOT BE FORTHCOMING.  
14 THE GRANT FOR THE ABOVE DESCRIBED ENTITY IS HEREBY AUTHORIZED FOR  
15 \$86,300, WITH THE CONTINGENCY FOR FEDERAL MATCHING FUNDING FROM THE  
16 U.S. BUREAU OF RECLAMATION DELETED. FURTHER, ~~THE~~ ADDITIONAL  
17 SAMPLING OF SURFACE WATER AND GROUND WATER FOR HERBICIDES AND  
18 PESTICIDES MUST BE CONDUCTED.

19 NEW SECTION. Section 6. Reallocation of resource indemnity  
20 trust account interest income. Except for special departmental  
21 appropriation and notwithstanding any provisions of 85-1-604 to the  
22 contrary, all remaining interest income allocated to the water  
23 development state special revenue account from the resource  
24 indemnity trust fund by 15-38-202(2) during the 1992-93 biennium  
25 may be used only for the purposes set out in 85-1-604(3)(c).

2  
3-20-91  
Henry Range Plan.

NEW SECTION.

**Section 7. Emergency grants.** There is

appropriated to the department of natural resources and conservation up to \$125,000 from the water development state special revenue account to be used for emergency projects. If these funds are not needed for emergencies, they may be used for grants approved in [section 1].

NEW SECTION.

**Section 8. Conditions of loans and grants.**

Disbursement of funds under [sections 1 through 12] for both loans and grants is subject to the following conditions that must be met by project sponsors:

(1) approval of a scope of work and budget for the project by the department of natural resources and conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

(2) documented commitment of other funds required for project completion;

(3) satisfactory completion of conditions described in the recommendation section of the project narrative in the renewable resource and water development program's project evaluations and recommendations report for the 1992-93 biennium or, in the case of emergency applications, conditions specified at the time of written notification of approved loan authority;

(4) execution of a loan or grant agreement with the department; and

(5) accomplishment of other specific requirements considered

1 necessary by the department to accomplish the purpose of the loan  
2 or grant as evidenced from the application to the department or  
3 from the proposal to the legislature.

4 NEW SECTION. Section 9. Conditions for grants.

5 Notwithstanding the conditions described in [section 1], grant  
6 funds are disbursed in the order of priority listed in [section 1]  
7 as coal tax and resource indemnity trust account interest income  
8 revenues are received. No project approved by [sections 1 through  
9 12] is entitled to receive grant funds not collected and allocated  
10 to the water development state special revenue account or the  
11 renewable resource development account.

12 NEW SECTION. Section 10. Conditions for loans. Each

13 sponsor authorized for a loan from water development bond proceeds  
14 or renewable resource development bond proceeds may be required to  
15 pay to the department of natural resources and conservation a pro  
16 rata share of the bond issuance costs and the administrative costs  
17 incurred by the department to complete the loan transaction.

18 NEW SECTION. Section 11. Private and discount purchase of

19 loans. Loans to political subdivisions and local government  
20 entities and bonds, warrants, and notes issued in evidence thereof  
21 may be made and purchased by and sold to the department of natural  
22 resources and conservation at a discount and at private negotiated  
23 sale, notwithstanding the provisions of any other law applicable to  
24 such political subdivisions or local government entities.

1           NEW SECTION. Section 12. Appropriations established. For  
2 any entity of state government that receives a grant or loan under  
3 [sections 1 through 12], an appropriation is established for the  
4 amount of the grant or loan upon award of the grant or loan by the  
5 department of natural resources and conservation. GRANTS TO STATE  
6 ENTITIES FROM PRIOR BIENNIUMS ARE REAUTHORIZED FOR COMPLETION OF  
7 CONTRACT WORK.

8           NEW SECTION. Section 13. FUNDS AVAILABLE. IT IS THE INTENT  
9 OF THE LEGISLATURE THAT THE WATER DEVELOPMENT GRANT PROGRAM BE A  
10 MINIMUM OF \$1 MILLION AND THE RENEWABLE RESOURCES GRANT PROGRAM BE  
11 A MINIMUM OF \$1 MILLION FOR THE 1993 LEGISLATIVE SESSION.

12           NEW SECTION. Section 14. Severability. If a part of [this  
13 act] is invalid, all valid parts that are severable from the  
14 invalid part remain in effect. If a part of [this act] is invalid  
15 in one or more of its applications, the part remains in effect in  
16 all valid applications that are severable from the invalid  
17 applications.

18           NEW SECTION. Section 15. Effective date. [This act] is  
19 effective on passage and approval.

20   -END-

HOUSE BILL NO. 7

INTRODUCED BY CONNELLY

BY REQUEST OF THE DEPARTMENT OF NATURAL  
RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE WATER DEVELOPMENT PROGRAM; TO APPROVE THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO REAUTHORIZE COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 51ST LEGISLATURE; TO APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO AUTHORIZE THE ISSUANCE OF REVENUE BONDS; TO PLACE CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Coal severance tax bonds

authorized. (1) The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved water resource development projects and activities as part of the state water development program. Available funds from previous sales of coal severance tax bonds may

1 also be used for the projects approved in [sections 1 through 7].  
 2 The legislature finds that the water development projects in  
 3 [sections 1 through 7] meet the provisions of 17-5-702. The board  
 4 of examiners may issue coal severance tax bonds in an amount not to  
 5 exceed ~~\$13,382,594~~ <sup>7</sup> \$7,945,583 for the purpose of making loans and  
 6 financing state projects, establishing a reserve for the bonds, and  
 7 paying the costs of issuance. Funds are appropriated for these  
 8 costs of issuance to a maximum of 4% of the amount of each bond  
 9 sale.

10 (2) The board of examiners may issue coal severance tax bonds  
 11 for loans to political subdivisions and local government entities  
 12 not to exceed the loan amount listed for the project.

13  
 14 GROUP A Notwithstanding the provisions of [section 5], the  
 15 interest rate for the projects in this group may be 2% below the  
 16 long-term bond rate at which the state bond is sold for the first  
 17 5 years of an anticipated 20-year term and must be at the rate at  
 18 which the state bond is sold for the remaining 15 years.

	<u>Loan Amount</u>
19 FORSYTH, CITY OF	
20       Water Treatment Plant Improvements	\$1,948,916
21 SEELEY LAKE-MISSOULA COUNTY WATER DISTRICT	
22       Water Treatment Plant	922,150

23 THE PRINCIPAL PORTION OF THE DEBT SERVICE PAYMENT OF THE LOAN FOR  
 24 THE SEELEY LAKE-MISSOULA COUNTY WATER PROJECT MAY BE DEFERRED FOR  
 25 A PERIOD OF 3 YEARS. THE INTEREST ON THE LOAN MAY BE ADJUSTED FOR  
 26



1 THE DEFERRAL.

2  
3 GROUP B Notwithstanding the provisions of [section 5], the  
4 interest rate for the project in this group may be 1% below the  
5 long-term bond rate at which the state bond is sold for the first  
6 5 years of an anticipated 20-year term and must be at the rate at  
7 which the state bond is sold for the remaining 15 years.

8 Loan Amount

9 COLUMBIA FALLS, CITY OF

10 Water Improvements

\$1,623,720

11 \$1,1<sup>6</sup>3,720

12  
13 GROUP C Notwithstanding the provisions of [section 5], the  
14 interest rate for the project in this group must be sold at the  
15 rate at which the state bond is sold for 20 years.

16 Loan Amount

17 HUNTLEY IRRIGATION DISTRICT

18 Rehabilitation and Reconstruction of

19 Diversion Structure and Main Canal

~~\$ 747,808~~

20 \$ 749,797

21  
22 GROUP D Notwithstanding the provisions of [section 5], the  
23 interest rate for the project in this group is ~~0%~~ 3% for 30 years.

24 Loan Amount

25 BEAVERHEAD COUNTY, RED ROCK RIVER WATER

26 AND/OR SEWER DISTRICT



3  
3-20-91  
Long Range Plan.

1 ~~special debt service bond account established in the state treasury~~  
2 ~~for the benefit of the bonds approved for such projects.~~

3 NEW SECTION. Section 2. Appropriation -- creation of debt

4 for coal severance tax bonds. (1) The legislature, through the  
5 enactment of this section by a vote of three-fourths of the members  
6 of each house of the legislature as required by Article IX, section  
7 5, of the Montana constitution, pledges, dedicates, and  
8 appropriates from the coal severance tax bond fund all money  
9 necessary for the payment of principal and interest not otherwise  
10 provided for on the coal severance tax bonds authorized by  
11 [sections 1 through 7] to be issued pursuant to Title 17, chapter  
12 5, part 7, and pursuant to the provisions of [sections 1 through 7]  
13 and the general resolution for this bond program that has been  
14 adopted by the board of examiners under the authority provided in  
15 Title 17, chapter 5, part 7.

16 (2) The legislature, through the enactment of this section,  
17 in accordance with Article VIII, section 8, of the Montana  
18 constitution, authorizes the creation of a state debt in an amount  
19 not to exceed ~~\$5,100,000 for the rehabilitation of state water~~  
20 ~~projects approved in [sections 1 through 7] and an amount not to~~  
21 ~~exceed \$8,232,594~~ <sup>7</sup> \$7,975,583 for loans to political subdivisions  
22 and local government entities for water development projects  
23 approved in [sections 1 through 7], all for the issuance of up to  
24 <sup>7,975,583</sup> ~~\$13,382,594~~ in coal severance tax bonds authorized by [sections 1  
25 through 7].

1           (3) In connection with the issuance of coal severance tax  
2 bonds, the board of examiners may pay the principal and interest on  
3 the bonds when due from the debt service account and in all other  
4 respects manage and use the funds within each special bond account  
5 for the benefit of the bonds. The board of examiners shall exercise  
6 its discretion to enhance the marketability of the bonds and to  
7 secure the most advantageous financial arrangements for the state.

8           (4) Earnings on bonds proceeds prior to the completion of any  
9 loan must be allocated to the debt service account to pay the debt  
10 service on the bonds during this period. Earnings in excess of debt  
11 service, if any, must be allocated to the water development state  
12 special revenue account and may be used for the purposes allowed  
13 under 85-1-604(3)(b).

14           (5) Loan repayments from loans financed with coal severance  
15 tax bonds, loan principal, interest, and bond issuance fees  
16 borrowed from bond proceeds are pledged, dedicated, and  
17 appropriated to the debt service account in the state treasury for  
18 the benefit of bonds approved for loans under this section.

19           NEW SECTION.           Section 3. Projects not completing  
20 requirements -- loans reauthorized. The legislature finds that the  
21 following water development projects for which coal severance tax  
22 bonds were authorized to be issued by the 51st legislature in House  
23 Bill No. 778, Laws of 1989, may not complete the requirements  
24 necessary for the loan transaction prior to June 30, 1991. Coal  
25 severance tax bonds for the projects described in this section are

3  
3-20-91  
Long Range Plan.

1 reauthorized in the amounts listed at the interest rates authorized  
2 by the 51st legislature in House Bill No. 778, Laws of 1989, and  
3 described in this section to enable financing during the 1992-93  
4 biennium, if necessary.

5  
6 GROUP A Notwithstanding the provisions of [section 5], the  
7 interest rate for the project in this group must be 4% over a 30-  
8 year term or 3% if the lower interest rate is necessary to secure  
9 the federal loan.

Loan Amount

12 EAST BENCH IRRIGATION DISTRICT

13 Gravity Sprinkler Irrigation No. 3 \$ 431,000

14  
15 GROUP B Notwithstanding the provisions of [section 5], the  
16 interest rate for projects in this group may be 3% below the long-  
17 term bond rate at which the state bond is sold for the first 5  
18 years of an anticipated 20-year term and must be at the rate at  
19 which the state bond is sold for the remaining 15 years.

Loan Amount

22 SOMERS COUNTY WATER AND SEWER DISTRICT

23 Somers Sewer \$3,151,960

24 EVERGREEN WATER AND SEWER DISTRICT

25 Wastewater Facilities ~~3,226,900~~

3,778,028

1 (IF HOUSE BILL NO. 648 IS PASSED AND APPROVED, STRIKE 3,778,028 IN  
 2 LINE 8 AND INSERT 551,128.)

3 LAKE COUNTY/BIG ARM SEWER DISTRICT

4 Big Arm Sewer 2,283,893

5  
 6 GROUP C Notwithstanding the provisions of [section 5], the  
 7 interest rate for projects in this group may be 2% below the long-  
 8 term bond rate at which the state bond is sold for the first 5  
 9 years of an anticipated 20-year term and must be at the rate at  
 10 which the state bond is sold for the remaining 15 years.

11

12 Loan Amount

13 GLENDIVE, CITY OF

14 Water Treatment Plant \$4,075,000

15 ~~NOXON, COMMUNITY OF~~

16 ~~Gravity Water Company Water System~~

17 ~~Improvement 222,550~~

18 WHITEFISH, CITY OF

19 Water Treatment and Distribution 6,035,800

20 WIBAUX, TOWN OF

21 Water Storage Reservoir/Transmission Line ~~250,000~~

22 272,500

23 EAST GLACIER, TOWN OF

24 Water System 484,270

25 PONDERA CONSERVATION DISTRICT

26 Irrigation System Rehabilitation 750,000

3  
3-20-91  
Long Range Plan.

1 GROUP D Notwithstanding the provisions of [section 5], the  
2 interest rate for projects in this group must be sold at the rate  
3 at which the state bond is sold for 20 years.

	<u>Loan Amount</u>
6 BROWNING, TOWN OF	
7       Sewage Treatment Facility Improvements	\$ 447,014
8 ANACONDA-DEER LODGE COUNTY	
9       Wastewater Treatment Plant Effluent Disposal	500,000

11 GROUP E Notwithstanding the provisions of [section 5], the  
12 interest rate for the project in this group may be 4% below the  
13 long-term bond rate at which the state bond is sold for the first  
14 5 years of an anticipated 20-year term and must be at the rate at  
15 which the state bond is sold for the remaining 15 years.

	<u>Loan Amount</u>
18 DUTTON, TOWN OF	
19       Water Supply Construction	\$ 150,000

21 NEW SECTION.       Section 4. Conditions of loans. (1)

22 Disbursement of funds under [sections 1 through 7] for loans is  
23 subject to the following conditions that must be met by project  
24 sponsors:

- 25       (a) approval of a scope of work and budget for the project by

1 the department of natural resources and conservation. Reductions  
2 in a scope of work or budget may not affect priority activities or  
3 improvements.

4 (b) documented commitment of other funds required for project  
5 completion;

6 (c) satisfactory completion of conditions described in the  
7 recommendations section of the project narrative in the renewable  
8 resource and water development program project evaluations and  
9 recommendations report for the 1992-93 biennium or, in the case of  
10 emergency applications, conditions specified at the time of written  
11 notification of approved loan authority;

12 (d) execution of a loan agreement with the department of  
13 natural resources and conservation; and

14 (e) accomplishment of other specific requirements considered  
15 necessary by the department to accomplish the purpose of the loan  
16 as evidenced from the application to the department or from the  
17 proposal to the legislature.

