HOUSE BILL NO. 895

INTRODUCED BY JACOBSEN, THOFT, BENGTSON, UNDERDAL, SHAW, KOLSTAD, SPAETH, BACHINI, AKLESTAD, KEYSER, DEVLIN, LANE, E. SMITH, LEE, TVEIT, HAGER, STEPHENS, DOVER, OCHSNER, STIMATZ, ABRAMS, HARP, C. SMITH, KOEHNKE, PECK, PISTORIA, O'CONNELL, BLISS, MUELLER, SALES, SWIFT, MANUEL, SAUNDERS, SCHYE, J. HAMMOND

IN THE HOUSE

February	16,	1983	Introduced and referred to	
			Committee on State	
			Administration.	

February 18, 1983 On motion by Chief Sponsor, Representatives Koehnke, Peck, et al., were added as sponsors to the bill.

> Committee recommend bill do pass as amended. Report adopted.

February 19, 1983 Bill printed and placed on members' desks.

February 21, 1983 On motion taken from second reading and referred to Committee on Appropriations.

March 28, 1983

Committee recommend bill do pass as amended. Report adopted.

Bill printed and placed on members' desks.

Second reading, do pass as amended.

Third reading, passed. Transmitted to Senate.

IN THE SENATE

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April 5, 1983	Introduced and referred to Committee on Finance and Claims.
April 14, 1983	Committee recommend bill be concurred in as amended. Report adopted.
	Second reading, concurred in as amended.
April 15, 1983	Third reading, concurred in. Ayes, 48; Noes, 0.
IN THE H	OUSE
April 16, 1983	Returned to House with amendments.
April 18, 1983	Second reading, amendments not concurred in.
	On motion, Conference Committee requested and appointed.
April 20, 1983	Conference Committee dissolved.
	On motion, Free Conference Committee requested and appointed.
April 21, 1983	Free Conference Committee reported.
	Second reading, Free Conference Committee report adopted.
·	Third reading, Free Conference Committee report adopted. Ayes, 93; Noes, 5.

April 21, 1983

Free Conference Committee report adopted by Senate.

Sent to enrolling.

Reported correctly enrolled.

48th Legislature

LC 1300/01

1 INTRODUCED BY //Ch 2 Jachin Kensen LA 3 A BULL FOR AN ACT ENTITLED **D** APPROVE THE ISSUANCE OF STATE OF MONTANA COAL SEVERANCE TAX BONDS TO FINANCE THE 5 DEVELOPMENT OF CERTAIN STATE HYDROELECTRIC PROJECTS, THE CHeck 6 REMABILITATION AND REPAIR OF CERTAIN STATE PROJECTS. AND 7 LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR 8 CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO APPROPRIATE 0 COAL SEVERANCE TAX TRUST PROCEEDS FOR DEBT SERVICE; TO 10 AUTHIRIZE THE CREATION OF A STATE DEBT; TO ALLOW THE PRIVATE 11 SALE OF MUNICIPAL REVENUE BONDS TO THE STATE OF MONTANA: 12 13 AMENDING SECTION 7-7-4433, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." 14

15

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

17 <u>YEM_SECIION</u> Section 1. Purpose and policy. (1) The 18 legislature recognizes that it is the policy of the state of 19 Montana to promote the conservation, development, and 20 beneficial use of the state's water resources to secure 21 maximum economic and social prosperity for its citizens.

(2) The legislature recognizes that the development
and use of water resources and the efficient, economic
distribution thereof are vital to protect existing uses and
to assure adequate future supplies for domestic, industrial,

1 agricultural, and other beneficial uses.

2 (3) The legislature reaffirms its previous declaration 3 that the public interest requires the construction, 4 operation, and maintenance of a system of works for the 5 conservation, development, storage, distribution, and use of 6 water, which construction, operation, and maintenance is a 7 single objective which is in all respects for the welfare 8 and benefit of the people of this state.

9 (4) The legislature finds that the 1981 legislature, 10 in Chapter 505, Laws of 1981, established a state water 11 development program to provide financial and administrative 12 assistance to private, local, and state entities for water 13 resources development projects and activities.

14 (5) The legislature finds that 85-1-601 declares that 15 the water development program is an integral part of the 16 implementation and development of the comprehensive, 17 coordinated, multiple-use water resources plan known as the 18 state water plan and that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for 19 20 financing specific approved water resource development projects and activities as part of the state water 21 22 development program.

(5) The legislature finds that the following water
development projects approved in [sections 3+ 4+ and 5] will
implement the state's policy of full use+ conservation+ and

INTRODUCED BILL 411.000

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1 protection of its water resources:

2 (a) Department of natural resources and conservation
3 hydroelectric development at Painted Rocks Dam, Broadwater
4 Dam, and Cooney Dam;

5 (a) Department of natural resources and conservation 6 repair and rehabilitation at Yellow Water Dam; Cottonwood 7 Dam, and Martinsdale Dam and Reservoir;

8 (c) Three Forks water system improvement;

9 (d) Manhattan wastewater treatment system improvement;

10 (e) Manhattan water system capital improvements;

(f) Roosevelt County rural water system construction;
 (g) Culbertson water supply and treatment facility.
 construction;

14 (h) Geralding rural water system construction;

15 (i) South Kremlin-Glidford rural water system.
 16 construction;

17 (j) Huntley project irrigation district 18 rehabilitation;

19 (k) Lower Birch Creek watershed plan;

20 (1) Ennis sewage treatment construction;

21 (m) East Bench gravity flow irrigation project;

22 (n) Bitterroot irrigation district Three Mile farm
 23 irrigation measure.

24 <u>VEX_SECTION</u> Section 2. Appropriation and creation of 25 debt for coal severance tax bonds. (1) The legislature,

through the enactment of this section by a vote of 1 three-fourths of the members of each house of the 2 legislature as required by Article IX+ section 5+ of the 3 Montana constitution, pledges, dedicates, and appropriates 4 5 from the coal severance tax bond subfund all money necessary for the payment of principal and interest not otherwise 6 provided for on the state of Montana coal severance tax 7 bonds authorized by this act to be issued pursuant to Title а 17, chapter 5, part 7, and pursuant to the further 9 10 provisions of [this act].

(2) The legislature, through the enactment of this 11 section. in accordance with Article VIII, section 8, of the 12 Montava constitution authorizes the creation of a state debt 13 in an amount not to exceed \$45.35 million for the 14 development of the state hydroelectric projects approved in 15 (section 3), in an amount not to exceed \$551,900 for the 16 rehabilitation of state water projects approved in [section 17 41, and in an amount not to exceed \$12,982,281 for loans to 18 local government entities for water development projects 19 approved in [section 5], all for the issuance of state of 20 Montana coal severance tax bonds authorized by [this act]. 21 <u>NEW SECTION</u>, Section 3. Approval of coal severance 22 tax bonds for state hydroelectric projects -- repayment 23 provisions. (1) The board of examiners may issue state of 24 25 Montana coal severance tax bogds:

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1 (a) to a maximum amount of \$12.9 million for the 2 development of the hydropower potential at the department of 3 natural resources and conservation's Painted Rocks Dam under 4 the authorization granted by the federal energy regulatory 5 commission for project number 4657;

6 (b) to a maximum amount of \$28.6 million for the 7 development of the hydropower potential at the department of 8 natural resources and conservation's Broadwater Dam under 9 authorization pending before the federal energy regulatory 10 commission for project number 2835; and

11 (c) to a maximum amount of \$3.85 million for the 12 development of the hydropower potential at the department of 13 natural resources and conservation's Cooney Dam under an 14 authorization from the federal energy regulatory commission 15 to be applied for pursuant to the preliminary permit issued 16 for project number 4700.

17 (2) Bonds approved in this section may not be issued 18 by the board of examiners until the board of natural 19 resources and conservation has determined that a project is 20 feasible and has otherwise complied with the requirements of 21 Title B5, chapter 1, part 5, for the development of 22 hydrospwer at water projects under the control of the 23 department.

24 (3) The hydropower revenues from each project are 25 pledged, dedicated, and appropriated to a special bond

account created for that specific project in the sinking 1 fund of the state treasury for the benefit of the bonds z approved for that specific project. The board of examiners 3 may allocate a portion of the bond proceeds for a specific 4 project from the bond proceeds and insurance clearance fund 5 account to the special sinking account for that specific 6 7 project for the payment of interest on the bonds during construction, for the establishment of necessary reserves. 8 and for the operation and maintenance of the hydropower 9 10 facilities.

(4) In connection with the issuance of bonds, the 11 board of examiners may provide for the operation and 12 maintenance of the hydropower facilities, pay the principal 13 and interest on the bonds when due from each special bond 14 account+ create and maintain necessary reserves within each 15 special bond account, and in all other respects manage and 16 use the funds within each special bond account for the 17 benefit of the bonds for the particular hydropower project. 18 (5) The board of examiners shall exercise its 19 discretion to enhance the marketability of the bonds, to 20 secure the most advantageous financial arrangements for the 21 state, and to provide to the extent possible that all costs. 22 including operation and maintenance and debt service, are 23 paid out of project revenues and bond proceeds. 24

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(6) Excess funds in any special sinking account as

determined by the board of examiners must be allocated to
 the water development earmarked account to be used for the
 ourposes set forth in 85-1-604(3)(b).

4 <u>NEW_SECTION</u>. Section 4. Approval of coal severance 5 tax bonds for rehabilitation and repair of state water 6 projects -- repayment provisions. (1) The board of examiners 7 may issue state of Hontana coal severance tax bonds:

8 (a) to a maximum amount of \$92,000 for repair and 9 rehabilitation of the department of natural resources and 10 conservation's Yellow Water Dam in Petroleum County;

(a) a maximum amount of \$201,000 for the repair of the
 department of natural resources and conservation's
 Cottonwood Dam in Park County; and

14 (c) to a maximum amount of \$257,000 for the repair and 15 rehabilitation of the department of natural resources and 16 conservation's Martinsdale Dam and Reservoir in Meagher and 17 Wheatland Counties.

18 (2) Bonds may be issued by the board of examiners 19 after the water users for each project have entered into 20 contractual agreements providing for the repayment of the 21 cost of repair and rehabilitation at a 2% interest rate. 22 The repayment money from each project is pledged, dedicated, 23 and appropriated to a special bond account in the sinking 24 fund of the state treasury for the benefit of the bonds 25 approved for such project.

1 (3) In connection with the issuance of bonds, the board of examiners may pay the principal and interest on the Z з bonds when due from the special bond account and in all 4 other respects manage and use the funds within each special bond account for the benefit of the bonds. The board of 5 examiners shall exercise its discretion to enhance the 6 marketability of the bonds and to secure the most 7 advantageous financial arrangements for the state. 8

9 (4) Earnings on bond proceeds prior to the completion 10 of any loan shall be allocated to the special bond account 11 to pay interest on the bonds during this period. Earnings 12 in excess of bond interest, if any, shall be allocated to 13 the water development earmarked account and may be used for 14 the purposes allowed under 85-1-604(3)(b).

NEW_SECTION. Section 5. Authorization of coal 15 severance tax bond loans to government entities. The board 16 of examiners may issue state of Montana coal severance tax 17 bonds in an amount not to exceed \$12,982,281 or the total 18 cost of the projects described in [section 6] for the 19 purpose of making the loans set forth in [section 6] from 20 the bond proceeds to political subdivisions and local 21 government entities and for the purpose of paying the cost 22 23 of issuance of the bonds.

24NEW_SECIION.Section 6.Politicalsubdivision25projects. (1) The bonds authorized under [section 5] may be

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1 issued as follows:

2 (a) (i) Bonds to a maximum amount of \$1,100,000 may be
3 issued for a loan to the city of Three Forks for the purpose
4 of financing improvements in the city's water system.

5 (ii) The project, which will rehabilitate existing 6 components of the city water system and change the source of 7 the water supply from the Madison River drainage to the 8 Jefferson River drainage, is needed to resolve the health 9 hazard in the city's existing water supply caused by 10 excessive levels of arsenic.

(iii) The loan must be repaid at a 2% interest rate.
(b) (i) Bonds to a maximum amount of \$130+000 may be
issued for a loan to the city of Manhattan for the purpose
of financing improvements in the city's wastewater treatment
system.

16 (ii) The project is needed because the existing city
17 wastewater stabilization ponds provide inadequate treatment
18 to meet future effluent limitations.

