

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
53rd LEGISLATURE - REGULAR SESSION**

**JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING**

**Call to Order:** By Rep. Ernest Bergsagel, Chairman, on March 16, 1993, at 7:00 PM

**ROLL CALL**

**Members Present:**

Rep. Ernest Bergsagel, Chair (R)  
Sen. Bob Hockett, Vice Chair (D)  
Rep. Francis Bardanouve (D)  
Sen. Ethel Harding (R)  
Sen. Eleanor Vaughn (D)  
Rep. Tom Zook (R)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Jim Haubein, Legislative Fiscal Analyst  
Jane Hamman, Office of Budget & Program Planning  
Sandra Boggs, Committee Secretary

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

**Committee Business Summary:**

Hearing: NONE  
Executive Action: HB 663, TREASURE STATE ENDOWMENT PROGRAM; HB 6, WATER DEVELOPMENT PROGRAM; AND HB 5

**EXECUTIVE ACTION ON HB 663, TREASURE STATE ENDOWMENT PROGRAM**

**Tape No. 1:A:003**

**BUDGET ITEM PROJECT #26 YELLOWSTONE COUNTY FOR SHEPHERD:**

**Tape No. 1:A:010**

**Discussion:** CHAIRMAN ERNEST BERGSAGEL announced that Shepherd would prefer the grant in Resource Indemnity Trust funds in HB 6, over the deferred loan recommended in HB 663. Shepherd has requested the grant authority be changed to Yellowstone County so that Yellowstone County administers the project.

**John Tubbs, Chief of Resource Development Bureau, Department of Natural Resources and Conservation,** commented that Yellowstone County is the grant recipient for Shepherd. Shepherd wants the

contingency requirement for the creation of a water district to be removed. The engineering study would then be completed and information concerning the costs of the project could be provided to the community.

**Mr. Tubbs** briefed the committee on the available funds for projects in HB 6. He explained that if HB 608 passes there will be \$1.6 million available for grants and all projects could be funded. If HB 608 fails, only about \$300,000 will be available for grants. He provided information to the committee on projects that receiving duplicate funding from HB 6 and HB 663. **EXHIBIT 1.**

**Jim Haubein, Legislative Fiscal Analyst,** informed the committee that if the town of Ennis is granted \$100,000 and added to the bottom of the funding list, there will be \$1.722 million in projects authorized in HB 6.

**Newell Anderson, Local Government Assistance Division, Department of Commerce,** informed the committee that the Treasure State Endowment has \$2,282,489 million in estimated revenue for the biennium. DOC has recommended \$4,256,000 million in grants and loans for projects. Consequently, \$1.9 million is needed to fund all recommended projects. **EXHIBIT 2.**

**BUDGET ITEM PROJECT #1 BUTTE-SILVER BOW (WATER):**

Tape No. 1:A:210

**Motion/Vote:** REP. TOM ZOOK moved approval of a \$300,00 grant for the Butte Water System. **MOTION CARRIED UNANIMOUSLY.**

**BUDGET ITEM PROJECT #2 ANACONDA/DEER LODGE (WATER):**

Tape No. 1:A:259

**Motion/Vote:** SEN. BOB HOCKETT moved approval of a \$350,000 grant for the Water System Improvements project. **MOTION CARRIED UNANIMOUSLY.**

**BUDGET ITEM PROJECT #3 CARBON COUNTY (BRIDGE):**

Tape No. 1:A:270

**Motion/Vote:** SEN. HOCKETT moved approval of a \$25,000 grant for the Sand Ford Bridge project. **MOTION CARRIED UNANIMOUSLY.**

**BUDGET ITEM PROJECT #4 TOWN OF NEIHART:**

Tape No. 1:A:279

**Discussion:** REP. FRANCIS BARDANOUVE stated this town has an application pending for a Farmer's Home Administration loan. If the committee grants this amount of money, the town is unlikely to pursue the loan. TSEP funds should go as far as they can.

**Dave Cole, Chief, Community Development Bureau, Department of Commerce,** informed the committee that the FHA application is for a loan because the town is unlikely to receive any FHA grant

funds. FHA has stated that due to the town's temporary residents with high incomes, an approved loan would likely be at market rates. A TSEP grant would not finance the entire project; the balance of funds would be gotten in the form of a FHA loan. The town is afraid that the temporary residents would kill any project totally financed by loans.

**Motion/Vote:** REP. BARDANOUVE moved approval of a \$544,673 grant for the Neihart Water System Improvements project. **MOTION CARRIED UNANIMOUSLY.**

**BUDGET ITEM MISSOULA COUNTY/SUNSET WEST (WATER):**

Tape No. 1:A:682

**Motion:** REP. BARDANOUVE moved approval of a \$154,107 grant for the Sunset West Water System Improvements project.

**Discussion:** REP. ZOOK stated this project is an example of poor planning; the legislature will see a lot more of these problems as subdivisions continue to be built.