18 (2) Each sponsor authorized for a loan from coal severance  
19 tax bond proceeds may be required to pay to the department a pro  
20 rata share of the bond issuance costs and the administrative costs  
21 incurred by the department to complete the loan transaction.

22 NEW SECTION. Section 5. Interest rates on loans. Loans  
23 made from proceeds of coal severance tax bonds must be at interest  
24 rates specified in [section 1] except that when loan requests are  
25 reduced, interest rates must be recalculated based on the



1 methodology described in the renewable resource and water  
2 development program project evaluations and recommendations report  
3 for the 1992-93 biennium. If the bonds or notes bear interest at an  
4 adjustable rate, the department of natural resources and  
5 conservation shall establish, at the time of the sale of each bond,  
6 an assured rate of interest thereon as if the bond bore interest at  
7 a fixed rate. The assured rate of interest so established must be  
8 the rate of interest on the bonds for the purpose of calculating  
9 the interest rates on the loans pursuant to [section 1].

10 NEW SECTION. Section 6. Private and discount purchase of  
11 loans. Loans to political subdivisions and local government  
12 entities and bonds, warrants, and notes issued in evidence of the  
13 loans may be made and purchased by and sold to the department of  
14 natural resources and conservation at a discount and at private  
15 negotiated sale, notwithstanding the provisions of any other law  
16 applicable to such political subdivisions or local government  
17 entities.

18 NEW SECTION. Section 7. Appropriations established. For  
19 any entity of state government that receives a loan under [sections  
20 1 through 7], an appropriation is established for the amount of the  
21 loan upon award of the loan by the department of natural resources  
22 and conservation.

23 NEW SECTION. SECTION 8. AUTHORIZATION TO ISSUE REVENUE  
24 BONDS. (1) THE BOARD OF EXAMINERS IS AUTHORIZED TO ISSUE BONDS TO

1 FINANCE OR TO REFUND BONDS ISSUED TO FINANCE WATER DEVELOPMENT  
2 PROJECTS PURSUANT TO TITLE 17, CHAPTER 5, PART 7, AND TITLE 85,  
3 CHAPTER 1, PART 6, PAYABLE IN WHOLE OR IN PART FROM REVENUE  
4 GENERATED FROM THE PROJECT, WITHOUT PLEDGING THE COAL SEVERANCE TAX  
5 TO THE PAYMENT OF THE BONDS.

6 (2) BONDS ISSUED PURSUANT TO THIS SECTION WITHOUT THE PLEDGE  
7 OF THE COAL SEVERANCE TAX MAY NOT BE CONSIDERED COAL SEVERANCE  
8 BONDS OR A DEBT OF THE STATE.

9 NEW SECTION. Section 9. Severability. If a part of [this  
10 act] is invalid, all valid parts that are severable from the  
11 invalid part remain in effect. If a part of [this act] is invalid  
12 in one or more of its applications, the part remains in effect in  
13 all valid applications that are severable from the invalid  
14 applications.

15 NEW SECTION. Section 10. Requirements for approval of  
16 state debt. Because [section 2] authorizes the creation of a state  
17 debt and appropriates money that would otherwise be deposited in  
18 the coal severance tax permanent fund, a vote of three-fourths of  
19 the members of each house is required for enactment of [section 2].

20 NEW SECTION. Section 11. Effective date. [This act] is  
21 effective on passage and approval.

22 -END-

## Proposed Amendment HB07

3  
3-20-91  
*Long Range Plan.*

Add a new section to HB07 as follows:

New Section. Section \_\_\_\_\_. Authorization to issue revenue bonds. (1) In addition to its authority under Section 17-5-716, the board of examiners is authorized to issue revenue bonds of the State to refund in whole or in part bonds issued to finance water development projects approved by the legislature, pursuant to Title 17, Chapter 5, Part 7 and Title 85, Chapter 1, Part 6. Any refunding bonds issued under this section shall be payable as to principal and interest solely from the revenues generated from the project or projects for which the refunded bonds were issued, without the pledge of the coal severance tax. The refunding bonds may be issued in an amount sufficient to refund all or a portion of the outstanding bonds, to pay costs incident to the issuance and sale of such refunding bonds and to fund the establishment of necessary reserves. The refunding bonds shall be designated "State of Montana Water Development Revenue Bonds" and all provisions, power and authority granted to the Board with respect to the issuance of bonds under Title 17, Chapter 5, Part 7, except for provisions regarding the pledge of the coal severance tax, shall apply to the issuance of the refunding bonds. In authorizing the issuance of the refunding bonds, the board of examiners shall determine that the refunding of the outstanding bonds and the issuance of the refunding bonds is in the best interest of the State. No refunding bonds shall be issued under this section to refund bonds issued to fund a loan to a political subdivision or local government body unless the political subdivision or local government body whose loan repayments would be pledged to the payment of the refunding bonds has consented to the refunding. (2) Bonds issued pursuant to this section without the pledge of the coal severance tax shall not be considered coal severance bonds or a debt of the State of Montana.

EXHIBIT 4  
DATE 3-20-91  
HB Long Range  
Planning

HOUSE BILL NO. 8

INTRODUCED BY CONNELLY

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS FOR DESIGNATED PROJECTS UNDER THE RECLAMATION AND DEVELOPMENT GRANTS PROGRAM; PRIORITIZING GRANTS AND AMOUNTS; AND ESTABLISHING CONDITIONS FOR GRANTS."

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

NEW SECTION. Section 1. Appropriations for reclamation and development grants. (1) There is appropriated to the department of natural resources and conservation from the reclamation and development grants special revenue account all funds allocated for appropriation from the interest income of the resource indemnity trust fund set forth in Title 15, chapter 38, with the exception of those allocations made in 15-38-202 and 75-1-1101.

(2) The funds appropriated in this section must be awarded by the department to the entities listed in [section 2] for the prescribed purposes and in the prescribed grant amounts, subject to the conditions provided in [sections 3 and 4].

NEW SECTION. Section 2. Approved grant projects. (1) The legislature approves the grants listed in subsection (2)(a), to be made in the order of priority as indicated within the following

1 list of projects and activities. If conditions in [sections 3 and  
 2 4] are met, funds must be awarded up to the amounts approved in  
 3 this section in order of priority until available funds are  
 4 expended. Funds not accepted or used by higher ranked projects and  
 5 activities must be provided for projects and activities lower on  
 6 the priority list that would otherwise not receive funding.  
 7 Descriptions of the various projects and activities and specific  
 8 conditions established for each project and activity are contained  
 9 within the department of natural resources and conservation's  
 10 Montana reclamation and development grants program project  
 11 evaluations and recommendations report for the 1992-93 biennium.

12 (2) The following are the grants program prioritized projects  
 13 and activities:

<u>Applicant/Project</u>	<u>Grant Amount</u>
BUTTE-SILVER BOW, GOVERNMENT OF	
Water, Air, Soils Testing and	
Evaluation Center (WASTEC)	\$296,113
CHINOOK IRRIGATION DISTRICT	
Milk River Water Supply Project,	
Rehabilitation and Betterment Element	300,000
JUDITH BASIN CONSERVATION DISTRICT	
Community-Led Rural Development in Montana	170,000
HEALTH AND ENVIRONMENTAL SCIENCES, DEPARTMENT	
OF, AND CENTRAL MONTANA HEALTH DISTRICT	
Arro Refinery Sludge Cleanup	300,000
MONTANA BOARD OF OIL AND GAS CONSERVATION	

1	Abandoned Well Plugging Project "A"	300,000
2	MONTANA BOARD OF OIL AND GAS CONSERVATION	
3	Abandoned Well Plugging Project "B"	295,000
4	<del>MONTANA STATE LIBRARY</del>	
5	<del>Natural Resource Information System</del>	
6	<del>Program, Emphasis on the Natural Heritage</del>	
7	<del>Program and GIS</del>	<del>227,600</del>
8	MONTANA SALINITY CONTROL ASSOCIATION	
9	Soil and Water Nonpoint Source Pollution	
10	Control and Management	137,500
11	MONTANA STATE UNIVERSITY, RECLAMATION	
12	RESEARCH UNIT	
13	Effect of Sodium, Chlorine, and Total Salts	
14	from Treated Cyanide Solutions on Soils	82,885
15	CARBON COUNTY, STILLWATER COUNTY, AND THE CITY	
16	OF BIG TIMBER	
17	Integrated Waste Management in Southcentral	
18	Montana	45,437
19	HEALTH AND ENVIRONMENTAL SCIENCES, DEPARTMENT	
20	OF, WATER QUALITY BUREAU	
21	Nonpoint Pollution Control Project in	
22	Montana	146,620
23	MONTANA BUREAU OF MINES AND GEOLOGY	
24	Downhole Geophysical Logging Techniques	39,749
25	MONTANA BOARD OF OIL AND GAS CONSERVATION	
26	Abandoned Well Plugging Project "C"	144,000

1	TOOLE COUNTY	
2	North Toole County Reclamation Project	105,000
3	CARBON COUNTY, CHOUTEAU COUNTY, CUSTER COUNTY,	
4	DAWSON COUNTY, AND LAKE COUNTY	
5	Pesticide Contamination Cleanup	300,000
6	<u>BUTTE-SILVER BOW, GOVERNMENT OF</u>	
7	<u>UPPER CLARK FORK RIVER BASIN COORDINATOR</u>	<u>60,000</u>
8	<del>STATE LANDS, DEPARTMENT OF</del>	
9	<del>    Well Assessment and Abandonment</del>	<del>300,000</del>
10	NATURAL RESOURCES AND CONSERVATION,	
11	DEPARTMENT OF, WATER MANAGEMENT BUREAU	
12	Arsenic in Upper Missouri River Basin	179,330
13	<u>STATE LANDS, DEPARTMENT OF</u>	
14	<u>WELL ASSESSMENT AND ABANDONMENT</u>	<u>300,000</u>
15	STATE LANDS, DEPARTMENT OF	
16	Comet Mine Wetlands Development	250,700
17	GLACIER COUNTY CONSERVATION DISTRICT	
18	Comprehensive Evaluation of Ground Water	
19	Contamination	197,453
20	HEALTH AND ENVIRONMENTAL SCIENCES, DEPARTMENT	
21	OF, WATER QUALITY BUREAU	
22	Hydrogeology, Land Use, and Chemical Quality	
23	of Water Resources in the Clark's Fork	
24	Yellowstone River Basin	218,250
25	<del>FORT PECK ASSINIBOINE AND SIOUX TRIBES</del>	
26	<del>    Extent, Magnitude, and Movement of</del>	

4  
DATE 3-20-91  
-E Long Range Plan.

~~Contamination in Aquifers In and Near the  
East Poplar Oil Field~~

~~290,400~~

SHERIDAN COUNTY CONSERVATION DISTRICT

Extent of Oil Field Waste Contamination

134,736

YELLOWSTONE COUNTY

YELLOWSTONE CO. LIS/GIS PROJECT

50,000

*Montana State University*  
MSU BIOLOGY DEPARTMENT

TROUT STREAM RESTORATION

45,500

MONTANA SALINITY CONTROL ASSOCIATION

SUPPLEMENTAL FUNDING FOR SOIL AND WATER

NONPOINT SOURCE POLLUTION CONTROL AND

MANAGEMENT

62,500

(3) TO THE ENTITIES LISTED IN THIS SECTION, THIS

APPROPRIATION CONSTITUTES A VALID OBLIGATION OF THESE FUNDS FOR  
PURPOSES OF ENCUMBERING THE FUNDS WITHIN THE 1993 BIENNIUM PURSUANT  
TO 17-7-302.

NEW SECTION. Section 3. Coordination of fund sources for grants program projects. A sponsor of a grants program project who has applied for a grant for that project under both the reclamation and development grants program and either the water development program or the renewable resource development program may not receive duplicative funding.

NEW SECTION. Section 4. Conditions of grants. Disbursement of grant funds under [sections 1 through 6] is subject to the following conditions that must be met by the project sponsor:



1 (1) A scope of work and budget for the project must be  
2 approved by the department of natural resources and conservation.  
3 Reduction in a scope of work or budget may not affect priority  
4 activities or improvements.

5 (2) Other funds required for project completion must have  
6 been committed, and the commitment must be documented.

7 (3) The project sponsor shall show satisfactory completion of  
8 conditions described in the recommendations section of the project  
9 narrative of the reclamation and development grants program report  
10 for the 1992-93 biennium.

11 (4) An agreement between the department and the grant  
12 applicant must be executed in a timely manner, taking into  
13 consideration any changed conditions or circumstances that govern  
14 the administration and disbursement of funds.

15 (5) THE RECIPIENT OF THE WATER, AIR, SOILS TESTING, AND  
16 EVALUATION CENTER (WASTEC) GRANT SHALL CONSIDER THE PILOT PLANT  
17 TREATMENT OF CONTAMINATED WATER FROM THE BERKELEY PIT PROJECT AND  
18 THE DETOXIFICATION OF ACID MINE DRAINAGE FROM THE BERKELEY PIT  
19 WATERS PROJECT THAT WERE SUBMITTED FOR CONSIDERATION AS RECLAMATION  
20 AND DEVELOPMENT GRANT<sup>S</sup> PROJECTS DURING THE 52ND LEGISLATURE.

21 ~~(5)~~(6) Any other specific requirements considered necessary  
22 by the department must be met to accomplish the purpose of the  
23 grant as evidenced from the application to the department or as  
24 defined by the legislature.

25 NEW SECTION. Section 5. Appropriations established. For

1 any entity of state government that receives a grant under  
2 [sections 1 through 6], an appropriation is established for the  
3 amount of the grant upon award of the grant by the department of  
4 natural resources and conservation. GRANTS TO STATE ENTITIES FROM  
5 PRIOR BIENNIUMS ARE REAUTHORIZED FOR COMPLETION OF CONTRACT WORK.

6 NEW SECTION. Section 6. Reversion of funds. All funds  
7 allocated to the grants reclamation and development special revenue  
8 account under [sections 1 through 6] that are unspent and  
9 unencumbered on June 30, 1993, revert to that account.

10 NEW SECTION. Section 7. FUNDS AVAILABLE. IT IS THE INTENT  
11 OF THE <sup>52<sup>nd</sup></sup> LEGISLATURE THAT THE FUNDS AVAILABLE FOR THE RECLAMATION AND  
12 DEVELOPMENT GRANT<sup>s</sup> PROGRAM FOR THE 1993 LEGISLATIVE SESSION BE A  
13 MINIMUM OF \$3 MILLION.

14 NEW SECTION. Section 8. Severability. If a part of [this  
15 act] is invalid, all valid parts that are severable from the  
16 invalid part remain in effect. If a part of [this act] is invalid  
17 in one or more of its applications, the part remains in effect in  
18 all valid applications that are severable from the invalid  
19 applications.