(iii) The loan must be repaid at a 2% interest rate.
(c) (i) Bonds to a maximum amount of \$170,000 may be
used for a loan to the city of Manhattan for the purpose of
financing capital improvements in the city's water system.
(ii) The project is needed for promotion of
conservation of water by encouraging city water customers to
use less water and for rehabilitation of the water system.

1 (iii) The loan must be repaid at a 2% interest rate. 2 (d) (i) Bonds to a maximum amount of \$1,790,000 may be 3 issued for a loan to the Roosevelt County rural water 4 district for the purpose of financing construction of a 5 proposed water distribution system for domestic and stock 6 use for eastern Roosevelt County. 7 (ii) The project is needed to supply water to those

8 residents of the county who must haul water because of poor
9 quality ground water and to prevent health problems caused
10 by consumption of poor quality water.

11 (iii) The loan must be repaid at a 2% interest rate.

(a) (1) Bonds to a maximum amount of \$704+000 may be
issued for a loan to the town of Culbertson for the purpose
of financing the construction of a water supply and
treatment facility for the town.

16 (ii) The project is needed to prevent health problems associated with poor water quality through the use of more sophisticated water treatment methods and to increase the town's capacity to service present and future users with safe, potable water.

21 (iii) The loan must be repaid at a 2% interest rate.

22 (f) (i) Bonds to a maximum amount of \$1.733.200 may be
23 issued for a loan to the Geraldine rural county water
24 district for the purpose of the development of a rural water
25 system in the Geraldine area.

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(ii) The project: is nameded: to:alleviate. the situation
 caused: by pper: quality: ground: water in: the area. The
 majority of the area*s residents must haul both domestic and
 stock: waters.

(iii) The loan must be repaid at a 2% interest rate.
(i): (i): 80n05 to a maximum amount: of \$336x035 may, be
issued for a loan to the South Kremiin-Glidford water.
district for the purpose of the development of a rural water
system in an areas where ground water: is of insufficient
quantity and quality.

11 (ii) The project is needed to affect at the health and 12 economic problems: caused: by: the: fack of potable ground 13 water. At present most residents: must haul both demestic 14 and stock water.

15 (ilii) The loan must be repaid at a 2% interest rate.
16 (h): (i): Bonds to a maximum amount of \$162,000 may be
17 issued for a loan to the Hentley project irrigation district
18 for the purpose of rehabilitation of the project.

(ii) The project is needed to improve the performance
of the water supply system and to ensure the availability of
sufficient water for irrigation.

(iii) The loan must be repaid at: a 2% interest rate.
(i) (i): Bonds to a meximum amount of \$555+000 may be
issued for a loan to the Pondera soil: conservation district
for the purpose of partial financing of the tower witch

(ii) If the application for federal aid for the East
Bench gravity flow project is not approved by August 1.
1983, bonds may be issued in an amount not to exceed
\$3,230,000 to finance a loan to the East Bench gravity.
company. This loan must be repaid at a 2% interest rate.

1 Creek watershed plan.

2 (ii) The watershed plan is needed to solve the area's 3 irrigation water shortage problem by stabilizing and 4 improving the major supply features of the system and to 5 ensure an adequate water supply to the nearby city of 6 Conrad.

7 (iii) The loan must be repaid at a 2% interest rate.

8 (j) (i) Bonds to a maximum amount of \$190,000 may be 9 issued for a loan to the city of Ennis for the purpose of 10 financing, in part, sewage treatment construction.

11 (11) The project is needed to build an additional 12: sewage settling cell in the city of Ennis pecause the 13 present sewage treatment system is inadequate to meet the 14 demends of the city's rising population and is not in 15: compliance with federal standards.

16 (iii) The loan must be repaid at a 2% interest rate.
17 (k) (i) Bonds may be issued for the purpose of a loan
18 to the East Bench gravity flow project to provide. Financing
19 to the project in accordance with subsection (ii) or (iii)

20 of this subsection (k).

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1 [iii] If the application for federal aid for the East 2 Bench gravity flow project is approved by August 1, 1983, 3 bonds may be issued for the difference between a total 4 project cost of \$4,383,000 and the total amount of federal 5 aid received by the project to finance a loan to the East 6 Bench gravity company. This loan must be repaid at a 2% 7 interest rate.

8 (iv) This project is needed to alleviate low pressure
9 problems at the lower end of the project and to eliminate
10 pumping costs.

(1) (i) Bonds to a maximum amount of \$1,180,000 may be issued for a loan to the Bitterroot irrigation district for the purpose of financing, in part, the Three Mile farm irrigation measure, involving conversion of the irrigation system serving the area from pumped to gravity sprinkler irrigation.

17 (ii) This project is needed to alleviate present water
18 shortages to reduce the cost of irrigation and to conserve
19 water.

(iii) The loan must be repaid at a 2% interest rate.
(2) Loan repayments, both principal and interest, are
pledged, dedicated, and appropriated to a special bond
account in the sinking fund of the state treasury for the
benefit of bonds approved for loans under this section.

25 (3) In connection with the issuance of bonds, the

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board of examiners may pay the principal and interest on the bonds when due from the special bond account and in all other respects manage and use the funds within the special bond account for the benefit of the bonds. The board of examiners shall exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial arrangements for the state.

8 (4) Earnings on bond proceeds prior to the completion 9 of any loan must be allocated to the special bond account to 10 pay interest on the bonds during this period. Earnings in 11 excess of bond interest, if any, must be allocated to the 12 water development earmarked account and may be used for the 13 purposes allowed under 05-1=604(3)(c).

(5) (a) The legislature's approval of loans for 14 projects listed in this section is subject to the 15 recipient's provision to the board of examiners of 16 information and material necessary for the purposes of 17 completion of contractual agreements and for bond sale 18 purposes. This information and material must be provided on 19 a schedule that will allow bond sale schedules to be met. 20 The loans are conditioned upon compliance with the 21 requirements of this subsection (5) meeting the approval of 22 the board of examiners and upon such other conditions the 23 board of examiners may impose that are necessary for the 24 completion of contractual agreements and for bond sale 25

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1 purposes.

2 (b) Loans: for projects listed in this section are
3 subject to the approval of the governing body of the
4 political subdivision.

5 Section 74 Section 747+4431, MCA, is amended to read:
6 "7+7+4433. Sale of bonds. (1) Bonds authorized to be
7 issued under this part shall be sold at not less that par.
8 (2): (a) Sale bonds may be sold at private sale to the
9 United States <u>ac. the. state: of Montana</u> or any agency,
10 instrumentality, or corporation thereofy.

11' (b) Unless sold to the Unless States or the state of
12' <u>Boutana</u> or <u>an</u> agency, instrumentality, or corporation
13' thereof, said bonds shall' be sold at public sale after
14' notice of such sale."

15 <u>VEH:SECTION:</u> Section 8: Severability. If a part of this act is: invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

21. <u>NEW_SECTIONs</u>: Section 9. Effective date. This act is 22. effective on passage and approval.

-End-

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STATE OF MONTANA

REQUEST NO. 482-83

FISCAL NOTE

Form BD-15

In compliance with a written request received <u>February 18</u>, 19<u>83</u>, there is hereby submitted a Fiscal Note for <u>House Bill 855</u> pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

FISCAL NOTE 15:FF/1

House Bill 855 revises Montana's probate code with respect to renunciation of succession; revises the alternate valuation for inheritance and estate taxes; revises the statutes relating to deferred payment of inheritance and estate taxes; revises the apportionment of estate and inheritance taxes; and provides an applicability date.

FISCAL IMPACT:

It is not possible to reliably estimate the fiscal impact from House Bill 855 because of the variability in deaths, the size of estates, the number of heirs, and relationship of heirs to estate, etc.

COMMENTS:

House Bill 855 establishes additional criteria for qualified heirs. The bill essentially extends the definition of a qualified heir to certain individuals (through renunciation) with no direct blood relationship to the deceased. House Bill 855 will affect only a small percentage of total estates subject to probate taxes, however, the dollar amount of these estates will be large in proportion to the total inheritance tax collections.

If, for example, an individual meeting the criteria of House Bill 855 inherits an estate worth \$1.2 million, and a taxable value worth \$925,000, that individual would pay \$282,000 in inheritance tax under current law since the individual is not a lineal descendent of the deceased. Under the proposed law, the individual will be classified as a qualified heir and be exempt from taxation. The loss, on this single estate therefore, is \$282,000.

BUDGET DIRECTOR Office of Budget and Program Planning Date: <u>2,2,2,83</u>

48th Legislature

HB 0885/03

Rereferred and Approved by Comm. on Appropriations

HOUSE BILL NO. 885
TNTRODUCED BY JACOBSEN, THOFT, BENGTSON, UNDERDAL,
SHAN, KOLSTAD, SPAETH, BACHINI, AKLESTAD, KEYSER, DEVLIN,
LANE, E. SMITH, LEE, TVEIT, HAGER, STEPHENS, DOVER,
OCHSNER, STIMATZ, ABRAMS, HARP, C. SMITH, KOEHNKE,
PECK, PISTORIA, O'CONNELL, BLISS, MUELLER, SALES,
SWIFT, MANUEL, SAUNDERS, SCHYE, J. HAMMOND

9 A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROVE THE ISSUANCE 10 OF STATE OF MONTANA COAL SEVERANCE TAX BONDS TO FINANCE. THE 11 DEVELOPMENT OF CERTAIN STATE HYDROELECTRIC PROJECTS, THE REHABILITATION AND REPAIR OF CERTAIN STATE PROJECTS, AND 12 13 LDANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO APPROPRIATE 14 15 CDAL SEVERANCE TAX TRUST PROCEEDS FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO ALLOW THE PRIVATE 16 17 SALE OF MUNICIPAL REVENUE BONDS TO THE STATE OF MONTANA; 18 AMENDING SECTION 7-7-4433, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." 19

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21 BE IT ENACTED BY THE LEGISLATURE DE THE STATE DE MONTANA: 22 <u>NEW_SECTION_</u> Section 1. Purpose and policy. (1) The 23 legislature recognizes that it is the policy of the state of 24 Montana to promote the conservation, development, and 25 beneficial use of the state's water resources to secure 1 maximum economic and social prosperity for its citizens.

2 (2) The legislature recognizes that the development 3 and use of water resources and the efficient, economic 4 distribution thereof are vital to protect existing uses and 5 to assure adequate future supplies for domestic, industrial, 6 agricultural, and other beneficial uses.

7 (3) The legislature reaffirms its previous declaration 8 that the public interest requires the construction, 9 operation, and maintenance of a system of works for the 10 conservation, development, storage, distribution, and use of 11 water, which construction, operation, and maintenance is a 12 single objective which is in all respects for the welfare 13 and benefit of the people of this state.

14 (4) The legislature finds that the 1961 legislature, 15 in Chapter 505, Laws of 1981, established a state water 16 development program to provide financial and administrative 17 assistance to private, local, and state entities for water 18 resources development projects and activities.

19 (5) The legislature finds that 85-1-601 declares that 20 the water development program is an integral part of the 21 implementation and development of the comprehensive, 22 coordinated, multiple-use water resources plan known as the 23 state water plan and that Title 17, chapter 5, part 7, 24 provides for the issuance of coal severance tax bonds for 25 financing specific approved water resource development

> -2- SECOND PRINTING HB 885 SFCOND READING

projects and activities as part of the state water development program.

3 (6) The legislature finds that the following water 4 development projects approved in [sections 3, 4, and 5] will 5 implement the state's policy of full use, conservation, and 6 protection of its water resources:

7 (a) Department of natural resources and conservation
8 hydroelectric development at Painted Rocks Dam, Broadwater
9 Dam, and Cooney Dam;

(b) Department of natural resources and conservation
 repair and rehabilitation at Yellow Water Dam, Cottonwood
 Dam, and Martinsdale Dam and Reservoir;

13 fet--Three-Forks-weter-system-improvement;

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14 fdj--Manhatton-wastewater-treatment-system-improvement;

15 fej--Kanhattan-water-system-capital-improvements;

16 <u>ffj(C1</u> Roosevelt County rural water system 17 construction;

18 <u>tgtD1</u> Culbertson water supply and treatment facility 19 construction;

20 thttp://www.secondary.com/dimensionalized and the second se

21 <u>f++(E)</u> South Kremlin-Gildford rural water system
22 construction;

23 titlG1 Huntley project irrigation district
24 rehabilitation;

25 (k)(H) Lower Birch Creek watershed plan;

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HB 885

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{}}--Ennis-sewage-treatment-construction;

- tmf(I1 East Bench gravity flow irrigation project;
- (n)[] Bitterroot irrigation district Three Mile farm

4 irrigation measure:

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z

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(K)__NOXON_BURAL_WATER_SYSTEM_IMPROVEMENT.