REP. BARDANOUVE stated that in a few years this community will be back seeking funds to install a sewer system.

**Vote:** MOTION CARRIED UNANIMOUSLY.

**BUDGET ITEM PROJECT #6 YELLOWSTONE COUNTY (BRIDGE):**

Tape No. 1:A:732

**Motion/Vote:** SEN. ETHEL HARDING moved approval of a \$95,500 grant for the King Avenue West Bridge project. **MOTION CARRIED UNANIMOUSLY.**

**BUDGET ITEM PROJECT #7 TOWN OF CIRCLE (WATER):**

Tape No. 1:A:800

**Motion:** REP. ZOOK moved approval of a \$370,000 grant for the Circle Water Improvement project.

**Discussion:** REP. BARDANOUVE commented that communities receiving large TSEP grants may not seek loans or grants elsewhere. REP. ZOOK pointed out that DOC gave this community a high score for public safety concerns due to its drinking water. The community has also agreed to accept a 73% increase in water rates.

**Vote:** MOTION CARRIED UNANIMOUSLY.

**BUDGET ITEM PROJECT #9 STILLWATER COUNTY FOR REED POINT:**

Tape No. 1:A:965

**Motion/Vote:** SEN. HOCKETT moved approval of a \$200,000 grant for the Reed Point Sewer Project. **MOTION CARRIED UNANIMOUSLY.**

BUDGET ITEM PROJECT #10 BEAVERHEAD COUNTY :

Tape No. 1:A:997

Motion/Vote: SEN. HOCKETT moved approval of a \$160,000 grant for the Beaverhead County Landfill. MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM PROJECT #11 CITY OF RONAN:

Tape No. 1:A:034

Motion: REP. BARDANOUVE moved approval of a \$100,000 grant for the Wastewater Collection System and Treatment Facility Rehabilitation project.

Discussion: Mr. Anderson stated estimates based on interest alone, predict that only \$83,209 in remaining TSEP funds will be available to fund this project. All remaining projects may not be funded.

Motion: REP. BARDANOUVE made a second motion to approve a \$83,209 grant for the Ronan project.

Discussion: SEN. HARDING asked how more funds could be made available for Ronan. Information presented to the committee proved that the low-income of Ronan residents severely limits its ability to finance a sewer project. She wants them to get at least \$83,000.

Mr. Anderson stated the interest rates could change and more revenue could be realized for TSEP. He asked the committee to approve projects based closely on the Department's recommendations, then if more funds become available, the Ronan project could be fully funded.

Tape 1:B:003

CHAIRMAN BERGSAGEL commented that, if SEN. TOM TOWE'S bill to provide jumpstart funds for the TSEP passes, there will be more funds available for these projects.

REP. BARDANOUVE stated it is bad policy to issue bonds on future interest earnings. There will be a bigger impact on the General Fund. Mr. Anderson stated these bonds will not be a direct general obligation of the state. The bonds are sold to investors on the basis of a disclosed revenue stream and projected revenue. He referred the committee to EXHIBIT 3 for information on estimated interest earnings on the Treasure State Endowment.

Motion: REP. ZOOK made a substitute motion to approve a \$100,000 grant for the Ronan sewer project.

Discussion: SEN. HARDING commented that she had hoped REP. ZOOK'S motion would recommend full funding of Ronan's request for \$309,107 in grant funds. Whether SB 402 passes or not, Ronan

needs this money. The department did not have all necessary and current information concerning Ronan's problem. Ronan cannot support further development with the current sewer system. The standard of living is low and Ronan needs this help.

**REP. BARDANOUE** stated it would not be fair to the other projects. Harlem is poor as well, and they are paying \$66.00 per month for water and sewer.

**SEN. HOCKETT** commented if the committee does not adhere to the DOC's recommendations it would only be fair to look at all the other projects in the same way. He would not support a grant of \$300,000.

Vote: MOTION CARRIED UNANIMOUSLY.

Discussion: **CHAIRMAN BERGSAGEL** announced the committee has reached the end of the projected funding level. The committee can approve projects that will be funded if other projects drop out, or if revenues increase beyond expectation.

Motion: **REP. ZOOK** moved that all other projects fall in rank with their priorities on the list.

Discussion: **REP. BARDANOUE** commented that the committee should at least review the projects.

**CHAIRMAN BERGSAGEL** asked whether there is a provision that makes the unfunded projects from this biennium priority projects for the next biennium. **Mr. Anderson** stated projects have to reapply each biennium.