20 -END-

*Chilton*  
*Chilton*

HOUSE BILL NO. 9

EXHIBIT 5

DATE 3-20-91

INTRODUCED BY CONNELLY

HB Long Range Plan.

BY REQUEST OF THE MONTANA ARTS COUNCIL

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING PRIORITIES FOR CULTURAL AND AESTHETIC GRANT AWARDS; APPROPRIATING MONEY FOR CULTURAL AND AESTHETIC GRANTS; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Appropriation of cultural and

aesthetic grant money -- priority of disbursement. (1) The Montana arts council shall award grants for projects authorized by and limited to the amounts appropriated by this section. Money must be disbursed in priority order, first to projects covered under subsection (2), and second to projects listed in subsection (3). The Montana arts council shall disburse money to projects authorized by [sections 1 through 4] through grant contracts between the Montana arts council and the grant recipient. The award contract must bind the parties to conditions, if any, listed with the appropriation in subsection (3).

(2) If the money in the cultural and aesthetic projects account is insufficient in the biennium ending June 30, 1991, to fund projects in the amount for which they were approved, the approved amount for the projects is reappropriated from the account until money has been disbursed to fully cover appropriations or

1 until October 1, 1992, whichever comes first.

2 (3) The following projects are approved and the following  
 3 amounts are appropriated to the Montana arts council for the  
 4 biennium ending June 30, 1993, from the cultural and aesthetic  
 5 projects account:

<u>Benefiting Organization</u>	<u>Project</u>	<u>Amount</u>
MSU Shakespeare in the Parks	Operational Support	\$27,500
Montana Arts Council	Montana Folklife Programs	50,000

10 Conditions: For projects dealing with Native American culture, the relevant tribal cultural committees or  
 11 nonreservation organizations should be contacted and involved in project planning.

Montana Institute of the Arts Foundation	Operational Support	15,000
Helena Presents	Expansion of Programs & Staff for Myrna Loy Center	30,000
Vigilante Theatre Company	Operational Support	15,500
Montana Performing Arts Consortium	Dance on Tour/Underwriting Assist./Admin. Support	40,000

16 Conditions: Grant funds may be used as follows: \$25,000 for operations and \$15,000 for dance on tour. No  
 17 grant funds may be used to support tour coordinators.

Yellowstone Art Center	Facility Expansion	50,000
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19 Conditions: In view of this major fundraising task, the organization shall contact the state historic preservation  
 20 office early in the process, as use of federal funds will require review of the project according to the secretary  
 21 of the interior's standards on historical rehabilitation. Funds may not be released until documentation of  
 22 consultation with the state historic preservation office is received by the Montana arts council.

UM Montana Repertory Theatre	Montana Repertory Theatre Tour	50,000
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24 Conditions: Grant funds may be used only to support in-state touring to help build up the Montana repertory  
 25 theatre's in-state constituency.

MSU KUSM Public Television	Native Voices Public Television Workshop	32,500
Native American Cultural Institute	Big Sky Indian Market	9,000

1	Alberta Bair Theater Corporation	Development of Programming and Marketing	10,000
2	Montana Historical Society	Oral History Office	<del>50,000</del> <u>73,400</u>
3	Hockaday Center for the Arts	Operational Support	15,000
4	Montana Arts Council	Rural Arts Org. Development & Artists in Schools	35,000
5	Young Audiences of Western MT	Young Audiences Outreach	10,000
6	Missoula Children's Theatre	Building Capital Campaign	35,000
7	Montana Art Gallery Director's Association	Exhibition Fee Support for Montana Art Galleries	25,000
8	Conditions: Grant funds may not be used for board travel.		
9	International Choral Festival	Development and Marketing for 1993 Choral Festival	5,000
10	Montana Committee for the Humanities	Speakers Bureau	25,000
11	Watershed Foundation	The Sacred Bear in Two Worlds	27,500
12	Town of Sunburst	Film - The Invisible Border	10,000
13	Conditions: Grant funds may not be released until receipt of documentation of governmental status by the		
14	Montana arts council. Grant funds may be used only for post-production work to complete the film. Grant		
15	funds may not be used for marketing.		
16	Dull Knife Memorial College Library	Northern Cheyenne Photographic Art/Archive Project	20,000
17	Conditions: Grant funds may not be released until receipt of documentation of governmental status by the		
18	Montana arts council.		
19	Aleph Movement Theatre	Leonardo Project	10,000
20	Beall Park Art Center	Exhibition/Performance Space Development	3,500
21	Conditions: Each dollar in grant funds must be matched by three dollars in cash or in-kind goods and services,		
22	or both.		
23	Custer County Art Center	Operational Support	15,000
24	Bigfork Center for the Performing Arts	The 3rd and 4th Annual Gathering at Bigfork	15,000
25	<u>LEWISTOWN ARTS CENTER</u>	<u>OPERATIONAL SUPPORT</u>	<u>1,500</u>
26	Missoula Children's Theatre	Operational Support	15,000
27	Conditions: Grant funds may be used only to support in-state touring.		
28	Northern Lights Institute	Support for Artists and Writers	10,000

1 Conditions: Grant funds may be used only for Montana artists and writers.

2 Helena Civic Center Auditorium Renovation Program 10,000

3 Conditions: Documentation of discussion with state historic preservation office regarding resolution of any  
4 design problems must be submitted to the Montana arts council prior to release of funds.

5 Western Heritage Center The Real West: Farming & Ranching Families 15,000

6 Paris Gibson Square Exterior Sculpture 5,000

7 Montanans for Quality TV Animal of the Mind Series 10,000

8 Fort Peck Fine Arts Council Northeastern Montana Satellite Development Project 20,000

9 Conditions: Grant funds may be used only for strengthening the Fort Peck fine arts council's satellite network  
10 --performing arts series and touch project. The council shall endeavor to include more Native Americans in its  
11 decisionmaking process.

12 Montana Indian Art & Cultural Association American Indian Contemporary Arts Symposium 3 & 4 10,000

13 Conditions: Grant funds are to be used to support honorarium and travel. Funds may not be used for  
14 videotaping.

15 Great Falls Symphony Association Cascade Quartet Outreach 10,000

16 String Orchestra of the Rockies Small Community Tour 10,000

17 Yellowstone Chamber Players Concerts for Outlying Communities in Montana 10,000

18 Blackfeet Community College Revival of Blackfeet & Plains Indian Games 2,000

19 Fox Comm. for the Performing Arts Operational Support 10,000

20 Conditions: Grant funds may be used solely for educational programs and personnel. Clerical staff may not  
21 be supported with these funds.

22 Hellgate Writers, Inc. Literary Center, Phase II 13,000

23 Conditions: Grant funds may not be used for printing and mailing of the corporation's newsletter or to support  
24 travel for fundraising purposes.

25 Alberta Bair Theater Corporation Expansion of a Permanent Endowment ~~10,000~~ 8,767

26 Bigfork Center for the Performing Arts Permanent Endowment Expansion ~~20,000~~ 17,534

27 Glacier Orchestra and Chorale Establish Permanent Endowment ~~25,000~~ 21,917

28 Beall Park Art Center Challenge Grant ~~10,000~~ 8,767

5  
3-20-91  
Long Range Plan.

1	Billings Symphony Society	Expansion of Endowment	<del>15,000</del> <u>13,150</u>
2	Yellowstone Art Center	Endowment Expansion	<del>20,000</del> <u>17,534</u>
3	Clack Museum Foundation	Establish Endowment	<del>15,000</del> <u>13,150</u>
4	Gallatin County Historical Society	Endowment Expansion	<del>10,000</del> <u>8,767</u>
5	MSU Shakespeare in the Parks	Expansion of Permanent Endowment	<del>20,000</del> <u>17,534</u>

6        Conditions: Release of grant funds is contingent upon obtaining all matching funds for the FY 1990-91  
7        challenge grant.

8	Great Falls Symphony Association	Endowment Expansion	<del>25,000</del> <u>21,918</u>
9	Bitterroot Public Library Foundation	Establishment of a Permanent Endowment	<del>19,770</del> <u>17,332</u>

10       Conditions: Income from the endowment may not be used to reduce county mill levy support. The income  
11       must be used to fund additional services not otherwise available.

12	Carbon County Arts Guild	Special Expansion Project	5,000
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13       Conditions: Grant funds may not be used to purchase a computer.

14	Montanans for Quality TV	The Montana Media Catalog	10,000
15	Grandstreet Theatre	Lighting Expansion and Update	10,000
16	Powder River Historical Society	Preservation of Powder River County History	2,000
17	Livingston Depot Foundation	Education Coordinator for Depot Center	12,000

18       Conditions: Grant funds may be used only for staff involved with arts education. Clerical staff may not be  
19       supported with these funds.

20	Montana Ballet Company	Operational Support for Montana Ballet Company	7,500
21	Garden City Ballet	Administrative & Artistic Support	7,500
22	Montana Agriculture Center of Ft. Benton	Harvest Time in Those Early Years	4,000

23       Conditions: An original application must be received prior to release of funds.

24	Garfield County Library	Preservation and Usage of County Newspapers	5,000
25	Custer County Art Center	Artist-in-Residence/Schools Pilot Program	7,000
26	Helena Symphony Society	Director of Development	10,000
27	Missoula Symphony Association	Professional Manager, Office Space, Software	5,000

28       Conditions: Grant funds may be used only for the manager's salary.

1	Montana Assn. of Symphony Orchestras	Artistic Leadership Project	10,000
2	Conditions: Grant funds may be used as follows: \$7,500 for conference and \$2,500 for musicians.		
3	Montana State Theatre Association	Operational Support	3,000
4	Conditions: Grant funds may not be used to pay for meals.		
5	Montana Public TV Association	Community Video Production Project	10,000
6	Montana Dance Arts Association	Operational Support	5,000
7	Billings Preservation Society	Moss Mansion Kitchen Restoration	30,000
8	Daly Mansion Preservation Trust	Administrative & Financial Development Project	15,000
9	<del>Conditions: Grant funds may be used to contract with a financial consultant provided the trust matches the</del>		
10	<del>grant in cash on not less than a one to one match.</del>		
11	Blackfeet Community College	Pottery/Ceramics Art Lab	2,000
12	Growth Thru Art, Inc.	Stabilize Organization by Increasing/Adding Staff	10,000
13	Broadway 215	Administrative Support	4,000
14	Conditions: Grant funds must be used for the facility manager's first year's salary. The organization shall		
15	submit a fundraising plan by June 30, 1992.		
16	Very Special Arts Montana	Administrative & Artistic Support	10,000
17	Celebrate Missoula	Administrative & Artistic Support	10,000
18	Copper Village Museum	Director of Programming & Education	5,000
19	Custer County Art Center	Architectural Plans	3,000
20	Conditions: Grant funds may be used only to fund half of architectural and structural engineering services.		
21	Gallatin County Historical Society	Photographic Archives	2,500
22	Treasure County 89ers	Folklife Addition	3,000
23	Conditions: The state historic preservation office shall evaluate plans for soda fountain restoration prior to		
24	release of funds.		
25	Granite County Museum/Cultural Center	Rehabilitate Historic Building for Center	5,000
26	Conditions: Grant funds may be released only upon receipt of documentation that the organization is working		
27	with the state historic preservation office as they develop their construction plan.		
28	Montana Alliance for Arts Education	General Manager	5,000



1	Stevensville Museum	Stevensville Museum	2,500
2	Bitterroot Community Band	Purchase Music and Equipment	1,000
3	Montana Puppet Guild	Blanche Harding - Montana's Puppet Lady	<del>2,000</del> <u>4,000</u>
4	Conditions: Grant funds may be used only to support the documentation of Harding's personal and professional		
5	life and her artistry as a teacher and puppeteer. Funds may not be used to support production of "Lewis and		
6	Clark's Adventures".		
7	Daly Mansion Preservation Trust	Restoration & Stabilization Project	15,000
8	Conditions: Grant funds must be used for restoration of aspects of building directly related to public safety.		
9	MSU School of Art	Backgrounds - Interaction of Culture & Visual Arts	18,000
10	Conditions: Grant funds may be used to support six visiting artist lectures. Grant funds may be released only		
11	upon documentation that the lectures are significantly marketed to the general public and held at a time and		
12	place convenient to the general public.		
13	Garnet Preservation Association	Restoration - Kelley Saloon & Hannifen House	
14		<u>OR DIRECTOR</u>	5,000
15	<del>Conditions: The United States department of the interior, bureau of land management, shall provide \$15,000</del>		
16	<del>each in matching funds prior to release of funds.</del>		
17	Big Sky Association for the Arts	Artistic Support for Big Sky Music Festival	10,000
18	Dillon Depot Restoration Committee	Railroad Depot Restoration	2,000
19	UM KUFM Radio	Music Library Enhancement	3,000
20	Biddle Community Heritage Center	Construction of Community Hall	1,000
21	<del>Bitterroot Valley Public TV</del>	<del>Self Sustaining Community Television</del>	<del>5,000</del>
22	Prairie County Museum	Restore Burlington Northern Depot	<del>1,000</del> <u>3,000</u>
23	Conditions: The recipient shall submit the project director's resume, budget narrative, and a letter from the		
24	state historic preservation office prior to release of funds.		
25	Bannack State Park	Oral History Program at Bannack State Park	2,310
26	Milwaukee Rode Cultural Project	Montana Memories - Volume II	<del>2,500</del> <u>4,000</u>
27	<i>Museum of the Northern Great Plains</i> <del>TOWN OF FORT BENTON</del>	<u>VISIONS FROM THE LAND</u>	<u>10,000</u>
28	<i>Old Trail Museum</i> <del>TOWN OF CHOTEAU</del>	<i>Jesse Gleason Studio Acquisitions</i> <u>OLD TRAIL MUSEUM.</u>	<u>5,000</u>

1           (4) The amount of \$11,000 is appropriated from money that may  
2 revert from appropriations made in subsection (3) to the Montana  
3 arts council for project evaluations. The evaluations must be  
4 performed after July 1, 1992, and the results must be included in  
5 a report on projects funded by [sections 1 through 4] to be  
6 submitted to the 53rd legislature.

7           (5) THE AMOUNT OF \$150,000 IS APPROPRIATED TO THE MONTANA  
8 ARTS COUNCIL FROM MONEY THAT MAY REVERT FROM APPROPRIATIONS MADE IN  
9 [SECTION 1(2)] TO MATCH NATIONAL ENDOWMENT FOR THE ARTS FUNDS. THE  
10 APPROPRIATION IN THIS SUBSECTION MAY BE USED ONLY FOR RURAL AND  
11 OTHER UNDERSERVED PROGRAMS THROUGHOUT THE STATE.

12           NEW SECTION. Section 2. Reversion of granted money. (1)

13 On October 1, 1992, money reappropriated in [section 1(2)] LESS  
14 MONEY APPROPRIATED IN [SECTION 1(5)], but not disbursed, reverts to  
15 the cultural and aesthetic projects account provided for in 15-35-  
16 108.