6 NEW_SECTION. Section 2. Appropriation and creation of 7 debt for coal severance tax bonds. (1) The legislature, through the enactment of this section by a vote of в three-fourths of the members of each house of the 9 legislature as required by Article IX, section 5, of the 10 11 Montana constitution, pledges, dedicates, and appropriates from the coal severance tax bond subfund all money necessary 12 13 for the payment of principal and interest not otherwise 14 provided for on the state of Montana coal Severance tax bonds authorized by this act to be issued pursuant to Title 15 16 17, chapter 5, part 7, and pursuant to the further 17 provisions of [this act].

(2) The legislature, through the enactment of this 18 section. in accordance with Article VIII, section 8, of the 19 20 Montana constitution authorizes the creation of a state debt 21 in an amount not to exceed \$45.35 million for the 22 development of the state hydroelectric projects approved in 23 [section 3], in an amount not to exceed \$551,900 for the 24 rehabilitation of state water projects approved in [section 25 4], and in an amount not to exceed \$12,982,281 for loans to

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HB 0885703

local government entities for water development projects 1 approved in [section 5], all for the issuance of state of z Montana coal severance tax bonds authorized by [this act]. 3 NEW_SECTION: Section 3. Approval of coal severance 4 5 tax bonds for state hydroelectric projects -- repayment provisions. (1) The board of examiners may issue state of 6 7 Montana coal severance tax bonds:

(a) to a maximum amount of \$12.9 million for the 8 9 development of the hydropower potential at the department of natural resources and conservation's Painted Rocks Dam under 10 11 the authorization granted by the federal energy regulatory 12 commission for project number 4657;

(b) to a maximum amount of \$28.6 million for the 13 14 development of the hydropower potential at the department of natural resources and conservation's Broadwater Dam under 15 authorization pending before the federal energy regulatory 16 17 commission for project number 2035 2853; and

(c) to a maximum amount of \$3.85 million for the 18 development of the hydropower potential at the department of 19 natural resources and conservation's Cooney Dam under an 20 authorization from the federal energy regulatory commission 21 22 to be applied for pursuant to the preliminary permit issued Z3 for project number 4700.

(2) Bonds approved in this section may not be issued 24 by the board of examiners until the board of natural 25

1 resources and conservation has determined that a project is 2 feasible and has otherwise complied with the requirements of 3 Title 85, chapter 1, part 5, for the development of 4 hydropower at water projects under the control of the 5 department.

6 (3) The hydropower revenues from each project are 7 pledged, dedicated, and appropriated to a special bond 8 account created for that specific project in the sinking 9 fund of the state treasury for the benefit of the bonds 10 approved for that specific project. The board of examiners 11 may allocate a portion of the bond proceeds for a specific 12 project from the bond proceeds and insurance clearance fund 13 account to the special sinking account for that specific 14 project for the payment of interest on the bonds during 15 construction, for the establishment of necessary reserves, 16 and for the operation and maintenance of the hydropower 17 facilities.

(4) In connection with the issuance of bonds, the 18 board of examiners may provide for the operation and 19 maintenance of the hydropower facilities, pay the principal 20 21 and interest on the bonds when due from each special bond account, create and maintain necessary reserves within each 22 23 special bond account, and in all other respects manage and use the funds within each special bond account for the 24 25 benefit of the bonds for the particular hydropower project.

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1 (5) The board of examiners shall exercise its 2 discretion to enhance the marketability of the bonds, to 3 secure the most advantageous financial arrangements for the 4 state, and to provide to the extent possible that all costs, 5 including operation and maintenance and debt service, are 6 paid out of project revenues and bond proceeds.

7 (6) Excess funds in any special sinking account as
8 determined by the board of examiners must be allocated to
9 the water development earmarked account to be used for the
10 purposes set forth in 85-1-604(3)(b).

11 <u>NEW_SECTION</u> Section 4. Approval of coal severance 12 tax bonds for rehabilitation and repair of state water 13 projects -- repayment provisions. (1) The board of examiners 14 may issue state of Montana coal severance tax bonds:

(a) to a maximum amount of \$92,000 for repair and
rehabilitation of the department of natural resources and
conservation's Yellow Water Dam in Petroleum County;

18 (b) a maximum amount of \$201,000 for the repair of the 19 department of natural resources and conservation's 20 Cottonwood Dam in Park County; and

(c) to a maximum amount of \$257,000 for the repair and
 rehabilitation of the department of natural resources and
 conservation's Martinsdale Dam and Reservoir in Meagher and
 Wheatland Counties.

25

(2) Bonds may be issued by the board of examiners

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1 after the water users for each project have entered into 2 contractual agreements providing for the repayment of the 3 cost of repair and rehabilitation at a 2%-interest-rate RAIE OF INTEREST EQUAL TO THAT WHICH MUST BE PAID ON BONDS ISSUED 4 PURSUANT 10 [IHIS_SECTION]. The repayment money from each 5 project is pledged, dedicated, and appropriated to a special 6 7 bond account in the sinking fund of the state treasury for 8 the benefit of the bonds approved for such project.

(3) In connection with the issuance of bonds, the 9 board of examiners may pay the principal and interest on the 10 11 bonds when due from the special bond account and in all 12 other respects manage and use the funds within each special 13 bond account for the benefit of the bonds. The board of examiners shall exercise its discretion to enhance the 14 15 marketability of the bonds and to secure the most advantageous financial arrangements for the state. 16

17 (4) Earnings on bond proceeds prior to the completion 18 of any loan shall be allocated to the special bond account 19 to pay interest on the bonds during this period. Earnings 20 in excess of bond interest, if any, shall be allocated to 21 the water development earmarked account and may be used for Z 2 the purposes allowed under 85-1-604(3)(b). 23 <u>NEW_SECIION</u>. Section 5. Authorization coal of

24 severance tax bond loans to government entities. The board 25 of examiners may issue state of Montana coal severance tax

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1	bonds in an amount not to exceed \$12+982+261 <u>\$11+524+281</u> or
2	the-total-cost-of-the-projects-described-in-[section-6] for
3	the purpose of making the loans set forth in [section 6]
4	from the bond proceeds to political subdivisions and local
5	government entities and for the purpose of paying the cost
6	of issuance of the bonds.
7	<u>NEW_SECIION.</u> Section 6. Political subdivision
8	projects. (1) The bonds authorized under [section 5] may be
9	issued as follows:
10	tajtij-Uonda-to-a-maximum-amaunt-of-51;180;888-may-be
11	issued-for-a-toan-to-the-city-of-Three-Forks-for-the-purpose
12	of-financing-improvements-in-the-city*s-water-systemw
13	til]-Theprojectwwhichwillrehobilitateexisting
14	components-of-the-city-water-system-and-change-the-source-of
15	thewatersupplyfromtheMadison-River-drainage-to-the
16	defferson-Aiver-drainagev-is-needed-toresolvethehealth
17	hazardinthecity*sexistingwatersupplycausedby
18	excessive-tevets-of-drsenic#
19	tiift-The-loan-must-be-repaid-at-a-2%-interest-rate≠
20	tb}tbhBBqgBqBft-to-schoomb-mumikam-a-os-schoo∃-titd}
21	issuedfora-loan-to-the-city-of-Manhattan-for-the-purpose
22	of-financing-improvements-in-the-city*s-wastewater-treatment
23	379tem#
24	f ilj-The-project-is-need ed-becausethe-+existingcity
25	wastewaterstabilization-ponds-provide-inadequate-treatment

I	to-meet-future-effluent-limitations.
2	{++++
3	fcjtij-Bonds-to-a-maximum-amount-of-4278y000waybe
4	usedfor-a-loan-to-the-city-of-Honhatton-for-the-purpose-of
5	financing-capital-improvementa-in-the-city*awaterayatemw
6	{++}-Theprojectisneededforpromotionof
7	conservation-of-water-by-encouraging-city-water-customers-to
8	ase-tess-water-and-for-rehabilitation-of-thewatersystemw
9	f iiij-The-Toan-must-be-repaid-at-a-2%-interest-rate *
10	fdf[A] (i) Bonds to a maximum amount of \$1,790,000 may
11	be issued for a loan to the Roosevelt County rural water
12	district for the purpose of financing construction of a
13	proposed water distribution system for domestic and stock
14	use for eastern Roosevelt County.
- 15	(ii) The project is needed to supply water to those
15	residents of the county who must haul water because of poor
17	quality ground water and to prevent health problems caused
18	by consumption of poor quality water.
19	(iii) The loan must be repaid at a 2% <u>6</u>_1/2% interest
20	rate.
21	fe <u>f(81</u> (i) Bonds to a maximum amount of \$704,000 may
22	be issued for a loan to the town of Culbertson for the
23	purpose of financing the construction of a water supply and
24	treatment facility for the town.

25 (ii) The project is needed to prevent health problems

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assoclated with poor water quality through the use of more
 sophisticated water treatment methods and to increase the
 town's capacity to service present and future users with
 safe, potable water.

(ili) The loan must be repaid at a 2% 5% interest rate.
(ili) The loan must be repaid at a 2% 5% interest rate.
(if) Bonds to a maximum amount of \$1,733,200 way
be issued for a loan to the Geraldine rural county water
district for the purpose of the development of a rural water
system in the Geraldine area.

10 (ii) The project is needed to alleviate the situation 11 caused by poor quality ground water in the area. The 12 majority of the area's residents must haul both domestic and 13 stock water.

14 (iii) The loan must be repaid at a 2% <u>6_1/2%</u> interest 15 rate.

16 (a) 10 (b) Bonds to a maximum amount of \$336,035 may 17 be issued for a loan to the South Kremlin-Gildford water 18 district for the purpose of the development of a rural water 19 system in an area where ground water is of insufficient 20 quantity and quality.

(ii) The project is needed to alleviate the health and
economic problems caused by the lack of potable ground
water. At present most residents must haul both domestic
and stock water.

25 (iii) The loan must be repaid at a 2% 6_1/2% interest

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1 rate.

2 (ht<u>f</u>) (i) Bonds to a maximum amount of \$162,000 may 3 be issued for a loan to the Huntley project irrigation 4 district for the purpose of rehabilitation of the project. 5 (ii) The project is needed to improve the performance 6 of the water supply system and to ensure the availability of 7 sufficient water for irrigation.

8 (iii) The loan must be repaid at a 2% 6% interest rate.
9 (i) Fonds to a maximum amount of \$555,000 may
10 be issued for a loan to the Pondera soil conservation
11 district for the purpose of partial financing of the Lower
12 Birch Creek watershed plan.

(ii) The watershed plan is needed to solve the area's irrigation water shortage problem by stabilizing and improving the major supply features of the system and to ensure an adequate water supply to the nearby city of Conrad.

18 (iii) The loan must be repaid at a 2% §% interest rate.
19 fjt--(it-Bonds--to--a-maximum-omount-of-\$100+000-may-be
20 issued-for-a-toan-to-the-eity-of-Ennis-for--the--purpose--of
21 financingy-in-party-sewage-treatment-constructions
22 (iii)-The--project--is--needed--to--build--an-additional
23 sewage-settling-cell--in--the--city-of--Ennis--because--the
24 present--sewage--treatment--system-is-inadeguate-ta-meet-the

25 demands-of-the--city*s--rising--population--and--is--not--in

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compliance-with-federal-standards, 1 fifit-The-Toan-must-be-repaid-at-a-2%-interest-fater 2 tkilG1 (i) Bonds may be issued for the purpose of a 3 loan to the East Bench gravity flow project to provide 4 financing to the project in accordance with subsection (ii) 5 or (iii) of this subsection the (G). 6 (ii) If the application for federal aid for the East 7 Bench gravity flow project is not approved by August 1. R 1983, bonds may be issued in an amount not to exceed 9 \$3,231,000 to finance a loan to the East Bench gravity 10 company. This loan must be repaid at a 2% 3% interest rate. 11 (ili) If the application for federal aid for the East 12 Bench gravity flow project is approved by August 1, 1983, 13 bonds may be issued for the difference between a total 14 project cost of \$4,383,000 and the total amount of federal 15 aid received by the project to finance a loan to the East 16 Sench gravity company. This loan must be repaid at a 2% 3% 17 18 interest rate.