**REP. BARDANOUE** asked the balance of funds needed to fund all the projects in HB 663. **Mr. Anderson** stated that approximately \$1.9 million is needed.

**Jane Hamman, Office of Budget and Program Planning**, informed the committee that if the remaining projects are worth doing, they are probably worth listing in priority order.

**REP. ZOOK** withdrew his motion.

**SEN. HOCKETT** stated consideration should be given to **REP. BARDANOUE'S** concerns about **SEN. TOWE'S** bill which borrows on future revenues. He wondered what the affects would be on TSEP if the bill passes.

**Mr. Tubbs** stated if **SEN. TOWE'S** bill passes, and funds can be borrowed for the \$1.9 million, there would be \$179,000 per year in debt service for twenty years. This would mean \$179,000 less in revenue would be available each year of following bienniums.

**REP. BARDANOUE** suggested an amendment to compromise **SEN. TOWE'S** bill and put a limit on the funds to be spent by the TSEP. Fifty

percent more than the principal could be borrowed each year.

**Mr. Tubbs** commented that REP. BARDANOUE has made an excellent point. The committee should consider the market which will require coverage of 125%.

**SEN. HARDING** stated her support for approving the remaining projects.

**REP. ZOOK** suggested projects could be approved subject to the availability of funds this biennium.

**REP. BARDANOUE** stated that if SEN. TOWE'S bill passes, then \$2 million will be borrowed and DOC will be compelled to sell \$2 million worth of bonds.

**SEN. HOCKETT** stated cities and towns have been needing help for a very long time; more funds will be available down the road. He supports approval of the remaining projects.

**CHAIRMAN BERGSAGEL** announced that he does not want to accept REP. ZOOK'S motion because funds have to be moved between HB 6 and HB 663. Project #23, Ennis would be removed from HB 663. Project #15, Yellowstone County for Huntley, would be removed from HB 663. Project #26, Yellowstone County for Shepherd, would be removed from HB 663. The HB 6 appropriation of \$50,000 for the town of Neihart would be removed from HB 6 and placed in HB 663.

**CHAIRMAN BERGSAGEL** stated as a result of the grant received under TSEP the committee is not interested in approving the \$50,000 grant for the town of Neihart currently in HB 6.

**CHAIRMAN BERGSAGEL** suggested all projects be approved in their order of ranking, from Project #12 through Project #32, with the exception of the above listed projects.

**Motion/Vote:** REP. ZOOK moved to approve all projects from #12, Shelby through #32, the Sanders County Heron Bridge project, with the exceptions of the Yellowstone County/Huntley water project, the Ennis water project, and the Yellowstone County/Shepherd engineering loan project, and subject to the availability of funding this biennium from the Treasure State Endowment. **MOTION CARRIED 4 TO 1 WITH REP. BARDANOUE VOTING NO.**

Tape 2:A:003

**CHAIRMAN BERGSAGEL** stated the committee is now ready to pass HB 663 out of committee.

**Motion/Vote:** SEN. HOCKETT moved to close and approve HB 663. **MOTION CARRIED 4 TO 1 WITH REP. BARDANOUE VOTING NO.**

EXECUTIVE ACTION ON HB 6, WATER DEVELOPMENT PROGRAM

Tape No. 2:A:028

BUDGET ITEM TOWN OF NEIHART:

Tape No. 2:A:028

Motion/Vote: REP. BARDANOUE moved to remove the \$50,000 grant for the town of Neihart from HB 6. MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM TOWN OF ENNIS:

Tape No. 2:A:056

Motion/Vote: REP. BARDANOUE moved to approve a grant of \$100,000 for the town of Ennis, and to place the project at the bottom of the funding list for HB 6. MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM TOWN OF NEIHART:

Tape No. 2:A:89

Discussion: Mr. Haubein asked for clarification of Neihart's appropriation in HB 6. Mr. Tubbs stated that as a result of committee action Neihart only has authority for a \$150,000 loan in HB 6.

CHAIRMAN BERGSAGEL asked why the town still needs the loan; the town is receiving funding from the TSEP, and has applied for a FMHA loan. Mr. Cole stated the HB 6 loan authority will provide assurance of further financing should the town prove ineligible for a FMHA loan. Mr. Tubbs stated the loan was originally authorized before the TSEP existed.

CHAIRMAN BERGSAGEL stated the committee wants assurance that the FMHA loan is the preferred loan to finance this project. The HB 6 loan will be given only if the town is turned down by the FMHA for financing. The committee does not want the state to piggy-back a loan for Neihart. Mr. Tubbs stated the two departments can follow the committee's wishes. One possible problem is that the state may have lower interest rates than the FMHA. He asked if that was the case, would the committee still prefer the town take the FMHA loan over the HB 6 loan? He believes if the loan authority is not given in HB 6 this year, the town will be back to seek it again. He would hate to see the project get delayed.