17           (2) On July 1, 1993, the unencumbered balance of the 1993  
18 biennium grants reverts to the cultural and aesthetic projects  
19 account provided for in 15-35-108.

20           NEW SECTION. Section 3. Pro rata reduction of grant  
21 **awards.** If money in the cultural and aesthetic project account is  
22 insufficient to fund projects at the appropriation levels contained  
23 in [section 1(3)], the Montana arts council shall allocate the  
24 available money on a pro rata basis to the authorized projects.

25           NEW SECTION. Section 4. Effective date. [This act] is

52nd Legislature

S  
3-20-91  
Long Range Plan.

HB 0009/gray

1 effective July 1, 1991.

2 -END-

EXHIBIT 6  
DATE 3-20-91  
HB Long Range Plan

1 HOUSE BILL NO. 10

2 INTRODUCED BY BARDANOUVE

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING OIL  
6 OVERCHARGE MONEY FOR PROGRAMS ADMINISTERED BY THE STATE OF  
7 MONTANA; AND PROVIDING AN EFFECTIVE DATE."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 NEW SECTION. **Section 1. Policy.** As a result of  
11 overcharges on sales of domestic crude oil, the federal  
12 courts have ordered or approved settlements requiring the  
13 repayment of the total amount of overcharges, plus interest,  
14 into escrow accounts to be distributed by the U. S. treasury  
15 to the states, territories, and possessions of the United  
16 States. It is the policy of this state to use the oil  
17 overcharge money distributed to the state to supplement  
18 state and federal programs that the state administers and to  
19 use the money in a manner consistent with federal court  
20 orders establishing or approving the payment of the funds to  
21 the state of Montana.

22 NEW SECTION. **Section 2. Definitions.** As used in [this  
23 act], the following definitions apply:

24 (1) "Cities service payments" means the oil overcharge  
25 payments and any interest accrued on the payments made to

1 the U.S. treasury for distribution to the state of Montana  
2 pursuant to the consent agreement between cities service oil  
3 and gas and the U. S. department of energy as affirmed by  
4 the federal energy regulatory commission.

5 (2) "Exxon payments" means the oil overcharge payments  
6 made by the Exxon corporation to the U. S. treasury for  
7 distribution to the state of Montana pursuant to the order  
8 of the U. S. district court for the District of Columbia in  
9 Civil Action No. 78-1035.

10 (3) "Getty oil payments" means the oil overcharge  
11 payments made to the U. S. treasury for distribution to the  
12 state of Montana pursuant to the order of disbursement  
13 issued in Civil Action No. 77-347 (MMS) in the U. S.  
14 district court for the district of Delaware and any interest  
15 accrued on the payments.

16 (4) (a) "Stripper well payments" means the oil  
17 overcharge payments made to the U. S. treasury for  
18 distribution to the state of Montana as the result of the  
19 final settlement agreement in the U. S. district court for  
20 the district of Kansas, Cause No. M.D.L. 378, and any  
21 interest accrued on the payments. The term also includes but  
22 is not limited to cities service payments, as defined in  
23 subsection (1), Getty oil payments, as defined in subsection  
24 (3), Texaco payments, as defined in subsection (5), and any  
25 unspent project funds, as defined in subsection (6).

1 (b) The term does not include stripper well payments  
 2 that have been expended or legally obligated or that have  
 3 been incorporated into any of the existing federal energy  
 4 programs as the result of prior appropriations by the  
 5 legislature.

6 (5) "Texaco payments" means the oil overcharge payments  
 7 made to the U. S. treasury for distribution to the state of  
 8 Montana pursuant to the texaco final consent order, 53 Fed.  
 9 Reg. 32929, August 29, 1988, and any interest accrued on the  
 10 payments.

11 (6) "Unspent project funds" means stripper well  
 12 payments that were not expended or otherwise legally  
 13 obligated during the 1991 biennium but that were  
 14 appropriated for the 1991 biennium in Chapter 597, Laws of  
 15 1989, in:

- 16 (a) section 4;
- 17 (b) section 6(1);
- 18 (c) section 7;
- 19 (d) section 8(1); and
- 20 (e) section 9(1).

21 NEW SECTION. **Section 3.** Deposit of oil overcharge  
 22 revenue. All funds from stripper well and exxon payments  
 23 must be deposited by the state treasurer in the federal  
 24 special revenue fund. All interest earned on these funds or  
 25 payments must also be deposited in the federal special

1 revenue fund.

2 NEW SECTION. **Section 4.** Low-income home weatherization  
3 -- appropriation. There is appropriated \$600,000 from the  
4 exxon payments contained in the federal special revenue fund  
5 and ~~\$600,000~~ \$550,000 from the stripper well payments  
6 contained in the federal special revenue fund to the  
7 department of social and rehabilitation services for use in  
8 the home weatherization program created in 90-4-201.

9 NEW SECTION. **Section 5.** Matching funds for low-income  
10 energy assistance -- appropriation. (1) There is  
11 appropriated \$100,000 from the stripper well payments  
12 contained in the federal special revenue fund to the  
13 department of social and rehabilitation services for the  
14 purpose described in subsection (2).

15 (2) The department of social and rehabilitation  
16 services shall match private contributions to energy share,  
17 inc., to be used to assist persons not eligible for federal  
18 low-income energy assistance whose income is less than 150%  
19 of the federal poverty threshold published by the U. S.  
20 bureau of the census in the most recent edition of its  
21 publication, Poverty in the United States. All of the funds  
22 appropriated under subsection (1) must be used for clients'  
23 fuel bills or other energy needs.

24 NEW SECTION. **Section 6.** Biological agents for weed  
25 control -- findings -- appropriation. There is appropriated

6  
3-20-91  
Long Range Plan.

1 \$200,000 from the stripper well payments contained in the  
2 federal special revenue fund to the department of  
3 agriculture to continue the collection and distribution of  
4 biological agents to control leafy spurge and spotted  
5 knapweed. The project will reduce energy consumption by  
6 reducing the need for repeated chemical applications and  
7 will build upon the accomplishments derived from the funding  
8 provided in section 8, House Bill 621, Laws of 1987, and in  
9 section 7, Chapter 597, Laws of 1989.

10 NEW SECTION. **Section 7. Safflower oil as diesel fuel**  
11 **substitute or extender -- appropriation.** There is  
12 appropriated \$200,000 from the stripper well payments  
13 contained in the federal special revenue fund to the  
14 department of natural resources and conservation for the  
15 demonstration of vegetable oil fuel substitutes or extenders  
16 designed to reduce petroleum consumption and result in a new  
17 potential cash crop for Montana farmers. Stripper well funds  
18 must be matched at least dollar for dollar with private or  
19 federal revenue, or both. The appropriation must be used to:

20 (1) contract with Montana farmers to grow high oleic  
21 safflower strains such as montola 2000, which was developed  
22 by the Montana state university agricultural experiment  
23 station through previous research funded by the department  
24 of natural resources and conservation;

25 (2) field-test lube oil additive mixes to minimize



1 special revenue fund to the department of health and  
2 environmental sciences for the purpose described in  
3 subsection (2).

4 (2) The department of health and environmental sciences  
5 shall remove and replace home heating oil tanks and lines  
6 that are losing fuel to the ground or that were over 30  
7 years old in 1986 as reported pursuant to Rule 16.45.901,  
8 Administrative Rules of Montana, and that serve residences  
9 occupied by low-income home energy assistance recipients.  
10 The department of health and environmental sciences shall  
11 supply the most economical and environmentally safe  
12 alternative to replace the systems it removes and shall  
13 consider fuel-switching options in choosing among  
14 replacement alternatives.

15 (3) The department of health and environmental sciences  
16 shall consult with the department of natural resources and  
17 conservation when it evaluates the economics of various  
18 replacement alternatives. The department of health and  
19 environmental sciences shall, whenever possible, supplement  
20 the funding provided in this section by using heating  
21 conversion or furnace repair or replacement funds provided  
22 through the federal low-income home energy assistance or  
23 weatherization assistance programs.

24 (4) The funds appropriated in this section may not be  
25 spent to clean soil or water contaminated by fuel lost from

1 leaking home heating oil tanks or lines.

2 NEW SECTION. **Section 11.** Institutional conservation  
3 program -- appropriation. There is appropriated ~~\$700,000~~  
4 \$650,000 from the stripper well payments contained in the  
5 federal special revenue fund to the department of natural  
6 resources and conservation for use in the institutional  
7 conservation program for schools and hospitals administered  
8 by the department pursuant to 10 CFR 455.

9 NEW SECTION. **Section 12.** Conditions applied to  
10 appropriations. The appropriations made in [sections 4  
11 through 11] are biennial appropriations subject to the  
12 following conditions:

13 (1) One-half of the total amount appropriated to each  
14 program in [sections 4 through 11] is appropriated in fiscal  
15 year 1992 and one-half is appropriated in fiscal year 1993.  
16 As biennial appropriations, the unexpended funds  
17 appropriated in fiscal year 1992 may be carried forward  
18 within each program to the second year of the 1993 biennium.

19 (2) The Exxon payments appropriated in [section 4] are  
20 to be authorized in fiscal year 1992 and in fiscal year 1993  
21 to the extent they are available before any stripper well  
22 payments appropriated in [section 4] are authorized.

23 NEW SECTION. **Section 13.** Appropriations prioritized.  
24 The appropriations in [sections 4 through 11] are approved  
25 in order of priority as they appear in [sections 4 through

1 11], with the appropriation in [section 4] having the  
2 highest priority and the appropriation in [section 11]  
3 having the lowest priority. If the U.S. department of energy  
4 does not approve one or more of the programs that are funded  
5 by [sections 4 through 11], any stripper well payments that  
6 are not used to fund higher priority programs must be  
7 provided to lower ranked programs up to the amounts  
8 appropriated in [sections 4 through 11]. If stripper well  
9 payments are insufficient to fully fund the appropriations  
10 made in [sections 4 through 11], the lowest ranking program  
11 must have its appropriation reduced until the deficiency is  
12 eliminated. If the deficiency is in excess of the  
13 appropriation to the lowest ranking program, the next lowest  
14 ranking program must have its appropriation reduced until  
15 the deficiency is eliminated, and so forth as the programs  
16 are prioritized. These priorities must be applied to  
17 one-half of the total amount appropriated in [sections 4  
18 through 11] for fiscal year 1992 and to the remaining  
19 appropriation for fiscal year 1993. In order to provide  
20 continuity for the programs when establishing the  
21 appropriations for each fiscal year of the 1993 biennium,  
22 anticipated stripper well payments that will be received  
23 under terms of the agreements during the biennium may be  
24 considered as available to fund the activities. If [LC 904]  
25 \_\_ Bill No. \_\_ is passed and approved, the stripper well

1 payments appropriated in [LC 904] \_\_ Bill No. \_\_ have a  
2 higher priority than any appropriation of stripper well  
3 payments in [sections 4 through 11]. The expenditures  
4 authorized by [sections 4 through 11] may not exceed the  
5 amount of the stripper well and Exxon payments available in  
6 the biennium.

7 NEW SECTION. **Section 14.** Effective date. [This act] is  
8 effective July 1, 1991.

-End-

PRISON CONSTRUCTION PROJECTS  
1991

EXHIBIT 7  
DATE 3-20-91  
HB 5 Long Range  
*Planning*

Project	Cost to Construct with Inmate Labor	Cost to Construct with Private Contractor	Difference
Replace Roofs Board of Pardons Warehouses	\$ 30,000	\$ 66,915	\$ 36,915
Seal Prison Buildings	<del>25,000</del>	61,540	36,540
Expand Industries Facilities	335,976	537,560	201,584
Major Expansion	20,238,245	21,908,710	1,670,465
<b>Total</b>	<b>\$20,629,221</b>	<b>\$22,574,725</b>	<b>\$1,945,504</b>

EXHIBIT 8  
DATE 3-20-91  
HB Long Range Plan.

20-Mar-91 Long Range Planning Cash Account

	Cash 1993 Biennium
Projected Cash Balance	\$8,180,457
Reserved for Working Capital and Contingencies	549,519
Projected Cash for Projects	<u>\$7,630,938</u>
Projects Approved 3/14/91	5,329,803
Balance Remaining	<u>\$2,301,135</u>
Action Pending	
<u>Exec. Dudget</u>	
Prison Expansion-Design	\$877,500
MSU Eng./Phys Sc. Bldg	1,165,290
UofM Admin Bldg.	604,705
Prison Projects	55,000
Total	<u>\$2,702,495</u>
Balance remaining	(\$401,360)
Working Capital Cash	549,519
Net Working Capital	<u><u>\$148,159</u></u>

Ex. 8  
3-20-91  
EXHIBIT 3  
DATE 1-22-91  
HB Range Road  
Program

Revenue Estimates  
Capital Projects Fund  
1993 Biennium

Estimated Beginning Cash Bal.	\$1,159,125
Revenues	
Cigarette Tax	\$6,841,123
Interest	400,000
Supervisory Fees & Oth.	142,000
Mansfield Center Funds	1,000,000
	<hr/>
Funds Available	\$9,542,248
A & E Expenditures	1,361,791
Funds Available for Capital Projects	\$8,180,457
	=====
Executive Proposed Capital Construction Program (LRBF Only)	\$7,630,938
Balance Remaining for Working Capital and Contingencies	\$549,519

Ex. 8  
3-20-91

19-Mar-91

Long-Range Building Program  
1993 Biennium

LRB Committee Action

Agency	A&E Priority	Capital Projects Fund	State Special Revenue	Federal Special Revenue	Other Revenue	LRBF Bond Proceeds	Total
Administration							
Hazardous Materials Abatement	4	\$617,500			\$150,000		\$767,500
Construction Litigation	10	345,000					345,000
Alternate Water Supply	32				50,000		50,000
Property Acquisition	33				123,014		123,014
Commerce							
Pavement - West Yellowstone Airport	34			465,957	51,773		517,730
Fish, Wildlife, & Parks							
Remove Underground Storage Tanks	35		150,000				150,000
Headquarters Maint. & Improvements	36		85,000				85,000
Property Development	37		360,000				360,000
State Parks Development & Improve.	38		3,798,500	1,124,500			4,923,000
Fish Hatchery Maintenance	39		37,500	112,500			150,000
Fishing Access Site Improvements	40		286,000	858,000			1,144,000
Motorboat Access Site Facilities	41		67,000	201,000			268,000
River Restoration	42		219,000				219,000
Fishing Access Site Acquisition	43		881,000				881,000
Wildlife Habitat Maintenance	44		304,000				304,000
Wildlife Habitat Acquisition	45		4,923,356				4,923,356
Waterfowl Habitat Enhancement	46		399,500				399,500
Bighorn Sheep Habitat Acquisition	47		48,500				48,500
State Lands							
Maint. & Improve. Projects	11	118,280		100,000			218,280
Construct Unit Office	24	235,000					235,000
Construct Greenhouses	52		191,900				191,900
Labor							
Renovate Job Ser. Bldg. G.F.	51			310,000			310,000
Major Maintenance				209,450			209,450
Highways							
Maintenance Projects - Statewide	48		\$693,500				\$693,500
Construct & Expand Maint. & Equipment Buildings	49 & 50		1,167,600	115,925			1,283,525
Family Services							
Security Fence - Pine Hills	3	27,000					27,000
Repair Roofs - MVS and PHS	7	127,600					127,600
School for Deaf and Blind							
Academic Bldg Roof & Repairs	8	339,000					339,000
Military Affairs							
Kitchens Upgrade - Statewide	19	45,000		555,000			600,000
Rifle Range Rehab. - Statewide	25	10,000					10,000
Armory Additions	29	150,000		16,155,000			16,305,000