(iv) This project is needed to alleviate low pressure
 problems at the lower end of the project and to eliminate
 pumping costs.

t+till (i) Bonds to a maximum amount of \$1,180,000 may
be issued for a loan to the Bitterroot irrigation district
for the purpose of financing, in part, the Three Mile farm
irrigation measure, involving conversion of the irrigation

I system serving the area from pumped to gravity sprinkler irrigation.

3 (ii) This project is needed to alleviate present water
4 shortages to reduce the cost of irrigation and to conserve
5 water.

6 (iii) The loan must be repaid at a 2N <u>3X</u> interest rate. 7 <u>(i)__(i) & ONOS_IO_A_MAXIMUM_OF_\$122+000_MAY__BE__ISSUED</u> 8 <u>EQR_A__LOAN_IO_IHE_NOXON_BUBAL_IMPROVEMENT_DISTRICT_FOR_THE</u> 9 <u>PURPOSE_OE_EINANCING_REHABILITATION_OE_THE_COMMUNITY'S_WATER</u> 10 <u>SYSIEM+</u>

11 (11) THE PROJECT IS NEEDED BECAUSE THE PRESENT WOODEN 12 LINES HAVE LEAKAGE PROBLEMS AND CONTAMINATION IS BEING DRAWN 13 INTO_THE_DISTRIBUTION_SYSTEM_CAUSING_A_HEALTH_HAZARD. 14 (IIII_THE LDAN MUST BE REPAID AT A 5% INTEREST RATE. 15 (2) Loan repayments, both principal and interest, are pledged, dedicated, and appropriated to a special bond 16 account in the sinking fund of the state treasury for the 17 18 benefit of bonds approved for loans under this section. IHE 19 INTEREST__BATES__APPLICABLE_TO_ANY_OE_THE_PROJECTS_LISTED_IN 20 [IHIS_SECTION]_SHALL_BE_IHE_LOHER_OE_IHE_SPECIFIED_RATE

21 CITED_EOR_EACH_PROJECT_OR_THE_BATE_THAT_BUST_BE_PAID_ON

22 BONDS_ISSUED_PURSUANI_ID_ESECTION_5]+

(3) In connection with the issuance of bonds, the
board of examiners may pay the principal and interest on the
bonds when due from the special bond account and in all

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other respects manage and use the funds within the special
 bond account for the benefit of the bonds. The board of
 examiners shall exercise its discretion to enhance the
 marketability of the bonds and to secure the most
 advantageous financial arrangements for the state.

6 (4) Earnings on bond proceeds prior to the completion 7 of any loan must be allocated to the special bond account to 8 pay interest on the bonds during this period. Earnings in 9 excess of bond interest, if any, must be allocated to the 10 water development earmarked account and may be used for the 11 purposes allowed under 85-1-604(3)(c).

12 (5) (a) The legislature's approval of loans for 13 projects listed in this section is subject to the recipient's provision to the board of examiners of 14 15 information and material necessary for the purposes of completion of contractual agreements and for bond sale 16 purposes. This information and material must be provided on 17 18 a schedule that will allow bond sale schedules to be met. The loans are conditioned upon compliance with the 19 requirements of this subsection (5) meeting the approval of 20 21 the board of examiners and upon such other conditions the board of examiners may impose that are necessary for the 22 23 completion of contractual agreements and for bond sale 24 purposes.

25 (b) Loans for projects listed in this section are

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subject to the approval of the governing body of the
 political subdivision.

3 Section 7. Section 7-7-4433, MCA, is amended to read?
4 #7-7-4433. Sale of bonds. (1) Bonds authorized to be
5 issued under this part shall be sold at not less than par.
6 (2) (a) Said bonds may be sold at private sale to the
7 United States or the state of Bontana or any agency;
8 instrumentality; or corporation thereof.

9 (b) Unless sold to the United States or the state of
10 Montana or an agency, instrumentality, or corporation
11 thereof, said bonds shall be sold at public sale after
12 notice of such sale."

13 <u>NEW_SECTIONs</u> Section 8. Severability. If a part of 14 this act is invalid, all valid parts that are severable from 15 the invalid part remain in effect. If a part of this act is 16 invalid in one or more of its applications, the part remains 17 in effect in all valid applications that are severable from 18 the invalid applications.

19NEW_SECIION.Section 9. Effective date. This act is20effective on passage and approval.

-End-

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HB 0885/04

HOUSE BILL NO. 885
 INTRODUCED BY JACOBSEN, THOFT, BENGTSON, UNDERDAL,
 SHAW, KOLSTAD, SPAETH, BACHINI, AKLESTAD, KEYSER, DEVLIN,
 LANE, E. SMITH, LEE, TYEIT, HAGER, STEPHENS, DOVER,
 OCHSNER, STIMATZ, ABRAMS, HARP, C. SMITH, KOEHNKE,
 PECK, PISTORIA, O'CONNELL, BLISS, MUELLER, SALES,
 SWIFT, MANUEL, SAUNDERS, SCHYE, J. HAMMOND

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROVE THE ISSUANCE 9 OF STATE OF MONTANA COAL SEVERANCE TAX BONDS TO FINANCE THE 10 DEVELOPMENT OF CERTAIN STATE HYDROFLECTRIC PROJECTS. THE 11 12 REHABILITATION AND REPAIR OF CERTAIN STATE PROJECTS, AND 13 LOANS TO PULITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO APPROPRIATE 14 15 COAL SEVERANCE TAX TRUST PROCEEDS FOR DEBT SERVICES TO 16 AUTHORIZE THE CREATION OF A STATE DEBT; TO ALLOW THE PRIVATE 17 SALE OF MUNICIPAL REVENUE BONDS TO THE STATE OF MONTANA; 18 AMENDING SECTION 7-7-4433, MCA; AND PROVIDING AN IMMEDIATE 19 EFFECTIVE DATE.*

20

21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 22 <u>NEW_SECIIONa</u> Section 1. Purpose and policy. (1) The 23 legislature recognizes that it is the policy of the state of 24 Montana to promote the conservation, development, and 25 beneficial use of the state's water resources to secure 1 maximum economic and social prosperity for its citizens.

2 (2) The legislature recognizes that the development
3 and use of water resources and the efficient, economic
4 distribution thereof are vital to protect existing uses and
5 to assure adequate future supplies for domestic, industrial,
6 agricultural, and other beneficial uses.

7 (3) The legislature reaffirms its previous declaration 8 that the public interest requires the construction, 9 operation, and maintenance of a system of works for the 10 conservation, development, storage, distribution, and use of 11 water, which construction, operation, and maintenance is a 12 single objective which is in all respects for the welfare 13 and benefit of the people of this state.

14 (4) The legislature finds that the 1981 legislature. 15 in Chapter 505, Laws of 1981, established a state water 16 development program to provide financial and administrative 17 assistance to private, local, and state entities for water 18 resources development projects and activities.

19 (5) The legislature finds that 85-1-601 declares that 20 the water development program is an integral part of the 21 implementation and development of the comprehensive, 22 coordinated, multiple-use water resources plan known as the 23 state water plan and that Title 17, chapter 5, part 7, 24 provides for the issuance of coal severance tax bonds for 25 financing specific approved water resource development

> -2- SECOND PRINTING HB 885 THIRD RFADING

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1 projects and activities as part of the state water 2 development program.

3 (6) The legislature finds that the following water
4 development projects approved in [sections 3, 4, and 5] will
5 implement the state's policy of full use; conservation, and
6 protection of its water resources:

7 (a) Department of natural resources and conservation
8 hydroelectric development at Painted Rocks Dam, Broadwater
9 Dam, and Cooney Dam;

(b) Department of natural resources and conservation
 repair and rehabilitation at Yellow Water Dam, Cottonwood
 Dam, and Martinsdale Dam, and Reservoir;

13 tc)--Three-Porks-weter-system-improvement;

14 td1--Hanhattan-wastewater-treatment-system-improvements

15 tel--Manhattan-water-system-capital-improvements;

18 <u>+g+101</u> Culbertson water supply and treatment facility 19 construction;

20 tht[E] Geraldine rural water system construction;

21 (+)(E) South Kremlin-Gildford rural water system
22 construction;

23 tjt(G) Huntley project irrigation district
24 rehabilitation;

25 tkf(H) Lower Birch Creek watershed plan;

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from the coal severance tax bond subfund all money necessary

for the payment of principal and interest not otherwise

provided for on the state of Montana coal severance tax

bonds authorized by this act to be issued pursuant to Title

17, chapter 5, part 7, and pursuant to the further 16 17 provisions of [this act]. 18 (2) The legislature, through the enactment of this 19 section. in accordance with Article VIII, section 5, of the 20 Montana constitution authorizes the creation of a state debt 21 in an amount not to exceed \$45.35 million for the 22 development of the state hydroelectric projects approved in 23 [section 3], in an amount not to exceed \$551,900 for the 24 rehabilitation of state water projects approved in [section

25 4], and in an amount not to exceed \$12,982,281 for loans to

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local government entities for water development projects
 approved in [section 5], all for the issuance of state of
 Montana coal severance tax bonds authorized by [this act].
 <u>VEW_SECTION</u> Section 3. Approval of coal severance
 tax bonds for state hydroelectric projects -- repayment
 provisions. (1) The board of examiners may issue state of
 Montana coal severance tax bonds:

8 (a) to a maximum amount of \$12.9 million for the
9 development of the hydropower potential at the department of
10 natural resources and conservation's Painted Rocks Dam under
11 the authorization granted by the federal energy regulatory
12 commission for project number 4657;

(b) to a maximum amount of \$28.6 million for the development of the hydropower potential at the department of natural resources and conservation's Broadwater Dam under authorization pending before the federal energy regulatory commission for project number 2035 2853; and

18 (c) to a maximum amount of \$3.85 million for the development of the hydropower potential at the department of natural resources and conservation's Cooney Dam under an authorization from the federal energy regulatory commission to be applied for pursuant to the preliminary permit issued for project number 4700.

24 (2) Bonds approved in this section may not be issued25 by the board of examiners until the board of natural

resources and conservation has determined that a project is feasible and has otherwise complied with the requirements of Title 85, chapter 1, part 5, for the development of hydropower at water projects under the control of the department.

(3) The hydropower revenues from each project are 6 7 pledged, dedicated, and appropriated to a special bond 8 account created for that specific project in the sinking 9 fund of the state treasury for the benefit of the bonds 10 approved for that specific project. The board of examiners may allocate a portion of the bond proceeds for a specific 11 project from the bond proceeds and insurance clearance fund 12 13 account to the special sinking account for that specific 14 project for the payment of interest on the bonds during 15 construction, for the establishment of necessary reserves, 16 and for the operation and maintenance of the hydropower 17 facilities.

18 (4) In connection with the issuance of bonds, the 19 board of examiners may provide for the operation and 20 maintenance of the hydropower facilities, pay the principal 21 and interest on the bonds when due from each special bond 22 account, create and maintain necessary reserves within each 23 special bond account, and in all other respects manage and 24 use the funds within each special bond account for the 25 benefit of the bonds for the particular hydropower project.

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1 (5) The board of examiners shall exercise its 2 discretion to enhance the marketability of the bonds, to 3 secure the most advantageous financial arrangements for the 4 state, and to provide to the extent possible that all costs, 5 including operation and maintenance and debt service, are 6 paid out of project revenues and bond proceeds.

7 (6) Excess funds in any special sinking account as 8 determined by the board of examiners must be allocated to 9 the water development earmarked account to be used for the 10 purposes set forth in 65-1-604(3)(b).

11 <u>NEW SECTION.</u> Section 4. Approval of coal severance 12 tax bonds for rehabilitation and repair of state water 13 projects -- repayment provisions. (1) The board of examiners 14 may issue state of Mentana coal severance tax bonds:

15 (a) to a maximum amount of \$92,000 for repair and 16 rehabilitation of the department of natural remources and 17 conservation's Yellow Water Dam in Petroleum County;

(b) a maximum amount of \$201+000 for the repair of the
 department of natural resources and conservation's
 Cottonwood Dam in Park County: and

(c) to a maximum amount of \$257+000 for the repair and
 rehabilitation of the department of natural resources and
 conservation's Nartinsdale Odm and Reservoir in Neegher and
 Wheatland Counties.