REP. BARDANOUE stated his opinion that there should be a stipulation requiring towns to provide whatever loan they need. REP. ZOOK stated that the intent of the TSEP is to provide both loans and grants. There are communities in situations of extreme financial need that cannot generate loan payments.

CHAIRMAN BERGSAGEL stated he envisions the town applying for the FMHA loan, and if approved, everything will work out. There will be \$150,000 available for another project on the priority funding list in HB 6. Should the FMHA not approve the project, Neihart

can borrow funds from HB 6 at \$150,000 and still do the project at a reduced rate. They will need to find \$60,000 elsewhere to do the project. **Mr. Tubbs** stated the town could probably get a non-competitive Coal Severance Tax bond for the \$60,000. He stated that out of policy he would probably encourage them to get a FMHA loan. Because of the need for the project, and the fact that the loan was approved before they ever applied for TSEP funds, his recommendation to the committee would be to leave the loan authority in HB 6 in case the community needs to use it.

**Mr. Cole** stated Neihart may want to keep the loan authority in HB 6 because of the red tape associated with a FMHA loan.

**CHAIRMAN BERGSAGEL** commented he had forgotten about the loan for Neihart and wants to make sure that there is no piggy-backing that will occur. The committee wants to leave the loan authority in HB 6 for Neihart.

**Mr. Tubbs** assured the committee he will write a letter to Neihart encouraging them to seek the FMHA loan. He will expect some response if the town feels it cannot do that. **CHAIRMAN BERGSAGEL** suggested the committee let Mr. Tubbs use his discretion on whether Neihart receives the loan in HB 6. The committee agreed with that suggestion.

**BUDGET ITEM PROJECT #11 YELLOWSTONE COUNTY FOR HUNTLEY:**

**Tape No. 2:A:470**

**Motion/Vote:** **REP. BARDANOUE** moved to increase the appropriation in HB 6 for the Huntley Water District Water System Rehabilitation Project by \$50,000. **MOTION CARRIED UNANIMOUSLY.**

**CHAIRMAN BERGSAGEL** stated HB 6 is now ready to be passed as amended.

**Motion/Vote :** **REP. BARDANOUE** moved to pass HB 6 as amended. **MOTION CARRIED UNANIMOUSLY.**

**EXECUTIVE ACTION ON HB 5**

**Tape No. 2:A:600**

**Discussion:** **Mr. Haubein** asked for clarification of committee action on HB 5. The committee amended HB 5 to reduce the \$10.7 million in bond authority to \$500,000 for an engineering and architectural study for a new women's correctional center. This action would remove any bonding authority for a new facility. He asked if that was the committee's intent. If the bonding authority is removed, a two-thirds vote will be required to approve bonding authority again.

**REP. BARDANOUE** stated that former Sen. Regan and other supporters of a new women's correctional center are very upset at the committee action to delete bonding authority on this project.



Committee members commented they did not intend that to happen. **CHAIRMAN BERGSAGEL** stated he understood the committee's intent was to do just that. He apologized if other members of the committee did not understand the motion.

**SEN. HOCKETT** suggested leaving the bonding authority in place, and delaying construction of the facility for two years.

**CHAIRMAN BERGSAGEL** asked whether, if the \$500,000 in bonding authority is an increase to the current \$10.7 million, would the \$535,000 come out of the current bonding authority?

**Mr. Haubein** stated if the \$535,000 is not part of the original bonding authority it would have to be moved up to the new bonding section of HB 5. New bonds are subject to a two-thirds vote of approval. The new bonding section would then contain \$500,000 for the design study, \$260,000 for improvements to the Warm Springs women's correctional center, and \$535,000 in debt payments. This would leave the \$10.7 million intact.

**CHAIRMAN BERGSAGEL** stated if the new bonding section is not approved there will be no funds available for the study and design work for a new women's correctional center.

**REP. BARDANOUE** stated if the authorization already exists it will not cost anymore to leave it as it is.

**SEN. ELEANOR VAUGHN** asked if there was a way to ensure that the \$10.7 million is there in two years and won't need a two-thirds vote of approval?

**SEN. HARDING** stated she did not know the committee had taken away the bonding authority. She wants to see the committee reconsider that action.

**REP. ZOOK** stated he thought the committee included the design study funds in the approved \$6.8 million bond authority for work on the Montana State Prison.