Land for Armory - Billings	30	150,000	200,000	350,000
Expand Vehicle Compounds	31	5,000	275,000	280,000
Maint. Existing Facilities	53		300,000	300,000
Institutions				
Water & Steam Lines MDC	5	116,708		116,708
Moisture Protection EHS	12	98,450		98,450
Infrastructure Study - Mt State Hosp	14	112,375		112,375
Roads & Park. Lots Maint.	20	37,625		37,625
Bldg. Improvements CFA	22	105,015		105,015
Multi purpose Bldg. Floor MSH		26,800		26,800
Galen Repair Projects		181,000		181,000
University System				
Replace Roofs	6	1,154,550	350,000	1,504,550
Improve Underground Utilities	13	296,000	200,000	496,000
Improve Handicap Access	17	335,000		335,000
Improve Sidewalks & Fire Access	21	86,000		86,000
Montana State Univeersity				
Centennial Mall	-		1,600,000	1,600,000
University of Montana				
Install Fire Alarm	2	70,000		70,000
Plan Chem/Pharm Rennovations	26	50,000		50,000
Various Improvements	55		12,000,000	2,584,600
Life Science Bldg				12,000,000
Eastern Montana College				
Primary Electrical Vault	1	31,000	14,000	45,000
Mt. College of Mineral Science				
Plan Metallurgy Bldg. Remodel	27	50,000		50,000
Retrofit Windows in Museum		142,000		142,000
Agricultural Experiment Station				
Multi-Pur. Bldg. N. Ag Resrch. Cntr.		150,000		150,000
Western Montana College				
Repair Heating System	16	57,900		57,900
Remodel Student Union	56		600,000	600,000
Vocational-Technical Center				
Replace Carpet - Great Falls	18	60,000		60,000
Total Approved by Committee		\$5,329,803	\$32,982,332	\$5,723,387
LRB Cash Available		\$8,180,457		\$0
Balance Remaining		\$2,850,654		\$57,647,878

Action Pending

19-Mar-91

Agency	A&E Priority	Capital Projects Fund	State Special Revenue	Federal Special Revenue	Other Revenue	LRBF Bond Proceeds	Total
Institutions							
Roofs Bd. of Pardons & Warehouses	9	30,000					30,000
Seal Buildings - Prison	15	25,000					25,000
Expand Industries Facilities	54			14,000	321,976		335,976
Major Prison Expansion	57	877,500				19,360,745	20,238,245
Montana State University Engineering/Physical Science Bldg.	58	1,165,290			2,668,200	18,401,510	22,235,000
University of Montana Business Administration Bldg.	59	604,705			1,858,320	13,022,975	15,486,000
<b>Total Action Pending</b>		<b>\$2,702,495</b>	<b>\$0</b>	<b>\$14,000</b>	<b>\$4,848,496</b>	<b>\$50,785,230</b>	<b>\$58,350,222</b>

EXHIBIT 1

DATE 3-20-91

HB Long Range Plan.

HOUSE BILL NO. 5

INTRODUCED BY BARDANOUE, CONNELLY

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY FOR CAPITAL PROJECTS; TO AUTHORIZE THE ISSUANCE AND SALE OF GENERAL OBLIGATION LONG-RANGE BUILDING PROGRAM BONDS; TO APPROPRIATE THE PROCEEDS OF THE BONDS FOR CAPITAL PROJECTS FOR THE BIENNIUM ENDING JUNE 30, 1993; TO PROVIDE FOR AN AGREEMENT BETWEEN THE BOARD OF EXAMINERS AND THE BOARD OF REGENTS; TO PROVIDE FOR OTHER MATTERS RELATING TO THE APPROPRIATIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. **Definitions.** For the purposes of [sections 1 through 19], unless otherwise stated, the following definitions apply:

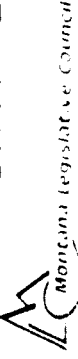
(1) "Agency" includes each state office, department, board, commission, council, or committee, the university system, or any other entity of instrumentality of the executive branch, office of the legislative branch, or office of the judicial branch of state government.

(2) "Approved budget amendment" means approval by the budget director of a request submitted through the architecture and engineering division of the department of administration to transfer excess funds appropriated to a capital project within an agency in order to increase the appropriations of another capital project within that agency or to obtain financing to expand a project with funds that were not available for consideration by the legislature.

(3) "Capital project" means acquisition of land or improvements, planning, capital construction, renovation, furnishing, or major repair projects authorized in [sections 1 through 19].

(4) "LRBPF" means the long-range building program fund in the capital projects fund type.

INTRODUCED BILL  
HB 5



1 NEW SECTION. Section 6. Capital projects appropriations. (1) The following money is  
 2 appropriated for the indicated capital projects from the indicated sources to the department of  
 3 administration, which is authorized to transfer the appropriated money among the necessary fund  
 4 types for these projects:

5	<u>Agency/Project</u>	<u>LRBPF</u>	<u>Other Funding Sources</u>
6	DEPARTMENT OF ADMINISTRATION		
7	Hazardous Material Abatement,	617,500	
8	Statewide	\$ <del>650,000</del>	\$ 150,000 Auxiliary
9	Construction Litigation, Architecture		
10	and Engineering Division	345,000	
11	Develop Alternate Water Supply,		
12	Capitol Complex		50,000 Proprietary Funds
13	Property Acquisition and Development,		
14	Capitol Complex		123,014 Capitol Land Grant
15	DEPARTMENT OF COMMERCE		
16	Improve Pavement and Lighting,		
17	Yellowstone Airport		51,773 Proprietary Funds
18			465,957 Federal Special Revenue
19	DEPARTMENT OF EDUCATION		
20	Replace Academic Building Roof and		
21	Miscellaneous Repairs, Montana		
22	School for the Deaf and Blind	339,000	
23	DEPARTMENT OF FAMILY SERVICES		
24	Expand Security Fence, Pine Hills		
25	School	27,000	

500,000 Nostate State Special Revenue  
 1,000,000 Federal Special Revenue  
 500,000 Auxiliary on Other

State Building Energy Retrofit  
 Statewide

3-20-91  
Long Range Plan

Agency/Project	LRBPF	Other Funding Sources
1 Maintenance Projects, Statewide		450,000
2 Construct and Expand Maintenance and Storage Buildings, Statewide		<del>300,000</del> Highways State Special Revenue
3 Equipment Storage Buildings, Statewide		1,167,400
4 <del>Equipment Storage Buildings, Statewide</del>		<del>775,000</del> Highways State Special Revenue
5 DEPARTMENT OF INSTITUTIONS		115,925 Federal Special Revenue
6 Replace Water and Steam Lines, Montana	116,709	568,325 Highways State Special Revenue
7 Developmental Center	<del>40,200</del>	
8 Replace Roofs, Institutions	30,000	
9 Moisture Protection, Eastmont Human Services Center	98,450	
10 Maintain Roads and Parking Lots, Institutions	37,625	
11 <del>Montana State Hospital Infrastructure Study</del>	<del>150,000</del>	
12 Seal Buildings, Montana State Prison	112,375	
13 Building Improvements, Center for the Aged	105,015	
14 Replace Multipurpose Building		
15 Flooring, Montana State Hospital, Warm Springs	26,800	
16 DEPARTMENT OF LABOR AND INDUSTRY		
17 Renovate and Expand Job Service, Great Falls		310,000 Federal Special Revenue
18 DEPARTMENT OF STATE LANDS		
19 Construct Unit Office, Plains	235,000	
20 Construct Two Greenhouses, Missoula	191,000	191,900 State Special Revenue
21 [Galen Reapin Projects]		
22 [Various Major Maintenance Projects]		209,850 Federal Special Revenue

	<u>Agency/Project</u>	<u>LRBPF</u>	<u>Other Funding Sources</u>
1			
2	Improve Sidewalks and Fire Access.		
3	University System	86,000	
4	Plan Chemistry/Pharmacy Renovations		
5	and Life Sciences Building.		
6	University of Montana	50,000	<del>50,000</del> Federal Special Revenue
7			150,000 Donations
8	Plan Metallurgy Remodel, Montana Tech	50,000	
9	Window Retrofit Museum Building, Montana Tech	142,000	
	Various Improvements, University of		
10	Montana		2,584,600 Federal, Higher Education
11	Centennial Mall, Montana State University		Funds, and/or Donations
12	Remodel Student Union Building,		1,600,000 Auxiliary ✓
13	Western Montana College		600,000 Auxiliary
14	Construct Engineering/Physical		
15	Sciences Complex, Montana State		2,648,200
16	University		<del>3,335,250</del> Higher Education Funds and/or
17	White Science Building, University of Montana		Donations
18	Construct Business Administration		12,000,000 Federal Special Revenue
19	Building, University of Montana		1,859,320
20	Multiple Purpose Building, Bozeman Ag.	157,000	<del>2,322,900</del> Higher Education Funds and/or
21	(2) For the following money is appropriated to the department of administration in the indicated		Donations
22	amounts for the purpose of planning projects described in [section 12] and authorized in [section		
23	13]:		
24	<u>Agency/Project</u>	<u>LRBPF</u>	<u>Other Funding Sources</u>
25	Preliminary Design for Prison Expansion	\$ 877,500	

8  
3-20-91  
Henry Range Plan.

1 NEW SECTION. Section 10. Capital improvements. (1) The following money is appropriated to the  
2 department of highways in the indicated amount for the purpose of making capital improvements to  
3 statewide facilities:

4	<u>Agency/Project</u>	<u>LRBPF</u>	<u>Other Funding Sources</u>
5	Maintenance Projects, Statewide		243,500
6	(2) The following money is appropriated to the department of state lands in the indicated		<del>143,500</del> Highways State Special Revenue
7	amounts for the purpose of making capital improvements to statewide facilities:		

8	<u>Agency/Project</u>	<u>LRBPF</u>	<u>Other Funding Sources</u>
9	Maintenance and Improvement Projects,		
10	Statewide	\$118,280	\$100,000 Federal Special Revenue

11 NEW SECTION. Section 11. Disposition of unspent bond proceeds and related investment income.  
12 Excess investment income and excess principal of bonds issued for a specific purpose or project may  
13 be placed in the debt service fund to retire bonds issued for the purpose or project.

14 NEW SECTION. Section 12. Appropriation of bond proceeds and other funds. The following money  
15 is appropriated from the bond proceeds and other funding sources to the department of administration  
16 for the capital projects described in this section contingent upon the respective authorization and  
17 sale of general obligation long-range building program bonds by the 52nd legislature and the board  
18 of examiners:

19	<u>Agency/Project</u>	<u>LRBPF</u>	<u>Other Funding Sources</u>
20	Major Expansion, Montana State Prison		\$19,360,745
21	Construct Engineering/Physical Sciences		18,401,500
22	Complex, Montana State University		<del>17,734,400</del>
23	Construct Business Administration		13,052,975
24	Building, University of Montana		<del>12,558,395</del>

1 NEW SECTION. Section 16. **Capital projects reauthorization.** (1) The appropriations for capital  
 2 projects authorized in section 5, House Bill No. 900, Laws of 1983, and in section 6, House Bill No.  
 3 5, Laws of 1987, for the Creston Springs hatchery operated by the department of fish, wildlife, and  
 4 parks are appropriated through the biennium ending June 30, 1993, for a kokanee salmon facility.  
 5 (2) The appropriation for capital projects authorized in section 6, House Bill No. 777, Laws of  
 6 1989, for the construction of statewide sandhouses operated by the department of highways is  
 7 appropriated through the biennium ending June 30, 1993, for the construction of an equipment storage  
 8 garage near Lincoln.

*Check this with  
 HB 2 - ~~W~~  
 Rep Wanzersheid  
 Rep Amendment*

9 NEW SECTION. Section 17. **Planning and design.** The department of administration may proceed  
 10 with the planning and design of capital projects prior to the sale of bonds or the receipt of other  
 11 funding sources. The department may use interaccount loans in accordance with 17-2-107 to pay  
 12 planning and design costs incurred prior to the receipt of bond proceeds or other funding sources.

13 NEW SECTION. Section 18. **Capital projects -- contingent funds.** (1) If a capital project is  
 14 financed in whole or in part with appropriations contingent upon the receipt of other funding  
 15 sources, the department of administration may not let such projects for bid until the agency has  
 16 submitted a financial plan for approval by the director of the department of administration. A  
 17 financial plan may not be approved by the director if:

- 18 (a) the level of funding provided under the financial plan deviates substantially from the
- 19 funding levels provided in [sections 1 through 19] for that project; or
- 20 (b) the scope of the project must be substantially altered or revised from the preliminary
- 21 plans presented for that project in the 1992-93 long-range building program presented to the 52nd
- 22 legislature.

23 (2) The funds appropriated in [section 6(1)] for the construction of an engineering/physical  
 24 sciences complex at Montana state university and for the construction of a business administration  
 25 building at the university of Montana shall be expended before expenditure of state bond proceeds



EXHIBIT 9  
DATE 3-20-91  
HB 5

AMEND HOUSE BILL 5, AS INTRODUCED

Long Range Planning Committee  
March 20, 1991

1. Page 7.

Following: line 20

Insert: "(2) For purposes of obtaining cash for the construction litigation appropriation authority in [section 6(1)], the architecture and engineering division of the department of administration is authorized to request a budget amendment for transfer of any excess long range building project funds from any agency so long as the amendment does not move funds required to complete any authorized agency project."

Renumber subsequent sections

*Exhibit 10*  
~~3-20-91~~  
~~HB5 long range~~  
~~3-20-91~~  
*Planning*

**NORTHERN MONTANA COLLEGE  
PHYSICAL EDUCATION FACILITY**

THE STUDY DONE BY THE ARCHITECTS AND ENGINEERS, RESPONDS TO THE LONG RANGE BUILDING COMMITTEE'S DIRECTION TO INVESTIGATE THE NMC P.E. FACILITY AND EVALUATE RENOVATION OF ITS COMPONENTS FOR CONTINUED USE IN TERMS OF THREE TIME PERIODS: 1) AS-IS, 2) 7-10 YEAR LIFE, 3) 20 YEAR LIFE. THE THREE TIME PERIODS ARE DEFINED AS FOLLOWS:

- AS-IS: RENOVATE ONLY TO MEET CURRENT FIRE AND SAFETY REQUIREMENTS; MANDATORY EDUCATIONAL PROGRAM REQUIREMENTS; DEFERRED MAINTENANCE.
- 7-10YRS: ADDITIONAL RENOVATION BEYOND AS-IS BUT WITH THE UNDERSTANDING THAT MORE DOLLARS FOR MORE RENOVATION WILL HAVE TO BE EXPENDED NEAR THE END OF THE TIME PERIOD.
- 20 YRS: RENOVATE TO BRING THE BUILDING COMPONENTS TO A QUALITY THAT WILL LAST TO 20 YEARS, ASSUMING YEARLY MAINTENANCE.