25 (2) Bonds way be issued by the board of examiners

after the water users for each project have entered into 1 contractual agreements providing for the repayment of the 2 cost of repair and rehabilitation at a 24-interest-rate RAIE н. OF INTEREST EQUAL TO THAT WHICH MUST BE RAID ON BONDS ISSUED 4 PURSUANT TO [THIS SECTION]. The repayment money from each 5 project is pleaged, dedicated, and appropriated to a special 6 bond account in the sinking fund of the state treasury for T the benefit of the bonds approved for such project. 8

Q. (3) In connection with the issuance of bonds, the board of examiners may pay the principal and interest on the 10 bonds when due from the special bond account and in all 11 other respects manage and use the funds within each special 12 13 bond account for the benefit of the honds. The board of 14 examiners shall exercise its discretion to enhance the 15 marketability of the bonds and to secure the most 16 advantageous financial arrangements for the state.

17 (4) Earnings on bond proceeds prior to the completion 18 of any loan shall be allocated to the special bond account 19 to pay interest on the bonds during this period. Earnings 20 in excess of bond interest, if any, shall be allocated to 21 the water development earmarked account and may be used for 22 the purposes allowed under 85-1-604(3)(b).

23 <u>YEW_SECTIONs</u> Section 5. Authorization of coal 24 severance tax bend looms to government entities. The board 25 of examiners may issue state of Montana coal severance tax

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1 bonds in an amount not to exceed \$229829282 \$11x524x281 or 2 the-total-cost-of-the-projects-described-in-[section-6] for 3 the purpose of making the loans set forth in [section 6] 4 from the bond proceeds to political subdivisions and local 5 government entitles and for the purpose of paying the cost 6 of issuance of the bonds.

7 <u>YEW_SECTION</u> Section 6. Political subdivision 8 projects. (1) The bonds authorized under [section 5] may be 9 issued as follows:

10 tat--tit-Bands-to-a-maximum-amount-of-fitt29887888-may-bt 11 +ssued-for-a-toan-to-the-city-of-Three-forks-for-the-purpose 12 of-financing-taprovements-in-the-city-s-water-systems ++++-The--projecty--which--will-rehobilitate--existing 13 components-of-the-tity-water-system-and-change-the-source-of 14 the--water--supply--from--the--Hadison-River-drainage-to-the 15 jefferson-River-drainagev-is-needed-to--resolve--the--health 16 17 hezard--in--the--cityis--existing--water--suppiy--ceused--by

18 excessive-tevels-of-arsenter

 19
 (iii)-The-Toon-must-be-repaid-at-a-24-interest-rates

 20
 (b)--(i)-Bonds-to-a-moximum-amount-of-fi39+888-may-be

 21
 issued--for-a-Toon-to-the-eity-of-Monhattan-for-tha-purpose

 22
 of-financing-improvements-in-the-city*s-wostewater-treatment

 23
 system

 24
 (+++)-The-project++s-needed-bacause--the--existing--city

 25
 westexater--stabilization-ponds-provide-inadequate-treatment

to-meet-future-offluent-limitations. 1 2 fiłij=The-loon-wust-be-repsid-at-a-2%-interest-rater 3 tc}~~ti}-Bonda-to-a-maximum-amount-of-\$270+000--may--be used--for-a-tosn-to-the-city-of-Hanhatton-for-the-purpose-of 4 financing-capital-improvements-in-the-city-s--water--systems 5 6 tiij-Tha---project---is---nesded---for---promotion---of conservation-of-water-by-encouraging-city-water-customers-to 7 use-less-water-and-for-rehabilitation-of-the--water--systems 8 9 t++++ td)(A) (i) Bonds to a maximum amount of \$1,790,000 may 10 11 be issued for a loan to the Roosevelt County rural water district for the purpose of financing construction of a 12 proposed water distribution system for domestic and stock 13 use for eastern Roosevelt County. 14 15 (ii) The project is needed to supply water to those residents of the county who must haul water because of poor 16 17 quality ground water and to prevent health problems caused 18 by consumption of poor quality water. (iii) The loan must be repaid at a 2% 6_1/2% interest 19 20 rate. 21 tel(B) (i) Bonds to a maximum amount of \$704,000 may 22 be issued for a loan to the town of Culbertson for the purpose of financing the construction of a water supply and 23 treatment facility for the town. 24

25 (ii) The project is needed to prevent health problems

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associated with poor water quality through the use of more
 sophisticated water treatment methods and to increase the
 town's capacity to service present and future users with
 safe, potable water.

6 (111) The loan must be repaid at a 2% SE interest rate.
6 (111) The loan must be repaid at a 2% SE interest rate.
6 (111) The loan must be repaid at a 2% SE interest rate.
7 be issued for a loan to the Geraldine rural county water
8 district for the purpose of the development of a rural water
9 system in the Geraldine area.

10 (ii) The project is needed to alleviate the situation
11 caused by poor quality ground water in the area. The
12 majority of the area's residents must have both domestic and
13 stock water.

14 (iii) The Toan must be repaid at a 24 <u>6.1/28</u> interest 15 rate.

16 <u>tgj(D)</u> (i) Bonds to a maximum amount of \$336;035 may 17 be issued for a loan to the South Kremlin-Gildford water 18 district for the purpose of the development of a rural water 19 system in an area where ground water is of insufficient 20 quantity and quality.

(ii) The project is needed to alleviate the health and
economic problems caused by the lack of potable ground
water. At present most residents must haul both domestic
and stock water.

25 (ifi) The loan must be repaid at a 2% 5.1/2% interest

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1 rate.

2 the steel (i) Bonds to a maximum amount of \$162,000 may
3 be issued for a loan to the Huntley project irrigation
4 district for the purpose of rehabilitation of the project.
5 (ii) The project is needed to improve the performance
6 of the water supply system and to ensure the availability of
7 sufficient water for irrigation.

8 (iii) The loan must be repaid at a 2% 62 interest rate.
9 (iii) Bonds to a maximum amount of \$555,000 may
10 be issued for a loan to the Pondera soil conservation
11 district for the purpose of partial financing of the Lower
12 Birch Creek watershed plan.

13 (ii) The watershed plan is needed to solve the area's 14 irrigation water shortage problem by stabilizing and 15 improving the major supply features of the system and to 16 ensure an adequate water supply to the nearby city of 17 Conred.

18 (11i) The loan must be repaid at a 2% 6% interest rate.
19 tij--(t)-Bands--to--e-maximum-ombunt-of-\$280y000-may-be
20 issued-for-a-laan-to-the-city-of-Ennis-for--the--purpose-of
21 financingy-th-party-sewage-treatment-constructiony
22 titl-The-project--is--needed--ta--build--an-additional
23 sewage-settling-cell--in--the--city--of--Ennis--because--the
24 present--sewage-*treatment-raystem-is-ingdeauste-ta-mathematical

25 demonds-of-the-retty-s--resing--pool-ation--and--ts--not--ta

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HB 0885/04

compliance-with-federal-standards.

1

2 (iii)-The-loan-must-be-repaid-at-a-2%-interest-ratev
3 (k)(G) (i) Bonds may be issued for the purpose of a
4 loan to the East Bench gravity flow project to provide
5 financing to the project in accordance with subsection (ii)
6 or (iii) of this subsection (k) (G).

(ii) If the application for federal aid for the East 7 Bench gravity flow project is not approved by August 1. 8 1983, bonds may be issued in an amount not to exceed 9 \$3,230,000 to finance a loan to the East Bench gravity 10 company. This loan must be repaid at a 24 3% interest rate. 11 12 (iii) If the application for federal aid for the East Bench gravity flow project is approved by August 1, 1983, 13 bonds may be issued for the difference between a total 14 project cost of \$4,383,000 and the total amount of federal 15 aid received by the project to finance a loan to the East 16 Bench oravity company. This loan must be repaid at a 24 33 17 18 interest rate.

19 (iv) This project is needed to alleviate low pressure
20 problems at the lower end of the project and to eliminate
21 pumping costs.

 22
 [Y]__REMAINING_EUNDS_ERON_THE__APPROPRIATION__IN__HOUSE

 23
 BILL__709__0E__THE__47IH__LEGISLATURE_EOR__THE__EASI__BENCH

 24
 IRRIGATION_PROJECT_ARE_BEAPPROPRIATED_EDR__THE__PROJECT_EOR

 25
 IHE_BIENNIUM_ENDING_JUNE_30s_1985s

1 (1) Bonds to a maximum amount of \$1,180,000 may 2 be issued for a loan to the Bitterroot irrigation district 3 for the purpose of financing, in part, the Three Hile farm 4 irrigation measure, involving conversion of the irrigation 5 system serving the area from pumped to gravity sprinkler 6 irrigation.

7 (ii) This project is needed to alleviate present water
 8 shortages to reduce the cost of irrigation and to conserve
 9 water.

 10
 (III) The loan must be repaid at a 2% 3% interest rate.

 11
 (II.__(I]_BONDS__TO__A_HAXIMM OF \$122.000 MAY_BE_ISSUED

 12
 EOB_A_LOAN_TO_THE_NOXON_RURAL_IMPROVEMENT_DISTRICT_FOR_THE

 13
 RURROSE_DE_FINANCING_REHABILITATION_OF_THE_COMMUNITY'S_WATER

 14
 SYSIEM.

15 <u>LILL THE PROJECT IS NEEDED BECAUSE THE PRESENT WOODEN</u> LINES HAVE LEAKAGE PROBLEMS AND CONTABINATION IS BEING DRAWN INTO THE DISTRIBUTION SYSTEM CAUSING A HEALTH HAZARDA (III) THE LOAN MUST BE REPAID AT A 3% INTEREST RATEA (2) Loan repayments, both principal and interest, are pledged, dedicated, and appropriated to a special bond account in the sinking fund of the state treasury for the

22 benefit of bonds approved for loans under this section. IHE

23 INTEREST RATES APPLICABLE TO ANY OF THE PROJECTS LISTED IN 24 LIHIS SECTION SHALL BE THE LOWER DE THE SPECIFIED RATE

25 CITED FOR EACH PROJECT OR THE RATE THAT MUST BE PAID ON

~13-

HB 885

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2 (3) In connection with the issuance of bonds, the 3 board of examiners may pay the principal and interest on the bonds when due from the special bond account and in all .5 other respects memory and use the funds within the special 6 bond account for the benefit of the bonds. The board of 7 examiners shall exercise its discretion to enhance the 18 marketability of the bonds and to secure the most 9 advantageous financial arrangements for the state.

10 (4) Earnings on bond proceeds prior to the completion 11 of any lean-must be allocated to the special bond account to 12 pay interest on the bonds during this period. Earnings in 13 excess of bond interest, if any, must be allocated to the 14 water development carmethed account and may be used for the 15 purposes allowed under 65+1=604(3)(c).

16 (5) (a) The legislaturets approval of loans for 17 projects listed in this section is subject to the recipient's provision to the board of exertners of 18 information and material necessary for the purposes of 19 20 completion of contractual agreements and for bond sale purposes. This information and material must be provided on **Z**1 22 a schedule that will allow bond sale schedules to be met. The loans are conditioned upon compliance with the 23 requirements of this subsection (3) meeting the approval of 24 25 the board of examiners and upon such other conditions the

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board of examiners may impose that are necessary for the completion of contractual agreements and for bond sale purposes.

4 (b) Loans for projects listed in this section are 5 subject to the approval of the governing body of the 6 political subdivision.

7 Section 7. Section 7-7-4433. MEA, is amended to read: 8 "7-7-4433. Sale of bonds. (1) Bonds authorized to be 9 issued under this part shall be sold at not less than par. 10 (2) (a) Said bonds may be sold at private sale to the 11 United States <u>dr. the state of Bontana</u> or any agency. 12 instrumentality, or corporation thereof.

13 (b) UNTERS sold to the United States or the state of 14 <u>Hootona</u> or an agency, instrumentality, or corporation 15 thereof, said bonds shall be sold at public sale after 16 notice of such sale."

IT <u>SETIMA</u> Section 8. Severability. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

23 <u>MEM_SECTION</u> Section 9. Effective date. This att is 24 effective on passage and approval.