**CHAIRMAN BERGSAGEL** stated that he understands the committee wants to leave the \$10.7 million in bonding authority in place.

**SEN. HOCKETT** stated it will not cost the state anything to leave the bonding in place; the next legislature will have to approve construction before the bonds can be issued.

**Mr. Haubein** stated the new bonding section will only contain \$500,000 for the design study, and \$260,000 for improvements to the existing facility. The \$535,000 still needs to be part of the \$10.1 million; therefore the new bonding section will only contain \$760,000 in new bond authority.

**Ms. Hamman** stated by placing the new bonds in a separate section requiring a two-thirds vote, the committee is risking the loss

of all new bond authority for capital projects. The draft motion prepared by Mr. Haubein only required a simple majority.

**CHAIRMAN BERGSAGEL** doubts a two-thirds vote can be realized; the committee will be lucky to get a simple majority vote. The committee risks having all capital projects fail to pass through the legislature.

**REP. BARDANOUVE** asked what is needed to make sure the authorization for the women's prison is kept intact. **Mr. Haubein** stated he has incorrectly worded the committee's intent in the bill. He can go back and change the bill to reflect the intent of the committee.

**SEN. ELEANOR VAUGHN** asked what could be done to put \$760,000 in bill to require only a majority vote in the legislature. **Mr. Haubein** stated the committee either has to put \$760,000 in the new bonding section where it will require a two-thirds vote, or it has to come out of the previously authorized \$10.7 million requiring only a simple majority vote.

**REP. ZOOK** commented that action would leave a balance \$10.2 million in bonding authority after the \$500,000 for planning and design is used. He wondered why that is a serious concern. If a down-sized facility is built two years from now, it should not cost that much.

**Mr. Haubein** stated the Architecture and Engineering Division has estimated an 84 bed facility would cost \$9.3 million.

**REP. ZOOK** suggested leaving the appropriation the way it is. **SEN. HARDING** asked if the bonding authority is there now. **Mr. Haubein** stated that it is.

**Mr. Haubein** commented if the \$9.3 million estimate is valid, the construction project will have a deficit balance of \$200,000.

**Ms. Hamman** stated the bonds will not be issued for the \$500,000 in this biennium; the committee must take action to provide the \$500,000 in cash.

**Mr. Haubein** stated language could be included to authorize bonds to be issued for the cash. That action would only need a majority vote.

**CHAIRMAN BERGSAGEL** reminded the committee the other capital projects would still need a two-thirds vote.

**SEN. HARDING** stated she would make a motion to create language in the bill as Mr. Haubein suggested to ensure that the women's prison bonding authority is left intact with \$500,000 authorized for the design study.

**Motion:** **REP. BARDANOUVE** moved the bonding authorization from the

FY91 legislative session remain in place.

REP. BARDANOUVE stated he wants that motion in the minutes so that it is clear that the committee does not want that bonding authority tampered with.

Mr. Haubein stated it may be appropriate to place contingency language authorizing the use of \$500,000; the remainder of the bonding authority would be delayed until July, 1, 1995.

CHAIRMAN BERGSAGEL stated SEN. HARDING'S motion is as follows: The bonding authority previously granted will remain in place, but \$500,000 is authorized for expenditure in the FY95 biennium for design and development plans for a correctional facility to be located in Billings, Montana that will fit the needs of the new community-based correctional program for the Department of Corrections and Human Services.

Tape 2:B:013

CHAIRMAN BERGSAGEL asked the committee to recognize that by doing this, the bonding for the women's prison is still intact. If a two-thirds vote is not received for the new bonding section of HB 5 there will not be upgrades for the current women's facility. Other capital projects will also not be authorized.

SEN. HARDING stated the two-thirds vote will be required anyway so all the committee has done is protect the bonding authority for the women's prison.

SEN. VAUGHN stated this motion will not jeopardize the other projects.

REP. BARDANOUVE stated the issue of bonding authority for the new women's facility should not be in front of the legislature again. It is a previously approved project.

Ms. Hamman stated that the way she understood the committee's motion last week, the \$260,000 for the improvements to the current women's facility was in HB 5 and did not need a two-thirds vote. By not including the \$260,000 in this motion or a follow up motion, the committee is putting that appropriation in the section that requires a two-thirds vote. Therefore the improvements project is in jeopardy.

Mr. Haubein stated the committee's earlier action had the \$260,000 appropriation as part of the reduction in the \$10.7 million of original voting. It would have only required a majority vote.

SEN. HARDING commented the committee may have to take the risk of losing the improvements to the current facility.