**CONCLUSIONS BASED ON EVALUATION OF THE AMOUNT AND QUALITY OF EXISTING EDUCATION SPACE AT NMC AND INVESTIGATION OF THE CONDITION OF THE EXISTING PHYSICAL EDUCATION FACILITY:**

THERE EXISTS A NEED FOR APPROXIMATELY 30,000 TO 35,000 ADDITIONAL SQUARE FEET OF SPACE TO ACCOMMODATE THE EDUCATIONAL PROGRAMS CURRENTLY OFFERED AT THE COLLEGE.

THE EXISTING FACILITY CAN CONTINUE TO BE USED WITH SOME EXPENDITURE OF FUNDS. IN PART OF THE FACILITY, GREAT DEAL OF MONEY WILL BE REQUIRED NOW AND IN THE FUTURE.

THE COMMUNITY OF HAVRE HAS A GREAT INTEREST IN THE QUALITY OF FACILITIES AT NORTHERN MONTANA COLLEGE.

THE FOLLOWING ALTERNATIVES ARE REPRESENTATIVE OF SOLUTIONS STUDIED IN RESPONSE TO THE CRITERIA ESTABLISHED THROUGH WORK SESSIONS AT THE NORTHERN MONTANA COLLEGE CAMPUS. THESE SESSIONS INVOLVED STUDENTS, FACULTY, STAFF, AND MEMBERS OF THE COMMUNITY.

**DEVELOPMENT ALTERNATIVE A, B, C**

- RENOVATION WORK ONLY, NO NEW CONSTRUCTION
- EXISTING REMODELLED TO VARYING DEGREES OF EXTENDED LIFE
- 60% OF PROGRAM AREA FOR P.E. EDUCATION ACCOMMODATED

**EXISTING FACILITIES REMODELED**

A.	POOL/AUX. GYM RESTORED TO 7-10 YEAR LIFE MAINTENANCE OF REMAINING AREA FOR "AS IS" USE	<u>\$1,295,925</u>
B.	ALL AREAS RENOVATED FOR 7-10 YEAR LIFE	<u>\$2,970,138</u>
C.	ALL AREAS RENOVATED FOR 20 YEAR LIFE	<u>\$4,455,207</u>

**DEVELOPMENT ALTERNATIVE D**

- NEW MAIN GYM
- ALL EXISTING AREAS RENOVATED FOR 7-10 YEAR LIFE
- NO RACQUET CTS PROVIDED
- 95% OF PROGRAM AREA ACCOMMODATED

EXISTING FACILITIES REMODELED AND SOME NEW CONSTRUCTION

D. ALTERNATIVE \$6,669,600

**DEVELOPMENT ALTERNATIVE E**

- ALL NEW CONSTRUCTION
- EXISTING DEMOLISHED/ABANDONED
- 100% OF PROGRAM AREA ACCOMMODATED

E. ALL NEW CONSTRUCTION \$11,858,560

10  
3-20-91  
*Long Range Plan*

**DEVELOPMENT ALTERNATIVE D**

**PREFERRED ALTERNATIVE**

- NEW MAIN GYM
- ALL EXISTING AREAS RENOVATED FOR 7-10 YEAR LIFE
- NO RACQUET CTS PROVIDED
- 95% OF PROGRAM AREA ACCOMMODATED

**EXISTING FACILITIES REMODELED**

<u>FUNCTION</u>	<u>% OF PROGRAM MET</u>
AUX GYM	97%
POOL	100
WRESTLING/COMB.	100
WEIGHT ROOM	100
RACQUET CTS.	0
DANCE/EXERC.	100
P.E. CLASSRMS.	85
FITNESS/WELLNESS	100
P.E./I.M. LOCKERS	100
I.M./REC.EQUIP.	100
OFFICES	100
LAUNDRY/DRY	100
CIRC.PUBLIC SUPPORT	100
BLDG/SUPP/MECH	100

**NEW CONSTRUCTION**

<u>FUNCTION</u>	<u>% OF PROGRAM MET</u>
MAIN GYM	100%
VARSITY LOCKERS	100
CIRC/PUBLIC SUPP.	100
BLDG.SUPP/MECH	100

\$6,669,600

ALLOWS NMC TO BRING THE POOL AREA BACK INTO USE

EXISTING AREAS RENOVATED TO ATTAIN THE 7-10 YEAR LIFE EXPECTANCY

OFFERS NEW MAIN GYM

EMBARKS ON AN AVENUE THAT ALLOWS NORTHERN MONTANA COLLEGE TO BEGIN TO REPLACE THE EXISTING FACILITY WITH NEW CONSTRUCTION RATHER THAN CONTINUE TO PATCH THE EXISTING

**FUNDING ALTERNATIVES:**

PROJECT COST	<u>\$6,669,600</u>
STUDENT PARTICIPATION ESTIMATED	1,500,000
REVENUE STREAM	5,169,600

**FUNDING ALTERNATIVES WITH COMMUNITY PARTICIPATION:**

PROJECT COST	<u>\$8,969,600</u>
STUDENT PARTICIPATION ESTIMATED	1,500,000
REVENUE STREAM	5,169,600
COMMUNITY PARTICIPATION	2,300,000

EXHIBIT 11  
DATE 3-20-91  
HB 5 Long Range Planning

# DORSEY & WHITNEY

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

310 FIRST INTERSTATE PLAZA  
127 EAST FRONT STREET  
MISSOULA, MONTANA 59802  
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MAE NAN ELLINGSON

## MEMORANDUM

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ROCHESTER, MINNESOTA 55903  
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510 NORTH CENTRAL LIFE TOWER  
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ST. PAUL, MINNESOTA 55101  
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315 FIRST NATIONAL BANK BUILDING  
WAYZATA, MINNESOTA 55391  
(612) 475-0373

**TO:** Representative Mary Ellen Connelly  
Chairman, Long Range Building Subcommittee

**FROM:** Mae Nan Ellingson, Dorsey & Whitney *Mae Nan Ellingson*  
Karen Munro, Department of Administration *Karen Munro*

**DATE:** March 19, 1991

**RE:** Debt of the State of Montana

You have asked us to provide for you in writing in layman's terms a brief summary of the types and amounts of outstanding indebtedness of the State and an indication of the amount of additional indebtedness that the State can incur. We will attempt to do so.

1. General Obligation Debt. General Obligation (G.O.) Debt is debt for which the State's full faith, credit and taxing power is pledged. Such a pledge obligates the State to levy taxes or impose other charges, irrespective of the source of those taxes or charges, in amounts sufficient to pay the principal of and interest on such obligations when due.

G. O. debt may be incurred for any proposal authorized by the Legislature by a 2/3 vote of each house of the legislature. The State has historically financed its long-range building program through the issuance of Long Range Building Program G. O. Bonds. Prior to 1983 the Long Range Building Program Bonds were also payable from certain earmarked taxes and revenues. In 1983 the legislature directed that all long range building program bonds be issued as G. O. Bonds without any specific source or amount of revenue pledged to their repayment (Ch. 184, L. 1983).

The State issued G. O. Bonds to finance the State's highway building complex, although the net proceeds of the gasoline tax are pledged to the payment of the highway building bonds. The general fund has not been called on to provide debt service on these bonds.

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Ms. Mary Ellen Connelly  
 March 19, 1991  
 Page 2

In addition to issuing G. O. Bonds the State has and can incur types of G. O. debt other than Bonds. In 1974, the legislature authorized the lease/purchase financing of State buildings secured by the full faith and credit and taxing powers of the State when such lease purchase is specifically authorized by a vote of 2/3 of the members of each house. In November of 1976, the State financed the SRS building in this manner.

The original amount and outstanding principal amount of General Obligation Debt issued for the Long Range Building Program and other state buildings is as follows:

Long Range Building Program  
 and Other Facility  
 General Obligation Bonds  
 (In Thousands)

	Original Amount	Amount Outstanding 12/31/90
Highway Building Complex Bonds(1)	\$ 7,400	\$ 3,135
Refunding Bonds, Series 1983A	58,160	53,085
Long-Range Building Program Bonds, Series 1983B	39,330	1,855
Long-Range Building Program Bonds, Series 1985A	8,550	2,275
Long-Range Building Program Bonds, Series 1989A	3,540	2,910
SRS Lease Purchase Agreement(2)	1,640	810
 Total General Obligation Long Range Debt:	 \$118,620	 \$64,070

---

(1) The net proceeds of the state gasoline tax are pledged to pay principal of and interest on the bonds to the extent needed for such payment.

(2) The lease-purchase contract was for the purchase of a building for the Department of Social and Rehabilitation Services. The contract commenced November 1, 1976, and is payable over a 20-year period at 9% interest. Payments are made from rental charge paid by tenant agency.

DORSEY & WHITNEY

EXHIBIT 11  
 DATE 3-20-91  
 HB Long Range Plan.

Ms. Mary Ellen Connelly  
 March 19, 1991  
 Page 3

The Series 1983A and Series 1983B Long Range Building Program Bonds constitute the overwhelming majority of the State's General Obligation indebtedness. The annual debt service on those bonds is shown on Tables 1 and 2 attached hereto. After 1996 when the Series 1983B Bonds have been retired and the principal of Series 1983A has been substantially reduced. As you can see, the annual G. O. Long Range Building Program debt service drops dramatically as shown on Table 1 and Table 2.

The State has also authorized the issuance of G. O. bonds for various other programs of the State. The chart below depicts the amount of G. O. Bonds authorized for such other purposes, the amount issued to date and the amount currently outstanding:

Other General Obligation Bonds  
 (In Thousands)

	<u>Amount Authorized</u>	Amount Issued As Of <u>3-1-91</u>	Amount Outstanding <u>3-1-91</u>
Water Development General Obligation Bonds(1)	\$10,000	\$5,950	\$3,795
Renewable Resource Bonds(1)	5,000	1,100	850
Wastewater Treatment Works Bonds(SRF)(2)	10,000	-0-	-0-
Energy Conservation Bonds	3,000	-0-	-0-
Cercla Program (Hazardous Waste)	10,000	-0-	-0-
Veterans Nursing Home	<u>1,400</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$29,400</u>	<u>\$7,050</u>	<u>\$4,645</u>

(1) Additionally secured by certain coal severance taxes and loan repayments.

(2) To be additionally secured by loan repayments from local governments.

DORSEY & WHITNEY

Ms. Mary Ellen Connelly  
March 19, 1991  
Page 4

The State's authorized but unissued general obligation debt is \$2,350,000.

As the chart indicates, the State's Water Development G. O. Bonds and Renewable Resource G. O. Bonds are secured by the 1 1/2% of the Coal Severance Tax remaining after the deposit of the 50% into the permanent trust fund and the 12% (through 1993) deposited into the highway reconstruction trust fund and the repayment of loans made from the proceeds of the bonds. The general fund has not been required to cover any of the debt service on the Water Development and Renewable Resource G. O. Bonds, nor is it likely it will. The statutes providing for the issuance of those bonds make it clear that as a condition precedent for the issuance of those bonds that the amounts pledged and appropriated to the debt service fund (the loan repayments and the coal severance tax deposit) are sufficient to pay debt service on all outstanding bonds, including the bonds proposed to be issued.

With respect to the authorized but unissued bonds, of the \$4,050,000 remaining authorization for the G. O. Water Development Bonds, it is anticipated by the DNRC that about \$500,000 a year will be issued as the demand for loans for private entities dictate. Of the \$3,900,000 remaining authorization for the G.O. Resource and Redevelopment Bond, it is anticipated by the DNRC that \$250,000 a year will be issued. The Department of Health and Environmental Sciences which is responsible for requesting the issuance of the \$10,000,000 CERCLA Bonds has indicated that it has no plans to request the issuance of any of these bonds. The bonds will only be issued when and if the State needs to provide matching funds to clean up a hazardous waste disposal site or underground storage conversion under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA). In such event, it is expected that the State would collect penalties and damages from the responsible party sufficient to pay debt service on the CERCLA Bonds.

In 1989, the legislature authorized the issuance of up to \$10,000,000 of G. O. Bonds to finance the State's matching share of the federal Environmental Protection Agency's wastewater treatment revolving fund program (SRF). The \$10,000,000 constitutes the State's 20% matching share to establish the SRF Program. It is anticipated that the \$10,000,000 authorized for the SRF will be issued in several



DORSEY & WHITNEY

11  
3-20-91

Long Range Plan

Ms. Mary Ellen Connelly  
March 19, 1991  
Page 5

series over the next five years as the local governments to whom the loans will be made require the funds. Consistent with State statutes, the SRF is being established so that the repayments from the local government loans will be sufficient to pay the annual debt service on the State's General Obligation SRF Bonds so that the general fund will not be tapped for this debt service.

It is anticipated that the \$3,000,000 authorized for the energy conservation program will be issued in fiscal year 1993.

As of January 1, the State currently has outstanding \$69,899,805 of G. O. indebtedness.

The State's financial advisor, Public Resources Advisory Group (PRAG), has advised the State that based on its preliminary conversations with rating agencies, the State, given its existing level of debt service and the financial condition of the State, can incur an additional \$70,000,000 of G. O. debt without affecting the State's credit rating.

Given the large principal amounts coming due on the Series 1983A and 1983B Bonds between now and 1996, the State can authorize the issuance of additional G. O. Long Range Building Program Bonds without substantially increasing the amount of annual debt service. One alternative is for the State to refund its outstanding bonds in conjunction with issuing the new bonds to achieve a level debt service over a longer period of time. The State has looked at refunding these bonds but because of federal tax requirements has determined it would not be cost efficient to do so if interest savings was the only goal of the refunding. Another alternative, and perhaps the more viable one, would be to attempt to achieve a level debt service by a combination of delaying principal amortization of a portion of the new bonds until after 1996, and issuing bonds for the university buildings as capital appreciation bonds. (See discussion on College Savings Bonds). An example of how this could be achieved is shown on Appendix A provided by D. A. Davidson & Co.

The Board of Examiners has the authority under existing law to achieve these results, although the legislature could direct the Board if it chose to follow one alternative rather than the other.

DORSEY & WHITNEY

Ms. Mary Ellen Connelly  
March 19, 1991  
Page 6

2. Limited Obligation Bonds of the State.

The State has also issued bonds that are payable from specific taxes or other sources of revenue but that are not general obligations of the State and for which the full faith and credit of the State are not pledged.