-End-

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NB 885

April 14, 1983

SENATE STANDING COMMITTEE REPORT (Finance & Claims)

That House Bill No. 885 be amended as follows:

1. Page 3, line 16. Following: line 15. Insert: "(c) Three Forks water system improvement; (d) Manhattan waste water treatment system improvement; (e) Manhattan water system capital improvements; " Renumber: subsequent subsections. 2. Page 4, line 2. Following: line 1. Insert: "(1) Ennis sewage treatment construction:" Renumber: subsequest subsections. 3. Page 4, line 6. Following: line 5 Insert: "(p) Belgrade water system improvements; (q) Whitefish sewer system improvements: (r) Columbia Falls water and sewer system improvements: (s) Conrad water system improvements: (t) Sage Creek water district; (u) Shelby sewer system improvements; (v) Hot Springs sewer system improvements; (w) Power-Teton County sewer system improvements; (x) Libby sewer system improvements; (Y) Bigfork sewer system improvements; 4. Page 9, line 1. Strike: "\$11,524,281" Insert: "\$18,981,781" 5. Page 10, line 10. Following: line 9. Insert: "(a) (i) Bonds to a maximum amount of \$1,100,000 may be issued for a loan to the city of Three Forks for the purpose of financing improvements in the city's water system. (ii) The project, which will rehabilitate existing components of the city water system and change the source of the water supply from the Madison River drainage to the Jefferson River drainage, is needed to resolve the health hazard in the city's existing water supply caused by excessive levels of arsenic. (iii) The loan must be repaid at a 6% interest rate. (b) (i) Bonds to a maximum amount of \$130,000 may be issued for a loan to the city of Manhattan for the purpose of financing improvements in the city's wastewater treatment system.

(ii) The project is needed because the existing city wastewater stabilization ponds provide inadequate treatment to meet future effluent limitations.

SENATE STANDING COMMITTEE REPORT Finance & Claims - House Bill No. 885 April 14, 1983 Page 2

(iii) The loan must be repaid at a 6% interest rate.

(c) (i) Bonds to a maximum amount of \$170,000 may be used for a loan to the city of Manhattan for the purpose of financing capital improvements in the city's water system.

(ii) The project is needed for promotion of conservation of water by encouraging city water customers to use less water and for rehabilitation of the water system.

(iii) The loan must be repaid at a 6% interest rate." Renumber: subsequent subsections.

6. Page 13, 1ine 3.

Following: line 2.

Insert: "(j) (i) Bonds to a maximum amount of \$180,000 may be issued for a loan to the city of Ennis for the purpose of financing, in part, sewage treatment construction.

(ii) The project is needed to build an additional sewage settling cell in the city of Ennis because the present sewage treatment system is inadequate to meet the demands of the city's rising population and is not in compliance with federal standards.

(iii) The loan must be repqid at a 6% interest rate." Renumber: subsequent subsections.

7. Page 14, line 19. Following: line 18. Insert: "(n) (i) Bonds to a maximum amount of 1,235,000 may be issued for a loan to the city of Belgrade for the purpose of financing improvements in the city's water system.

(ii) The project, which will rehabilitate existing components of the city water system, construct an additional well to supply the water system, and install residence meters, is needed to meet the demands of the city's growing population and to conserve the available water for future use.

(iii) The loan must be repaid at a 6% interest rate.

(c) (i) Bonds to a maximum amount of \$1,500,000 may be issued for a loan to the Whitefish county water and sewer district for the purpose of engineering design and construction of sewage main collectors and interceptors in the Whitefish Basin, the design to follow feasibility studies which are part of a water quality management plan in progress. Design and construction may start by July 1, 1984.

(ii) The loan must be repaid at a 6% interest rate.

(p) (i) Bonds to a maximum amount of \$200,000 may be issued for a loan to the City of Columbia Falls for the purpose of partially financing improvements to city water and sewer lines. SENATE STANDING COMMITTEE REPORT Finance & Claims - House Bill No. 885 April 14, 1983 Page 3

(ii) The project is needed to replace existing water and sewer lines with new larger lines and because of the reconstruction of high-way 2 in the area where the lines are located.

(iii) The loan must be repaid at a 6% interest rate.

(q) (i) Bonds to a maximum amount of \$500,000 may be issued for a loan to the city of Conrad for the purpose of financing improvements in the city's water system.

(ii) The project, which will replace a transmission line from the existing treatment plant to the distribution system, is needed because the existing steel pipe transmission has numerous breaks and has deteriorated to the extent that it cannot provide a reliable supply of water to the city.

(iii) The loan must be repaid at a 6% interest rate.

(r) (i) Bonds to a maximum amount of \$750,000 may be issued for a loan to the Sage Creek water district, if that district is formed prior to the sale of bonds pursuant to this (act), for the purpose of financing construction of a rural water supply system for northern Liberty and Hill counties.

(ii) The project is needed because residents of the area now must haul domestic water because of the scarcity and poor quality of ground water, and it is probable that they will have to haul stock water in the future.

(iii) The loan must be repaid at a 6% interest rate.

(s) (i) Bonds to a maximum amount of \$592,000 may be issued for a loan to the city of Shelby for the purpose of partially financing rehabilitation of the city's sever system.

(ii) The project is needed to replace pipes that have deteriorated because of age and that are inadequate in size to serve the population of Shelby.

(iii) The loan must be repaid at a 6% interest rate.

(t) (i) Bonds to a maximum amount of \$182,000 may be issued for a loan to the town of Hot Springs for the purpose of sewer system improvements.

(ii) The loan must be repaid at a 6% interest rate.

(u) (i) Bonds to a maximum amount of \$200,000 may be issued for a loan to the Power-Teton water and sewer district for the purpose of partially financing improvements to the town of Power's sewer system.

SENATE STANDING COMMITTEE REPORT Finance & Claims - House Bill No. 885 April 14, 1983 Page 4

(ii) The project is needed to install a collection and treatment facility to address the present health hazard and pollution problem.

(iii) The loan must be repaid at a 2% interest rate.

(v) (i) Bonds to a maximum amount of \$590,500 may be issued for a loan to the city of Libby for the purpose of partially financing construction of a secondary sewage treatment plant for the city.

(ii) The project is needed because the city's present sewage treatment system is not in compliance with public health standards.

(iii) The loan must be repaid at a 6% interest rate.

(w) (i) Bonds to a maximum amount of \$250,000 may be issued for a loan to the city of Bigfork for the purpose of partially financing rehabilitation of the city's sewage treatment plant.

(ii) The project is needed because the existing treatment plan is inadequate to meet the needs of the city and, as a result, poor quality effluent is being discharged by the system.

(iii) The loan must be repaid at a 6% interest rate."

Page 15, line 23.

Following: "met." on line 22

Insert: "Prior to the issuance of the bonds, the department of natural resources and conservation shall review the projects to determine their technical and financial feasibility and report to the board of examiners."

SENATE COMMITTEE OF THE WHOLE AMENDMENT

That House Bill No. 885 be amended as follows:

1. Page 6. Following: line 5 Insert: "(3) The maximum amount of bond revenue for each project approved in this section shall also include all and any relocation, reconstruction, remuneration or other costs that effect existing irrigation systems, private lands, utility lines, mines, roads, highways and railroads that are subsequently affected by the development of a respective hydroelectric project."

Renumber: subsequent subsections.

1	HOUSE BILL NO. 885
2	INTRODUCED BY JACOBSEN, THOFT, BENGTSON, UNDEROAL,
3	SHAW, KOLSTAD, SPAETH, BACHINI, AKLESTAD, KEYSER, DEVLIN,
4	LANF, E. SMITH, LEE, TVEIT, HAGER, STEPHENS, DOVER,
5	OCHSNER, STIMATZ, ABRAMS, HARP, C. SMITH, KOEHNKE,
6	PECK, PISTORIA, O'CONNELL, BLISS, MUELLER, SALES,
7	SWIFT, MANUEL, SAUNDERS, SCHYE, J. HAMMOND
8	
9	A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROVE THE ISSUANCE
10	OF STATE OF MONTANA COAL SEVERANCE TAX BONDS TO FINANCE. THE
11	DEVELOPMENT OF CERTAIN STATE HYDROELECTRIC PROJECTS. THE
12	REHABILITATION AND REPAIR OF CERTAIN STATE PROJECTS, AND
13	LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR
14	CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO APPROPRIATE
15	COAL SEVERANCE TAX TRUST PROCEEDS FOR DEBT SERVICE; TO
16	AUTHORIZE THE CREATION OF A STATE DEBT; TO ALLOW THE PRIVATE
17	SALE OF MUNICIPAL REVENUE BONDS TO THE STATE OF MONTANA;

18 AMENDING SECTION 7-7-4433, MCA; AND PROVIDING AN IMMEDIATE 19 EFFECTIVE DATE.**

20

21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 22 <u>YEM_SECTION</u> Section 1. Purpose and policy. (1) The 23 legislature recognizes that it is the policy of the state of 24 Montana to promote the conservation, development, and 25 beneficial use of the state's water resources to secure

1 maximum economic and social prosperity for its citizens. 2 (2) The legislature recognizes that the development 3 and use of water resources and the efficient, economic 4 distribution thereof are vital to protect existing uses and 5 to assure adequate future supplies for domestic, industrial, agricultural, and other beneficial uses. 6 7 (3) The legislature reaffirms its previous declaration 8 that the public interest requires the construction, 9 operation, and maintenance of a system of works for the 10 conservation, development, storage, distribution, and use of 11 water, which construction, operation, and maintenance is a 12 single objective which is in all respects for the welfare and benefit of the people of this state. 13 (4) The legislature finds that the 1981 legislature, 14 in Chapter 505, Laws of 1981, established a state water 15 development program to provide financial and administrative 16 17 assistance to private, local, and state entities for water 18 resources development projects and activities. 19 (5) The legislature finds that 85-1-601 declares that 20 the water development program is an integral part of the 21 implementation and development of the comprehensive. coordinated, multiple-use water resources plan known as the 22 state water plan and that Title 17, chapter 5, part 7, 23 provides for the issuance of coal severance tax bonds for 24