Motion/Vote: SEN. HARDING moved to retain the previously

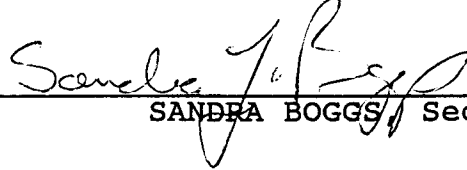
authorized bonding authority for the women's correctional facility, but authorized \$500,000 for expenditure in the FY95 biennium for design and development plans for a correctional facility to be located in Billings, Montana that will fit the needs of the new community-based correctional program for the Department of Corrections and Human Services. **MOTION CARRIED 5 TO 1 WITH CHAIRMAN BERGSAGEL VOTING NO.**

ADJOURNMENT

Adjournment: 9:20 PM



ERNEST BERGSAGEL, Chair



SANDRA BOGGS, Secretary

EB/sb

HOUSE OF REPRESENTATIVES

LONG - RANGE PLANNING SUB-COMMITTEE

ROLL CALL

DATE

Tues - 3/16/93

NAME	PRESENT	ABSENT	EXCUSED
SEN. BOB HOCKETT, VICE-CHAIR	✓		
REP. FRANCIS BARDONOUVE	✓		
SEN. ETHEL HARDING	✓		
SEN. ELEANOR VAUGHN	✓		
REP. TOM ZOOK	✓		
REP. ERNEST BERGSAGEL, CHAIR	✓		

DATE 3-16-93  
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PROJECTS APPLICATIONS SUBMITTED FOR FUNDING UNDER WD/RRD AND TSEP

PROJECT COST (TSEP ESTIMATE)	DNRC 91 GRANT (H.B. 6)	DNRC 91 LOAN (H.B. 6)	DNRC 93 GRANT (COMM. ACT)	DNRC 93 LOAN (COMM. ACT)	TSEP 93 GRANT (DOC REC)	TSEP 93 LOAN (DOC REC)	DNRC 93 GRANT		TSEP 93 LOAN	
							INCREASE (DECREASE)	INCREASE (DECREASE)	INCREASE (DECREASE)	INCREASE (DECREASE)
CIRCLE TOWN OF							\$0.00	\$0.00	\$0.00	\$0.00
CIRCLE TOWN OF	\$370,000.00	N/A	N/A	N/A	\$370,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CUSTER COUNTY	\$20,000.00	N/A	N/A	\$4,725.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1 DUTTON, TOWN OF	\$118,700.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2 ENNIS, TOWN OF	\$1,069,000.00	\$66,319.00	\$25,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MADISON COUNTY	\$78,100.00	N/A	N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3 NEIHART, TOWN OF	\$728,231.00	\$50,000.00	\$190,000.00	\$0.00	\$544,673.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4 YELLOWSSTONE COUNTY/HUNTLEY	\$745,300.00	N/A	N/A	\$50,000.00	\$100,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5 YELLOWSSTONE COUNTY/SHEPHERD ENGINEERING	\$118,200.00	N/A	N/A	\$75,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

- Dutton was ranked low on the 1991 WD/RRD H.B. 6. They just received notice of funding. With DNRC 1991 funding and TSEP funding, this 1993 request will be fully funded.
- Under WD/RRD program rule, DNRC provides either a grant/loan for requests of up to \$200,000 or a subsidized loan for projects greater than \$200,000. Affordability criteria are not used in setting the level of grant or loan recommended. If the legislature funds the Town's request for a grant based on affordability, in addition to the authorized DNRC loan, it would be appropriate to add this grant authority to the WD/RRD H.B. 6. In this way only a single agency would be involved in the administration of this project.
- Neihart has funds reauthorized for this project under the WD/RRD 1991 H.B. 6. To make the administration of grant funds more efficient, a single grant from TSEP of \$594,673 and authority for only a \$150,000 DNRC loan would be recommended.
- Fund Huntley under WD/RRD only. If desired the authority under the 1993 H.B. 6 could be increased to \$100,000 consistent with Commerce's recommendation. A single grant instrument will be easier to administer.
- Fund Shepherd under WD/RRD only. DNRC already has authority for a \$75,000 and subcommittee required the balance of funds from the community. A loan would likely not be repaid and would be difficult to secure and administer.