(a) Coal Severance Tax Bonds. The legislature has created a Coal Severance Tax Water Development Bond Program under which the legislature authorizes by a 2/3 vote of each house the issuance of bonds payable from and secured by the 50% of the coal severance tax that is deposited in the State's Coal Severance Tax Trust Fund. The proceeds of the Coal Severance Tax Bonds are used to fund loans to local governments for projects approved by the legislature. Local government loan repayments are used to pay debt service on the State's Coal Severance Tax Bonds, but because of the subsidized interest rate at which many of the loans are made, those loan repayments are inadequate to cover the full debt service. Currently, approximately \$500,000 of the annual coal tax revenues deposited in the Trust Fund is required to pay debt service on the outstanding Coal Severance Tax Bonds.

The statutes establishing the Coal Severance Tax Bond Program establishes a limit on the amount of Coal Severance Tax Bonds that can be issued. Section 17-5-709(2) provides that such bonds cannot be issued unless the annual debt service on all Coal Severance Tax Bonds, including these proposed to be issued, can be repaid from 2/3 of the coal severance tax deposited into the coal severance tax bond fund, as determined by the average of the deposits during three preceding fiscal years, together with the average of other revenues (loan repayments) during the preceding fiscal year.

The General Resolution under which the outstanding Coal Severance Tax Bonds are issued further restricts the amounts of bonds that can be issued by providing a coverage test whereby the amount of the coal severance tax and loan repayments deposited in the coal severance tax bond fund would be twice the maximum annual debt service on any outstanding Coal Severance Tax Bonds plus any new bonds to be issued.

Thus, given the current coal severance tax collections as applied to the coverage requirements, the State's current

DORSEY & WHITNEY

EXHIBIT 11  
DATE 3-20-91  
HE Long Range Pl.

Ms. Mary Ellen Connelly  
March 19, 1991  
Page 7

Coal Severance Tax Bond capacity is approximately \$112,000,000. As of February 1, 1991, there is approximately \$55,000,000 of such bonds outstanding. Approximately \$27,000,000 of Coal Severance Tax Bonds have been authorized but not issued for specified projects and the DNRC is requesting reauthorization for those bonds. Given the existing coal tax revenues and the amount of outstanding bonds, and the amount of authorized by unissued bonds, the State can issue at the present time, approximately \$30,000,000 of Coal Severance Tax Bonds. The DNRC's 1991-93 Water Development Program request before your subcommittee would utilize approximately \$8,800,000 of this amount, if approved. Of the approximately \$21,200,000 then remaining, \$10,000,000 of that had previously been authorized for the Tongue River Dam Project. Thus leaving approximately \$12,000,000 in available bonding capacity. There is pending before the committee an amendment to H.B. 7 that would enable the Board of Examiners to issue refunding bonds to remove the pledge of the Coal Severance Tax to the Coal Severance Tax Bonds issued for the Broadwater Power Project, which, if successful would free up additional Coal Severance Tax bonding capacity. It is unclear at this time whether a purchaser can be found for such refunding bonds.

(b) Highway Revenue Bonds. The State has also issued \$150,000,000 of Highway Revenue Bonds. These bonds are payable from the State's highway revenues, which are earmarked for highway purposes in Article VIII, Section 6 of the Constitution. These bonds are not general obligation bonds and the full faith and credit of the State is not pledged to their repayment. The State has agreed, however, to continue to provide for the assessment and collection of highway revenues sufficient to pay the annual debt service on the bonds, when due. And it has further provided that no additional highway revenue bonds can be issued until the outstanding bonds are paid.

3. Revenue Bonds of State Agencies and Authorities.

The State has authorized its various state agencies and authorities to issue obligations payable from the various revenues and undertakings of the agency or authority. These obligations are not general obligations of the State and neither its taxing power or full faith and credit are pledged to the repayment thereof.

DORSEY & WHITNEY

Ms. Mary Ellen Connelly  
 March 19, 1991  
 Page 8

Montana Board of Regents of Higher Education. The Board of Regents may, without additional State legislative action, authorize the construction of revenue-producing facilities for the university system and issue revenue bonds to finance such facilities. The revenue bonds are payable from and secured by dormitory rentals, food sales, federal grants including land grant income and student and other fees. As of June 30, 1990, the outstanding amount of revenue bonds issued by the Board of Regents was approximately \$80,769,000. This amount includes the following (in thousands):

	<u>Original Amount</u>	<u>Amount Outstanding 6/30/90</u>
Pooled Equipment Bonds (UM, MSU, EMC)	\$13,200	\$ 4,669
University of Montana (Missoula)	21,784	15,790
Montana State University (Bozeman)	43,690	41,480
Montana College of Mineral Science & Technology (Butte)	6,745	6,255
Eastern Montana College (Billings)	11,440	10,295
Northern Montana College (Havre)	1,670	1,471
Western Montana College (Dillon)	<u>1,926</u>	<u>810</u>
Total:	\$100,455	\$80,770

Montana Board of Housing. The Board of Housing is authorized to issue revenue bonds to finance low and moderate income housing. The bond are payable from mortgage loan repayments and investment earnings. The Board is authorized to have an aggregate of \$975,000,000 of bonds and notes outstanding. The State legislature may, but is not legally required to, appropriate funds to cover deficiencies in required reserves. As of June 30, 1990, the Board had \$570,507,996 of single-family mortgage revenue bonds outstanding and \$14,540,000 of multifamily mortgage revenue bonds outstanding.

Montana Health Facility Authority. The Montana Health Facility Authority is authorized to issue up to \$150,000,000 of revenue bonds each biennium, excluding refunding bonds of the Authority, to finance loans to qualified health institutions for capital improvements. As of June 30, 1990, the Authority had approximately \$97,765,000 of bonds outstanding. The bonds

DORSEY & WHITNEY

EXHIBIT 11  
DATE 3-20-91  
HB Long Range Pl

Ms. Mary Ellen Connelly  
March 19, 1991  
Page 9

are special obligations of the Authority payable solely from and secured by certain revenues of the Authority, including loan repayments made by each of the participating health institutions and investment income.

Montana Board of Investments. As of July 1, 1987, the Board of Investments has assumed the rights and obligations of the former Economic Development Board. The Board is authorized to issue economic development revenue bonds to finance loans to businesses for capital improvements. Of these bonds, \$75,000,000 may be outstanding and secured by the Board's capital reserve account. Pursuant to State law and the authorizing resolution and indenture, the Governor is required to include in his biennial budget the amount of any existing deficiency in the capital reserve account. The State legislature may, but is not required to, appropriate funds to cover a deficiency. As of June 30, 1990, the Board had outstanding \$6,525,000 of economic development revenue bonds secured by the Board's capital reserve account. The outstanding economic development revenue bonds are limited obligations of the Board payable solely from certain revenues of the Board including loan payments and investment income.

The Board is authorized to issue up to \$50,000,000 in bonds to finance loans to or acquire bonds or notes of political subdivisions of the State (exclusive of bonds issued to acquire tax and revenue anticipation notes of a political subdivision). The Board had \$7,100,000 of such bonds outstanding as of March 1, 1991. As of June 30, 1990, the Board had \$9,485,000 of bonds which are payable from and secured by tax and revenue anticipation notes issued by political subdivisions of the State. On August 23, 1990 the Board issued another series of such bonds in the original principal amount of \$7,385,000.

Montana Agriculture Loan Authority. The Authority is authorized to issue and have outstanding \$40,000,000 of revenue bonds to finance loans to beginning farmers/ranchers for certain capital improvements. As of June 30, 1990 the Authority had \$134,067 of revenue bonds outstanding. The bonds are limited obligations of the Authority payable solely from certain revenues of the Authority, including loan payments and investment income. Since the amendments to the Internal Revenue Code have eliminated the use of tax-exempt bonds for agricultural loans, there has been no demand for this program

DORSEY & WHITNEY

Ms. Mary Ellen Connelly  
March 19, 1991  
Page 10

and there is legislation pending before this Legislature that would abolish the Montana Agricultural Loan Authority.

College Savings Bonds.

It has been proposed that the legislature authorize or require the issuance of "college savings bonds." At the outset I want to state that "college savings bonds" are not a different form of state indebtedness. In the context in which the request to issue "college savings bonds" has been presented it refers to the manner in which the bonds are issued. What is proposed is simply that the State issue some of its general obligation bonds in small enough denominations (\$500, \$1000, \$2,000) to enable working and middle class persons to buy the bonds and that the bonds have a range of maturities sufficient to allow parents to buy bonds maturing in years when their children begin college.

It is not necessary in issuing college savings bonds that

(1) the purpose for which the bonds are issued be tied to education. Any general obligation bond of the State of Montana could now be structured to get them in the hands of parents of college-bound students, although college savings bonds issued to finance a veteran's hospital might not have quite the impact in marketing as college savings bonds issued to finance University buildings. It may be important for some purchasers of these bonds to know that the proceeds are going to provide educational facilities in the state; or

(2) the investment received at maturity of the bonds be used to pay college tuition. Those moneys can be used for any purpose.

As was mentioned before the subcommittee, college savings bonds can be issued as zero-coupon or capital appreciation bonds.

A zero-coupon bond is a bond bearing no interest or a rate of interest less than the current market rate and is sold at a price less than the nominal principal amount (a deep discount). A fairly common example of this type of bond is a Series E savings bond, where an individual may buy a bond for

DORSEY & WHITNEY

EXHIBIT 11  
DATE 3-20-91  
HB Long Range Plan.

Ms. Mary Ellen Connelly  
March 19, 1991  
Page 11

\$18.75 and hold it until maturity and then receive \$37.50 or some other pre stated value. The U.S. Treasury has been issuing taxable zero-coupon bonds nationally for many years, and there are tax-exempt zero-coupon or capital appreciation municipal bonds available both in the state and nationally.

A capital appreciation bond is similar to a zero-coupon bond in that interest is not paid semiannually, but by definition it does bear interest which periodically accrues and is compounded, but is payable only at the maturity of the bonds.

The key distinction between the zero-coupon and capital appreciation bonds lies in the nominal principal amount of bonds required to be issued to provide the money required for projects to be financed. Capital appreciation bonds, which are not sold at a deep discount, do not present this problem.

This issue may create confusion and ambiguity as to the amount of debt actually authorized to be incurred. If the legislature thinks it desirable to have the State issue some of its bonds as college savings bonds, the following language can be added to the Long Range Building Program bill:

"If the board determines it economically feasible and in the best interest of the state, all or a part of the bonds:

(a) may bear no interest or may bear interest at a rate less than the current market rate and may be sold at a price less than the principal amount thereof; or

(b) may be issued and sold bearing interest which periodically accrues and is compounded, but is payable only at the maturity of the bonds or earlier redemption.

We hope this is of some value to you and the committee. We would be happy to attend any further meetings of the subcommittee or the Appropriation Committee to answer any questions that you may have.

3-20-91

APPENDIX "A"  
 STATE OF MONTANA  
 GENERAL OBLIGATION BONDS  
PRELIMINARY PRO-FORMA DEBT SERVICE ANALYSIS

<u>FISCAL YEAR</u>	<u>CURRENT DEBT SERVICE</u>	<u>UNIV CABS SRS 1991</u>	<u>UNIV CABS SRS 1992</u>	<u>MEN'S PRISON</u>	<u>WOMEN'S PRISON</u>	<u>TOTAL DEBT SERVICE</u>
1992	\$10,800	\$0	\$0	\$0	\$0	\$10,800
1993	10,900	0	0	1,350	0	12,250
1994	11,600	0	0	1,350	1,142	14,092
1995	10,800	0	0	1,350	1,142	13,292
1996	10,600	0	0	1,350	1,142	13,092
1997	3,200	1,000	850	2,082	1,142	8,274
1998	150	2,600	2,450	2,082	1,142	8,424
1999	150	2,600	2,450	2,082	1,142	8,424
2000	150	2,600	2,450	2,082	1,142	8,424
2001	150	2,600	2,450	2,082	1,142	8,424
2002	0	2,600	2,450	2,082	1,142	8,274
2003	0	2,600	2,450	2,082	1,142	8,274
2004	0	2,600	2,450	2,082	1,142	8,274
2005	0	2,600	2,450	2,082	1,142	8,274
2006	0	2,600	2,450	2,082	1,142	8,274
2007	0	2,600	2,450	2,082	1,142	8,274
2008	0	2,600	2,450	2,082	1,142	8,274
2009	0	2,600	2,450	2,082	1,142	8,274
2010	0	2,600	2,450	2,082	1,142	8,274
2011	0	2,600	2,450	2,082	1,142	8,274
2012	0	0	2,450	2,082	1,142	5,674



UNIVERSITY SYSTEM COLLEGE SAVINGS BONDS  
SERIES 1991

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BOND PRODUCTION REPORT

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DATED 7/ 1/1991  
DELIVERY 7/ 1/1991

DATE	PRINCIPAL	B/Y	COUPON	YIELD	\$PRICE	PRICED TO CALL
7/ 1/97	1,000,000.00	6000	0.0000	6.7500	67.145	
7/ 1/98	2,600,000.00	24200	0.0000	6.7500	62.832	
7/ 1/99	2,600,000.00	45000	0.0000	6.7500	58.796	
7/ 1/ 0	2,600,000.00	68400	0.0000	6.7500	55.020	
7/ 1/ 1	2,600,000.00	94400	0.0000	6.7500	51.486	
7/ 1/ 2	2,600,000.00	123000	0.0000	6.7500	48.179	
7/ 1/ 3	2,600,000.00	154200	0.0000	6.7500	45.084	
7/ 1/ 4	2,600,000.00	188000	0.0000	6.7500	42.188	
7/ 1/ 5	2,600,000.00	224400	0.0000	6.7500	39.478	
7/ 1/ 6	2,600,000.00	263400	0.0000	6.7500	36.943	
7/ 1/ 7	2,600,000.00	305000	0.0000	6.7500	34.570	
7/ 1/ 8	2,600,000.00	349200	0.0000	6.7500	32.349	
7/ 1/ 9	2,600,000.00	396000	0.0000	6.7500	30.272	
7/ 1/10	2,600,000.00	445400	0.0000	6.7500	28.327	
7/ 1/11	2,600,000.00	497400	0.0000	6.7500	26.508	

Amount	37,400,000.00		
uction	-21,335,718.00		
Production	16,064,282.00		42.9526257
nd Insurance	0.00		0.0000000
riters Discount	299,200.00		0.8000000
age Take Down	0.00		0.0000000
	15,765,082.00		42.1526257
ued	0.00		
to Issuer	15,765,082.00		
Interest Cost	0.00		
Discount	21,634,918.00		
Interest Cost	21,634,918.00		
IC %	4.3496015	Using	42.1526257
Years	497,400.000		
verage Coupon	0.000000		
verage Life	13.299465		