25 financing specific approved water resource development

-2-

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2 development projects 2 rehabilitation; 3 (5) The legislature finds that the following water 3 thytelsisi Lower Sirch Creek waterShed plan; 4 development projects approved in [sections 3, 4, and 5] will 4 thittents; 5 lepisent the state's policy of full use, conservation, and 5 [LL	1	projects and activities as part of the state water	1 tjt±6	111 Huntley project irrigation district
4 development projects approved in [sections 3, 4, and 5] will 4 (H)-Ennis seege treatest construction; 5 implement the state's policy of full use, conservation, and 5 (ii) ENNIS SEMAGE IREATMENT CONSTRUCTION; 6 restition of its water resources; 6 restition; 7 7 (a) Department of natural resources and conservation 7 restion, NORCH, ENRIS SEMAGE IREATMENT CONSTRUCTION; 8 hydroslectric development of natural resources and conservation 7 restion, NORCH, ENRIS ANALE, SYSTEM, IMPROVEMENT; 10 (b) Department of natural resources and conservation 10 (ii)	2	development program.	2 rehabilita	tion;
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13(c)Three-Forka-watter-system-improvement;13IMPROVEMENTS:14(d)Honhatten-watter-treatment-system-improvement;14(S)COURAQ_WATER_SYSTEM_IMPROVEMENTS;15(c)THREE_FORKS_WATER_SYSTEM_IMPROVEMENT;15(I)SAGE_CREEK_WATER_DISTRICT;16(C)THREE_FORKS_WATER_SYSTEM_IMPROVEMENT;16(U)SHELBY_SEMER_SYSTEM_IMPROVEMENTS;17(D)MANNATTAN_WASTEMATER_TREATMENT_SYSTEM_IMPROVEMENT;17(Y)HOT_SPRINGS_SEMER_SYSTEM_IMPROVEMENTS;18(E)MANNATTAN_WASTEM_CAPITAL_IMPROVEMENT;13(M)POWER_IFION_COUNTY_SEVER_SYSTEM_IMPROVEMENTS;19(f)fifitienRoosevelt_County_rural_water_system20(Y)HOT_SPRINGS_SEMER_SYSTEM_IMPROVEMENTS;20construction;20(Y)BIG_EORK_SEWER_SYSTEM_IMPROVEMENTS;21(g)fifitienRoosevelt_County_rural_water_system21NEW_SECTION, Section 2. Appropriation and creation of22facility construction;23through the emactment of this section by a vote of23(f)fifitienGeraldine rural water system24through the emactment of the members of each house of the	11	repair and rehabilitation at Yellow Water Dam, Cottonwood	11 (9)	NULTEEISH_SEWEB_SYSTEM_IMPROVEMENIS:
14 (d)Manhattan-wastewater-treatment-system-improvement) 14 (S)CONRAD_WAIES_SYSTEM_IMPROVEMENTS; 15 (e)Manhattan-water-system-capitol-improvement) 15 (I)SAGE_CREEK_WAIER_DISTRICT; 16 (C)THREE_EDRKS_WATER_SYSTEM_IMPROVEMENT; 16 (u)SHELRY_SEMER_SYSTEM_IMPROVEMENTS; 17 (D)BANMATTAN_WASTEMATER_TREATMENT_SYSTEM_IMPROVEMENT; 17 (Y)HOT_SPRINGS_SEWER_SYSTEM_IMPROVEMENTS; 18 (E)MANHATTAN_WATER_SYSTEM_CONTY_TURAL_MARROVEMENTS; 18 (M)POWER-IFION_COUNTY_SEVER_SYSTEM_IMPROVEMENTS; 19 (f)ffeb/fill Roosevelt County rural water system 19 (X1LIBRY_SEWER_SYSTEM_IMPROVEMENTS; 20 construction; 20 (X1LIBRY_SEWER_SYSTEM_IMPROVEMENTS; 21 fyjfb/f6j Culbertson water supply and treatment 21 NEW_SECTION; 22 debt for coal severance tax bonds, (1) The legislature 23 (h)fEi(H) Geraldine rural water system construction; 23 through the emactment of this section by a voite 24 (i)fEi(H) South Kremlin-Gildford rural water system 24 three-fourths of the members of each house of tip	12	Damy and Martinsdale Dam and Reservoir;	12 (B)	COLUMBIAEALLSWATERANDSEWERSYSTEM
15 (a)Hanhattan-water-system-capital-improvements; 15 (I)SAGE_CREEK_MATER_DISTRICT; 16 (C)THREE_EORKS_WATER_SYSTEM_IMPROVEMENT; 16 (U)SHELBY_SEMER_SYSTEM_IMPROVEMENTS; 17 (D)BANMATTAN_MASTEMATER_TREATMENT_SYSTEM_IMPROVEMENT; 17 (Y)MOI_SPRINGS_SEMER_SYSTEM_IMPROVEMENTs; 18 (E)GANMATTAN_MATER_SYSTEM_CAPITAL_IMPROVEMENTS; 18 (A)POWER_TEION_COUNTY_SEMER_SYSTEM_IMPROVEMENTS; 19 (f)ff6ff1 Roosevelt_County_rural_water_system 19 (X)LIBBY_SEMER_SYSTEM_IMPROVEMENTS; 20 construction; 20 (Y)BIG_FORK_SEMER_SYSTEM_IMPROVEMENTS; 21 fjfff161 Culbertson_water_supply_and_treatment 21 NEW_SECIION_A_Section 2. Appropriation and creation of 22 facility construction; 22 debt for coal severance_tax_bonds, (1) The legislature 23 fhffE1(H) Geraldine_rural water_system construction; 23 through_the enactment of this section by a vote of 24 fiff1E1(I) South_Kremiln-Gildford_rural water system 24 three-fourths of the members of each house of the	13	{c} Three-Forks-water-system-improvement;	13 IMPROVEMEN	15:
16 (C)THREE_EDBKS_WATER_SYSTEM_IMPROVEMENT: 16 (U)SHELBY_SEMER_SYSTEM_IMPROVEMENTS: 17 (D)MANHATTAN_MASTEMATER_TREATMENT_SYSTEM_IMPROVEMENT: 17 (Y)MOT_SPRINGS_SEMER_SYSTEM_IMPROVEMENTS: 18 LE1MANHATTAN_WATER_SYSTEM_CAPITAL_IMPROVEMENTS: 18 (H)POWER_TETON_COUNTY_SEWER_SYSTEM_IMPROVEMENTS: 19 (f)ffEffE1 Roosevelt County rural water system 20 construction; 20 (Y)BIG_EORK_SEMER_SYSTEM_IMPROVEMENTS. 21 f)ffEffE1 Culbertson water system 21 NEW_SECTION: 22 debt for coal severance tax bonds. (1) The legislature 23 fhfEffE1 Geraldine rural water system 23 through the emactment of this section by a vote 24 fiffE1[1] South Kremlin-Gildford rural water system 24 three-fourths of the members of each house of the	14	fd}Nanhatten-wastewater-treatment-system-improvement;	14 <u>151.</u>	CONRAD_WATEB_SYSTEM_IMPROVENENIS:
17 ID1	15	te}- ManNotton-wate r-sy stem-copital-improvements	15 (I)	SAGE_CREEK_WATER_DISTRICT:
18 LE1MANHATTAN_WATER_SYSTEM_CARITAL_IMPROVEMENTS: 18 LMIPOWER-IFION_COUNTY_SEVER_SYSTEM_IMPROVEMENTS: 19 (f)f6fffff Roosevelt County rural water system 19 (X1LIBBY_SEWER_SYSTEM_IMPROVEMENTS: 20 construction; 20 (Y1BIG_FORK_SEWER_SYSTEM_IMPROVEMENTS: 21 fjfffffff Culbertson water supply and treatment 21 NEW_SECTION: 22 facility construction; 22 debt for coal severance tax bonds. (1) The legislature 23 (h)fffill Geraldine rural water system construction; 23 through the enactment of this section by a vote of 24 (i)fffill South Kremlin-Gildford rural water system 24 three-fourths of the members of each house of the	16	LCJTHREE_EORKS_WATER_SYSTEM_IMPROVEMENT:	16 <u>(11)</u>	SHELBY SENER SYSTEM INPROVENENTS:
19 (f)fEifEi Roosevelt County rural water system 19 (X1LIBBY_SEWER_SYSTEM_IMPROVEMENTS: 20 construction; 20 (Y1BIG_EORK_SEWER_SYSTEM_IMPROVEMENTS. 21 fgjtEi(G) Culbertson water supply and treatment 21 NEW_SECTION: 22 facility construction; 22 debt for coal severance tax bonds. (1) The legislature 23 fhjtEi(H) Geraldine rural water system construction; 23 through the enactment of this section by a vote of 24 fijfEi(H) South Kremlin-Gildford rural water system 24 three-fourths of the members of each house of the	17	10)DANNAITAN_MASIEHATER_IREATHENI_SYSTEM_IMPROVEMENT:	17 <u>£¥1</u>	HOI.SPRINGS_SEWER_SYSTEM_INRROVENENIS:
20 construction; 20 <u>(Y1_BIG_FORK_SEWER_SYSTEM_IMPROVEMENTS</u> . 21 fgfthffG1 Culbertson water supply and treatment 21 <u>NEW_SECTION</u> Section 2. Appropriation and creation 22 facility construction; 22 debt for coal severance tax bonds. (1) The legislature 23 fhftEi(H) Geraldime rural water system construction; 23 through the emactment of this section by a vote of 24 fiftEi(H) South Kremlin-Gildford rural water system 24 three-fourths of the members of each house of the	18	LEL_MANHATIAN_WATEB_SYSTEM_CAPITAL_IMPROYEMENTS:	18 <u>(H)</u>	POWEB-IFION_COUNTY_SEVER_SYSTEM_INDROVENENTS:
21 fgjtB±LG1 Culbertson water supply and treatment 21 NEW_SECTION: Section 2. Appropriation and creation 22 facility construction; 22 debt for coal severance tax bonds. (1) The legislature 23 fhj±E±LH1 Geraldine rural water system construction; 23 through the enactment of this section by a vote of 24 fijfE±L11 South Kremlin-Gildford rural water system 24 three-fourths of the members of each house of the	19	<pre> tfile; Roosevelt County rural water system </pre>	19 (X)	<u>LIBBY_SEWER_SYSIEM_INRROVENENIS;</u>
22 facility construction; 22 debt for coal severance tax bonds. (1) The legislature 23 fhitEi(H) Geraldine rural water system construction; 23 through the enactment of this section by a vote 24 fitEi(H) South Kremlin-Gildford rural water system 24 three-fourths of the members of each house of the	20	construction;	20 LY1	BIG_EORK_SEWER_SYSTEM_IMPROVEMENTS.
23 through the enactment of this section by a vote 24 fijf[][] South Kremlin-Gildford rural water system 24 three-fourths of the members of each house of th	21	fg/tB:LG1 Culbertson water supply and treatment	21 NEWS	ECIION: Section 2. Appropriation and creation of
24 three-fourths of the members of each house of the	22	facility construction;	22 debt for c	oal severance tax bonds. (1) The legislature.
	23	{h}<u>}f</u>LL[]] Geraldine rural water system construction;	23 through	the enactment of this section by a vote of
25 construction; 25 legislature as required by Article IX, section 5, of t	24	<pre>titlE:[1] South Kremlin-Gildford rural water system</pre>	24 three-four	ths of the members of each house of the
	25	construction;	25 legislatur	e as required by Article IX, section 5, of the

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Montana constitution, pledges, dedicates, and appropriates from the coal severance tax bond subfund all money necessary for the payment of principal and interest not otherwise provided for on the state of Montana coal severance tax bonds authorized by this act to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the further provisions of [this act].

(2) The legislature, through the enactment of this 8 9 section, in accordance with Article VIII, section 8, of the 10 Montana constitution authorizes the creation of a state debt 11 in an amount not to exceed \$45.35 million for the 12 development of the state bydroelectric projects approved in 13 [section 3], in an amount not to exceed \$551,900 for the 14 rebabilitation of state water projects approved in fsection 43. and in an amount not to exceed \$12,982,281 for loans to 15 16 local government entities for water development projects approved in [section 5], all for the issuance of state of 17 Montana coal severance tax bonds authorized by [this act]. 18 MEW_SECTION. Section 3. Approval of coal severance 19 tax bonds for state hydroelectric projects -- repayment 20 provisions. (1) The board of examiners may issue state of 21 22 Aontana coal severance tax bonds:

(a) to a maximum amount of \$12.9 million for the
 development of the hydropower potential at the department of
 natural resources and conservation's Painted Rocks Dam under

the authorization granted by the federal energy regulatory
 commission for project number 4657;

3 (b) to a maximum amount of \$28.6 million for the 4 development of the hydropower potential at the department of 5 natural resources and conservation's Broadwater Dam under 6 authorization pending before the federal energy regulatory 7 commission for project number 2005 2853; and

B (c) to a maximum amount of \$3.85 million for the 9 development of the hydropower potential at the department of 10 natural resources and conservation's Cooney Dam under an 11 authorization from the federal energy regulatory commission 12 to be applied for pursuant to the preliminary permit issued 13 for project number 4700.

14 (2) Bonds approved in this section may not be issued 15 by the board of examiners until the board of natural 16 resources and conservation has determined that a project is 17 feasible and has otherwise complied with the requirements of 18 Title 85, chapter 1, part 5, for the development of 19 hydronower at water projects under the control of the 20 department.

 21
 (31_THE__MAXIMUM__AMOUNT__DE__BOND__REVENUE__FOR__EACH

 22
 PROJECT__APPROVED_IN_IHIS_SECTION_SHALL_ALSO_INCLUDE_ALL_AND

 23
 ANY_BELOCATION__RECONSTRUCTION__REMUNEBATION__OR_OTHER_COSIS

 24
 IMAT_AEEECI__EXISTING__IRRIGATION__SYSTEMS__PRIVATE__LANDS_

 25
 UTILITY_LINES+__BINES+__ROADS+_HIGHWAYS+_AND_BAILBOADS_THAT

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1 ARE_SUBSEQUENTLY_AFFECTED_BY_THE_DEVELOPMENT_DE_A_RESPECTIVE

2 HYDROELECIRIC_PROJECT.

3 t3)(4) The hydropower revenues from each project are pledged, dedicated, and appropriated to a special bond 4 account created for that specific project in the sinking 5 6 fund of the state treasury for the benefit of the bonds 7 approved for that specific project. The board of examiners 8 may allocate a portion of the bond proceeds for a specific 9 project from the bond proceeds and insurance clearance fund account to the special sinking account for that specific 10 11 project for the payment of interest on the bonds during 12 construction; for the establishment of necessary reserves; 13 and for the operation and maintenance of the hydropower facilities. 14

15 t4f151 In connection with the issuance of bonds. the 16 board of examiners may provide for the operation and maintenance of the hydropower facilities, pay the principal 17 18 and interest on the bonds when due from each, special bond 19 account, create and maintain necessary reserves within each 20 special bond account, and in all other respects manage and 21 use the funds within each special bond account for the 22 benefit of the bonds for the particular hydropower project. 23 +5+161 The board of examiners shall exercise its discretion to enhance the marketability of the bonds+ to 24 25 secure the most advantageous financial arrangements for the state, and to provide to the extent possible that all costs,
 including operation and maintenance and debt service, are
 paid out of project revenues and bond proceeds.