EXHIBIT 1  
 DATE 3-16-93  
~~880~~

APPLICATNS SUBMITTED FOR FUNDING UNDER WD/RRD AND TSEP

- CIRCLE, TOWN OF
- CIRCLE, TOWN OF
- CUSTER COUNTY
- 1 DUTTON, TOWN OF
- 2 ENNIS, TOWN OF
- MADISON COUNTY
- 3 NEIHART, TOWN OF
- 4 YELLOWSTONE COUNTY/HUNTLEY
- 5 YELLOWSTONE COUNTY/SHEPHERD

	DNRC '93 GRANT INCREASE(DECREASE)	TSEP '93 GRANT/LOAN* INCREASE(DECREASE)
	\$0.00	\$0.00
	\$0.00	\$0.00
	\$0.00	\$0.00
	\$0.00	\$0.00
	\$100,000.00	(\$100,000.00)
	\$0.00	\$0.00
	(\$50,000.00)	\$50,000.00
	\$50,000.00	(\$100,000.00)
	\$0.00	(\$85,000.00)*
	\$100,000.00	(\$235,000.00)

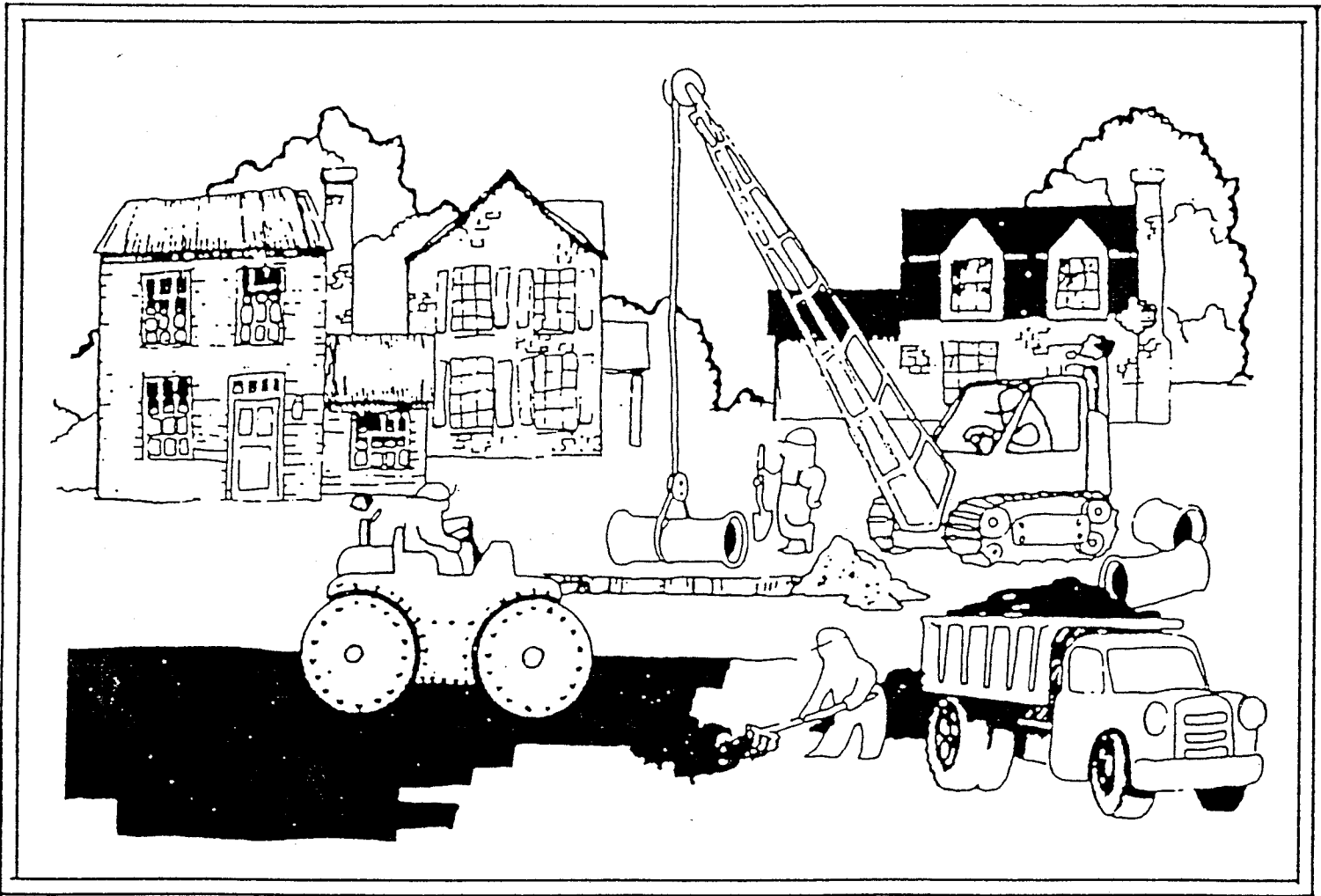
*Handwritten:* 4162



EXHIBIT 2  
DATE 3-16-93  
88

# TREASURE STATE ENDOWMENT PROGRAM

PROJECT EVALUATIONS AND RECOMMENDATIONS  
FOR THE  
1994 - 1995 BIENNIUM



The original is stored at the Historical Society at 225 North Roberts Street,  
Helena, MT 59620-1201. The phone number is 444-2694.