UNIVERSITY SYSTEM COLLEGE SAVINGS BONDS  
SERIES 1992

EXHIBIT  
DATE 3-20-91  
HB

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BOND PRODUCTION REPORT

=====

DATED 7/ 1/1992  
DELIVERY 7/ 1/1992

DATE	PRINCIPAL	B/Y	COUPON	YIELD	\$PRICE	PRICED TO CALL
7/ 1/97	850,000.00	4250	0.0000	6.7500	71.753	
7/ 1/98	2,450,000.00	18950	0.0000	6.7500	67.145	
7/ 1/99	2,450,000.00	36100	0.0000	6.7500	62.832	
7/ 1/ 0	2,450,000.00	55700	0.0000	6.7500	58.796	
7/ 1/ 1	2,450,000.00	77750	0.0000	6.7500	55.020	
7/ 1/ 2	2,450,000.00	102250	0.0000	6.7500	51.486	
7/ 1/ 3	2,450,000.00	129200	0.0000	6.7500	48.179	
7/ 1/ 4	2,450,000.00	158600	0.0000	6.7500	45.084	
7/ 1/ 5	2,450,000.00	190450	0.0000	6.7500	42.188	
7/ 1/ 6	2,450,000.00	224750	0.0000	6.7500	39.478	
7/ 1/ 7	2,450,000.00	261500	0.0000	6.7500	36.943	
7/ 1/ 8	2,450,000.00	300700	0.0000	6.7500	34.570	
7/ 1/ 9	2,450,000.00	342350	0.0000	6.7500	32.349	
7/ 1/10	2,450,000.00	386450	0.0000	6.7500	30.272	
7/ 1/11	2,450,000.00	433000	0.0000	6.7500	28.327	
7/ 1/12	2,450,000.00	482000	0.0000	0.0000	0.000	

er Amount	37,600,000.00		
roduction	-21,489,709.00		
ross Production	16,110,291.00		42.8465186
ond Insurance	0.00		0.0000000
nderwriters Discount	300,800.00		0.8000000
verage Take Down	0.00		0.0000000
id	15,809,491.00		42.0465186
ccrued	0.00		
et to Issuer	15,809,491.00		
ross Interest Cost	0.00		
Net Discount	21,790,509.00		
et Interest Cost	21,790,509.00		
l C %	4.5208525	Using	42.0465186
ond Years	482,000.000		
verage Coupon	0.000000		
verage Life	12.819149		

TABLE 2  
SUMMARY OF OBLIGATION DEBT OBLIGATIONS - PRINCIPAL ONLY

Fiscal Year	Highway Complex	SRS Lease Purchase	Refunding Bonds	Long Range Bonds	Water Dev. Bonds	Water Dev. Bonds	Water Dev. Bonds	Water Dev. Bonds	Water Dev. Bonds	Water Dev. Bonds	Water Dev. Bonds	Totals
1991	450,000	101,835	800,000	6,670,000	225,000	50,000	1,500,000	100,000	100,000	100,000	630,000	10,648,835
1992	480,000	113,576	6,650,000	1,315,000	150,000	125,000	275,000	100,000	100,000	100,000	665,000	10,023,576
1993	505,000	124,230	8,100,000	185,000	150,000	125,000	300,000	100,000	100,000	100,000	705,000	10,474,230
1994	535,000	135,884	9,590,000	180,000	150,000	150,000	325,000	125,000	125,000	125,000	745,000	12,165,884
1995	565,000	148,631	9,650,000	195,000	150,000	175,000	350,000	125,000	125,000	125,000	795,000	12,413,631
1996	600,000	162,573	10,185,000		150,000	175,000	375,000	100,000	125,000	125,000	800,000	12,032,573
1997		71,831	3,125,000				100,000				20,000	3,266,831
1998			25,000				125,000				20,000	230,000
1999			305,000				125,000				20,000	510,000
2000			345,000				150,000				20,000	585,000
2001			375,000				150,000				25,000	625,000
2002			410,000								25,000	55,000
2003			450,000								30,000	515,000
2004			495,000								30,000	565,000
2005			545,000								35,000	625,000
2006			590,000								40,000	690,000
2007			500,000								40,000	745,000
2008			550,000								40,000	80,000
2009			605,000								45,000	670,000
2010			590,000								50,000	700,000
Totals	3,135,000	860,560	53,885,000	8,525,000	225,000	800,000	3,775,000	900,000	675,000	490,000	3,540,000	78,860,560



Montana State Parks Coal Tax Proposal

What is this proposal?

This proposal is to "cap" the portion of the statutory coal trust currently allocated to State Parks (3.35%) and use the net revenue gained by the strategy to aid in rehabilitation of the park system. The current interest earnings directed to Parks operations would level off at current levels.

Related facts

- This is not a new tax.
- This would not impact any other entity currently receiving coal trust dollars.
- These funds are not presently committed to any other program.
- All other allocated funds in the statutory portion of the coal trust are handled this way.
- The "parks trust" is the only portion of the statutory portion of the coal trust operated as a trust with only interest directed to the program.
- Legislation drafted to implement this concept would require a split of the "parks trust" currently shared with the Montana Arts Council (1/3 Arts Council; 2/3 State Parks). The Arts Council portion (1.65%) would then continue as a trust with no impact to their revenue.

Justification

The State Park System is in a seriously degraded condition. There are inadequate dollars available for operations, maintenance, development, and capital improvements. The State Park Futures Committee, was appointed in 1989 to address the funding problems and solicit public input related to solutions, they concluded that \$6 million per year is needed to restore the park system to a healthy condition over the next several years. This proposal would provide a portion of this need.

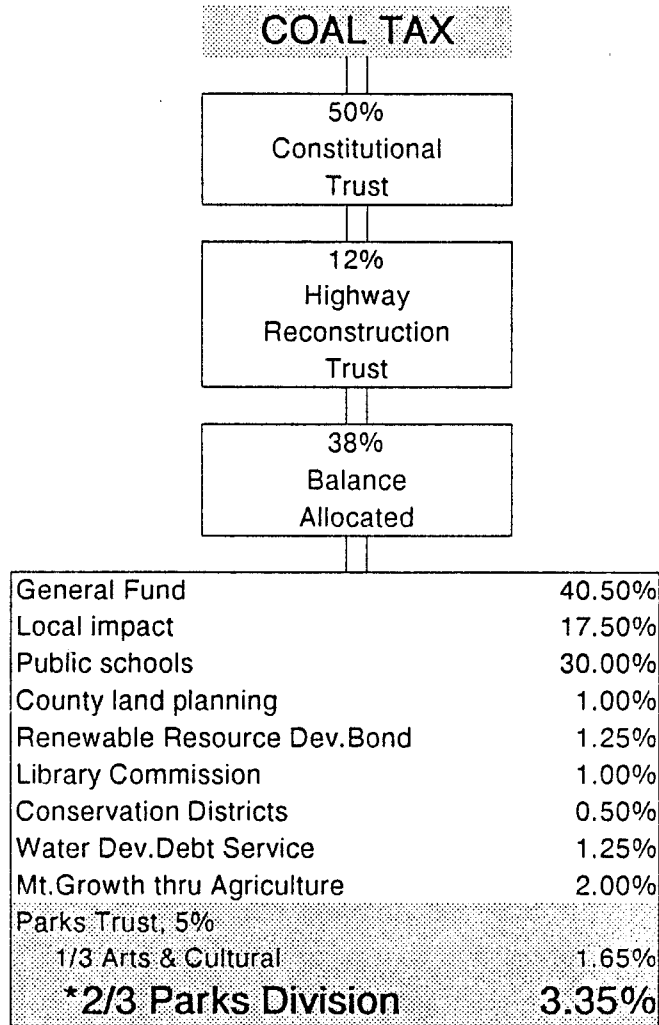
This concept is particularly appropriate when historically cultural sites are considered. These resources are irreplaceable. If unprotected or vandalized, as in the current situation, these resources will disappear and part of our history will forever be lost, unavailable, for the enjoyment of our children and grandchildren. The trust concept, as now administered, does not allow the best stewardship of these resources. The future is now!

Net Revenue Generated

Annual amounts based on current statutes, would be approximately one-half million dollars per year. The attached flow chart provides the details of the proposal.

COAL TAX DISTRIBUTION

MCA 15-35-108



Cap Parks Division Portion of Trust  
\*2/3 Parks Division 3.35%

Sunset June 30, 1993

FY	\$ Available	Interest Lost	Net Increase
1992	\$491,211	\$23,283	\$467,927
1993	\$489,075	\$70,705	\$418,369
<b>TOTALS</b>	<b>\$980,285</b>	<b>\$93,988</b>	<b>\$886,297</b>

(Current annual interest to Parks operations would level off at \$1,323,924 per year.

13  
3-20-91

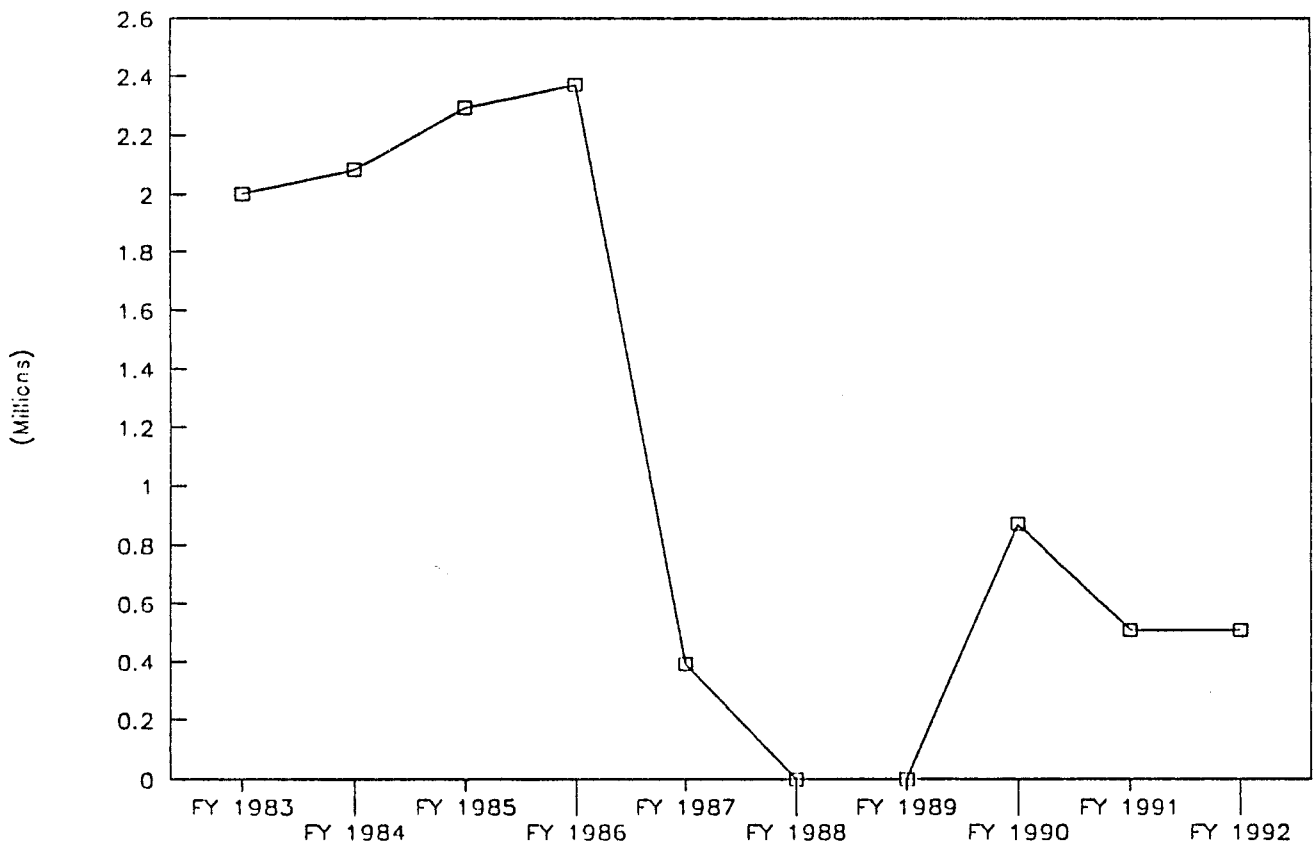
PARK COAL TAX HISTORY - Summary of Dollars to Parks Trust from Total Coal Tax

MCA 15-35-108

March, 1991

B:\COALHIST.WK1

\$'s to Parks Trust from Total Coal Tax



FY 1983	\$2,001,125
FY 1984	\$2,083,918
FY 1985	\$2,293,721
FY 1986	\$2,371,952
FY 1987	\$391,477
FY 1988	\$0
FY 1989	\$0
FY 1990	\$869,969
FY 1991	\$508,000
FY 1992	\$508,000

EXHIBIT 14  
DATE 3-20-91  
HB 5

## PARK COAL TAX PROPOSAL

March, 1991

### Funds available:

Fiscal Year 1992	\$467,927
Fiscal Year 1993	\$418,369
Total	\$886,296

### Immediate Needs:

Project	Vicinity	\$
Bannack buildings stabilization	Dillon	\$300,000
Cave cleaning and formation protection at Lewis and Clark Caverns	Three Forks	\$125,000
Stabilize Chief Plenty Coups home	Pryor/Billings	\$100,000
Protection of archaeological resources at Ulm Pishkun	Ulm/Great Falls	\$50,000
Stabilization at Fort Owen	Stevensville	\$150,000
Protect triceratops discovery site at Makoshika	Glendive	\$50,000
Restore 65-70 year old bridge over Giant Springs	Great Falls	\$16,500
Building stabilization at Elkhorn, Granite, Headwaters and Parker Homestead	various	\$400,000
Stabilize Gallatin City Hotel at Missouri Headwaters	Three Forks	\$100,000
Minimal stabilization of Kobold Homestead at Rosebud Battlefield	Decker	\$100,000
		\$1,391,500

SQ\$33

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03/20/91



EXHIBIT 15  
DATE 3-20-91  
HB Long Range Planning

## LONG RANGE BUILDING COMMITTEE

March 20, Agenda

~~I. House Bills 6-10 - Gray Bills for Committee Review~~

II. Inmate Labor

1. Inmate Labor Bill

2. Inmate Labor Projects

} No  
≡

III. Cash Account

IV. House Bill 5

1. Eastmont Correction

2. Review of Committee Actions

3. Bonded Projects

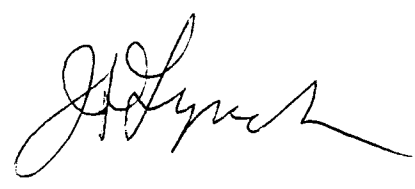
V. Amendment to HB 963

VI. FW&P Proposed Legislation Change for Committee Bill

Yes

VI. Northern Montana College Gym

?



HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Long Range Planning Sub COMMITTEE

BILL NO. HB5

DATE 3-20-91 SPONSOR(S) and cleanup

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Evel Deering	NRAC			
Janet Ellis	<del>NRAC</del> MT Audubon	Committee bill requested by DFLP for parks funding	X	

**PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.**