TREASURE STATE ENDOWMENT PROGRAM (TSEP)

Annual Coal Tax Revenue

\$ 40,000,000

\$-20,000,000 earmarked programs

\$ 20,000,000 Balance

PERMANENT TRUST

minus \$ 500,000/yr. for Coal Sev. Tax Bonds

minus \$ -0- /yr. for School Const. Bond Special

minus \$ 5,000,000/yr. for 3 yrs. Clean Coal

= \$14,500,000\*

EXHIBIT 13  
DATE 3-13-93

Operating Year	Annual Deposits to Perm. Fund Principal	Annual Deposits to TSEP Fund Principal	Est. Annual Interest Available for Distrib.
1 FY '94	\$ 7,250,000	\$ 7,250,000	\$ 1,013,136
2 FY '95	(10,000,000)	\$ 10,000,000	\$ 1,653,748
3 FY '96	\$ 7,250,000	\$ 7,250,000	\$ 2,395,000
4 FY '97	\$ 7,250,000	\$ 7,250,000	\$ 3,175,000
5 FY '98	\$ 9,750,000	\$ 9,750,000	\$ 3,955,000
6 FY '99	\$ 9,750,000	\$ 9,750,000	\$ 4,735,000
7 FY '00	\$ 9,750,000	\$ 9,750,000	\$ 5,515,000
8 FY '01	\$ 9,750,000	\$ 9,750,000	\$ 6,295,000
9 FY '02	\$ 9,750,000	\$ 9,750,000	\$ 7,075,000
10 FY '03	\$ 9,750,000	\$ 9,750,000	\$ 7,855,000
11 FY '04	\$ 9,750,000	\$ 9,750,000	\$ 8,635,000
12 FY '05	\$ 9,750,000	\$ 9,750,000	\$ 9,415,000
13 FY '06	\$ 9,750,000	\$ 9,750,000	\$ 10,195,000
14 FY '07	\$ 9,750,000	\$ 9,750,000	\$ 10,975,000
15 FY '08	\$ 9,750,000	\$ 9,750,000	\$ 11,775,000
16 FY '09	\$ 9,750,000	\$ 9,750,000	\$ 12,535,000
17 FY '10	\$ 9,750,000	\$ 9,750,000	\$ 13,315,000
18 FY '11	\$ 9,750,000	\$ 9,750,000	\$ 14,095,000
19 FY '12	\$ 9,750,000	\$ 9,750,000	\$ 14,875,000
20 FY '13	\$ 9,750,000	\$ 9,750,000	\$ 15,655,000
21 FY '14	\$19,500,000	- 0 -	\$ 15,655,000
<b>TOTALS</b>	<b>\$207,000,000</b>	<b>\$197,500,000</b>	<b>\$180,791,884</b>

\* Changes to \$ 19,500,000 in year 1997. Years '94 & '95 projected at 8.26% & 8.56% interest earning rate, respectively. Years '96 & on, projected at 8% interest earnings rate.

# "TREASURE STATE ENDOWMENT PROGRAM"

## The Definitions of the Act: (LR 110)

1. Creates a Treasure State Endowment Fund & Program (TSEP). ( effective 10/1/92)
2. Provides for a 50% TSEP Fund / 50% Permanent Trust Fund deposit of uncommitted annual coal severance tax receipts.
3. Authorizes interest from TSEP fund to be spent on grants, debt service subsidies, and loans to local governments.
4. Transfers \$10 million (one time) from the permanent trust to the TSEP fund. (effective 7/1/93)
5. Provides that the 53rd legislature may authorize the issuance of bonds in order to provide the maximum amount of initial funding.
6. Defines eligible projects as: drinking water systems; wastewater treatment; sanitary sewer or storm sewer systems; solid waste disposal and separation systems, including site acquisition, preparation or monitoring; and bridges.
7. Expands the coal severance tax bond program & amend 17-5-701 and 17-5-703, MCA.
8. Provides statutory priorities for ranking applications.
9. Provides for Executive Branch application review/recommendations and final Legislative project funding review/approval.
10. Submits the creation of TSEP (LR 110) to the qualified electors. (Passed 6/3/92)

HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER

Long Range Planning

COMMITTEE

BILL NO. \_\_\_\_\_

DATE 03/16/93

SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Jeff Weldon, Senator Dist 27			
John Tibbys	VOWEL		
Robb McCracken	DOC		
Dave Cole	DOC Local Gov't. Assistance		
Newell Anderson	Doc		
Ann Dorsch	DOC		

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