4 (6)(1) Excess funds in any special sinking account as 5 determined by the board of examiners must be allocated to 6 the water development earmarked account to be used for the 7 purposes set forth in 85-1-604(3)(b)=

8 <u>NEW_SECIION</u>* Section 4. Approval of coal severance 9 tax bonds for rehabilitation and repair of state water 10 projects -- repayment provisions. (1) The board of examiners 11 may issue state of Montana coal severance tax bonds:

(a) to a maximum amount of \$92,000 for repair and
rehabilitation of the department of natural resources and
conservation's Yellow Water Dam in Petroleum County;

(b) a maximum amount of \$201,000 for the repair of the
department of natural resources and conservation's
Cottonwood Dam in Park County; and

18 (c) to a maximum amount of \$257,000 for the repair and 19 rehabilitation of the department of natural resources and 20 conservation's Martinsdale Dam and Reservoir in Meagher and 21 Wheatland Counties.

22 (2) Bonds may be issued by the board of examiners 23 after the water users for each project have entered into 24 contractual agreements providing for the repayment of the 25 cost of repair and remainification at a 24-inderest-rate RAIE

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DE INTEREST EQUAL TO THAT WHICH MUST BE PAID ON BONDS ISSUED
 <u>PURSUANT_ID_[ITHIS_SECTION]</u>. The repayment money from each
 project is pledged, dedicated, and appropriated to a special
 bond account in the sinking fund of the state treasury for
 the benefit of the bonds approved for such project.
 (3) In connection with the issuance of bonds, the

7 board of examiners may pay the principal and interest on the 8 bonds when due from the special bond account and in all 9 other respects manage and use the funds within each special 10 bond account for the benefit of the bonds. The board of 11 examiners shall exercise its discretion to enhance the 12 marketability of the bonds and to secure the most 13 advantageous financial arrangements for the state.

14 (4) Earnings on bond proceeds prior to the completion 15 of any loan shall be allocated to the special bond account 16 to pay interest on the bonds during this period. Earnings 17 in excess of bond interest, if any, shall be allocated to 18 the water development earmarked account and may be used for 19 the purposes allowed under 85-1-604(3)(b).

<u>NEH_SECIION</u> Section 5. Authorization of coal
 severance tax bond loans to government entities. The board
 of examiners may issue state of Montana coal severance tax
 bonds in an amount not to exceed <u>%12v982v281</u> <u>\$118x981x781</u> or-the-total-cost-of-the-projects-described-in
 <u>fsection-61</u> for the purpose of making the loans set forth in

[section 6] from the bond proceeds to political subdivisions
 and local government entities and for the purpose of paying
 the cost of issuance of the bonds.

NEW_SECTION. Section 6. Political subdivision projects. (1) The bonds authorized under [section 5] may be 5 issued as follows: 6 7 fat---fit-Bonds-to-b-maxfaum-amount-of-\$1+188+880-may-be 8 issued-for-a-laan-ta-the-city-of-Three-Forks-for-the-purpase of-financing-improvements-in-the-cityAs-water-system= 0 10 titt=The--projecty--which--will--rehabilitate--existing 11 components-of-the-city-water-system-and-change-the-source-of 12 the-water-suchtwefrom-the--Madison--River--drainage--to--the 13 defferson--River--drainager--is-needed-to-resolve-the-health 14 hogerd--th--the--city-s--existing--water--supply--caused--by 15 excessive-levels-of-drsenie+ 16 tilij-The-losn-must-be-repaid-at-a-2%-interest-rates 17 tbt---tft-Bonds--to--a-maximam-amount-of-\$130y000-may-be 18 issued-for-a-toan-to-the-city-of-Manhattan-for--the--purpose 19 of-financing-improvements-in-the-city-s-wostewater-treatment 20 373tem= 21 titj-The--project--is--needed-because-the-existing-city wastewater-stabilization-ponds-provide-inadequate--treatment 22 23 to-meet-future-efftuent-limitotions. 24 titif-The-toon-must-be-repaid-at-a-2%-interest-rates 25 tc+--t++-Bonds--to--a-maximum-amount-of-\$t70y000-may-ba

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1	used-for-o-toon-to-the-city-of-Manhattan-for-the-purposeof	1	USEREOB_A_LOAN_TO_THE_CITY_OE_MANHATTAN_EOB_THE_PUBBUSE_CE
2	financingespitalimprovements-in-the-city^s-water-system#	2	EINANCING_CAPITAL_IMPROVEMENTS_IN_IME_CITY_SMATESSYSTEMA
3	fil}-Theprojectisnoededforpromotionof	3	(III_IVE
4	contervation-of-water-by-encouraging-city-water-customers-to	4	CONSERVATIONOF_WATER_BY_ENCOURAGING_CITY_WATER_CUSIGNERS_IO
-5	uselasswater-and-for-rehabilitation-of-the-water-systems	5	USE_LESS_WAIER_AND_FOR_REMABILITATION_OF_THEWAIER_SYSTEM.
6	tiii-Tho-Toan-must-be-repoid-at-o-2%-interest-rate	6	(III)_THE_LOAN_HUST_SE_REPAID_AI_A_62_INTEREST_RATE.
7	(A)BOHDS_TO_A_MAXIMUM_AMOUNT_OF_\$1+100+000_MAY_BE	7	td]
8	ISSUED_EOR_A_LOAN_TO_THE_CITY_DE_IMREE_FORKS_EDB_IME_PUREDSE		may be issued for a loan to the Roosevelt County rural water
9	QE_EINANCING_INPROVEMENTS_IN_IHE_CITY'S_MAIER_SYSTEM.	9	district for the purpose of financing construction of a
10	(II)_THEPROJECTWHICHWILLREHABILITATEEXISTING	10	proposed water distribution system for domestic and stock
11	CONCONENTS_DE_THE_CITY_WATES_SYSTEN_AND_CHANGE_THE_SOURCE_DE	11	use for eastern Roosevelt County.
12	THEWAIEBSUPPLY_EBOH_INE_MADISON_RIVER_DRAINAGE_IO_INE	12	(ii) The project is needed to supply water to those
13	JEEEERSON_RIVER_ORAINAGE+_IS_NEEDED_IORESOLVETHEHEALTH	13	residents of the county who must haul water because of $poor$
14	HAZABD_IN_THE_CITY'S_EXISTING_WATER_SUPPLY_CAUSED_BY	14	quality ground water and to prevent health problems caused
15	EXCESSIVE_LEVELS_DE_ARSENIC.	15	by consumption of poor quality water.
16	(III) THE LOAN MUST BE REPAID AT A 67 INTEREST BATE.	16	(iii) The loan must be repaid at a 2% <u>6 1/2%</u> interest
17	181_11_BONDS_IO_A_MAXIMUM_AMOUNT_DE_\$130+000_MAYBE	17	rate.
18	ISSUED_EOR_A_LOAN_TO_THE_CITY_OF_MANHATIAN_EOR_THE_PURPOSE	18	(e)1111[] (i) Bonds to a maximum amount of \$704y000
29	<u> DE EINANCING INPROVENENTS IN THE CITY'S VASTEMATER TREATHENT</u>	19	may be issued for a loan to the town of Eulbertson for the
20	SYSIEMe	20	purpose of financing the construction of a water supply and
21	LIII_IHE_PROJECT_IS_NEEDED_AECAUSE_IHE_EXISTING_CITY	21	treatment facility for the town.
22	WASTEWATERSTABILIZATION_PONDS_PROVIDE_INADEQUATE_TREATMENT	22	(ii) The project is needed to prevent health problems
23	IO_HEET_EUIURE_EFFLUENY_LIMITATIONS_	23	associated with poor water quality through the use of more
24	LIIII THE LOAN BUST BE REPAID AT A 6% INTEREST RATEA	24	sophisticated water treatment methods and to increase the
25	(C)(I)_BONDS_TO_A_MAXIMUM_AMOUNT_DE_\$110=000MAXBE	25	town's capacity to service present and future users with
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1 safe, potable water.

2 (iii) The loan must be repaid at a 2% 5% interest rate. 3 fffffff(E) (i) Bonds to a maximum amount of \$1,733,200 may be issued for a loan to the Geraldine rural county water 4 5 district for the purpose of the development of a rural water system in the Geraldine area. 6

7 (ii) The project is needed to alleviate the situation caused by poor quality ground water in the area. The 3 9 majority of the area's residents must haul both domestic and 10 stock water.

. (iii) The loan must be repaid at a 2% 6_1/2% interest 11 rate. 12

13 tates (i) Bonds to a maximum amount of \$336+035 14 may be issued for a loan to the South Kremlin-Gildford water district for the purpose of the development of a rural water 15 16 system in an area where ground water is of insufficient quantity and quality. 17

18 (ii) The project is needed to alleviate the health and 19 economic problems caused by the lack of potable ground water. At present most residents must haul both domestic 20 21 and stock water.

(iii) The loan must be repaid at a 2% 6_1/2% interest 22 23 rate.

24 (H) (i) bonds to a maximum amount of \$162,000 may be issued for a loan to the Huntley project irrigation 25

1 district for the purpose of rehabilitation of the project. 2 (ii) The project is needed to improve the performance 3 of the water supply system and to ensure the availability of 4 sufficient water for irrigation. 5 (iii) The loan must be repaid at a 2% 62 interest rate. 6 tittet(1) (i) Bonds to a maximum amount of \$555,000 7 may be issued for a loan to the Pondera soil conservation 8 district for the purpose of partial financing of the Lower 9 Birch Creek watershed plan. 10 (ii) The watershed plan is needed to solve the area's 11 irrigation water shortage problem by stabilizing and improving the major supply features of the system and to 12 ensure an adequate water supply to the nearby city of 13 Conrad. 14 15 (ili) The loan must be repaid at a 2% 6% interest rate. fit--fit-Bonds-to-B-maximum-amount-of-\$100y000--may--be 16 17 issued--for--a--loan-to-the-city-of-Ennis-for-the-purpose-of 18 financingy-in-party-sewage-treatment-construction* 19 tiit-fhe-project--ig--needed--to--build--an--additional 20 sewage--settling--cell--in--the--city--of--Ennis-because-the 21 present-sewage-treatment-system-is-inndeguate--to--meet--the 22 demands--of--the-tty-s--rising--population--and--ts-not-in 23 compliance-with-federal-standards. 24 tilit-The-toon-must-be-repaid-st-s-2%-interest-rates 25 (J)__(I)_BONDS_TO_A_MAXIMUM_AMOUNI_UE_\$180+000_MAY__BE

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ISSUED_ERE_A_LOAN_TO_THE CITY OF ENNIS FOR THE PURPUSE OF	1	problems at the lower end of the project and to eliminate
EINANCING. IN PARTS SEWAGE TREATMENT CONSTRUCTION.	2	pumping costs.
(II)_IHE_PROJECI_IS_NEEDED_IQ_BUILD_AN_ADDITIONAL	3	(VIBENAINING_EUNDS_EROM_THEAPPROPRIATIONINHQUSE
SEWAGE_SETTLING_CELL_IN_THE_CITY_DE_ENNIS_BECAUSE_THE	4	BILL_709_DE_THE_47TH_LEGISLATURE_EDR_THE_EASI_BENCH
PRESENT_SEMAGE_TREATMENT_SYSTEM_IS_INADEDUATE_IOHEEITHE	5	IRRIGATION_PROJECT_ARE_REAPPROPRIATED_EORIMEPROAECIEOR
DEMANDSDEINECITY'SBISINGPORULATIONANDIS_NOT_IN	6	IHE_BIENNIUN_ENDING_JUNE_30=_1985=
COMPLIANCE_WITH_EEDERAL_STANDARDS.	7	<pre>fifthttl (1) Bonds to a maximum amount of \$1,180,000</pre>
(III) THE LOAN MUST BE REPAID AT A 62 INTEREST RATE.	8	may be issued for a loan to the Bitterroot irrigation
<pre>thttp://www.commonsummersections.commonsummersections.commonsummersections.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.commonsummersection.com the purpose of a commonsummersection.commonsummersection.commonsummersection.commonsummersection.com the purpose of a commonsummersection.commonsummersection.com the purpose of a commonsummersection.commonsummersection.com the purpose of a commonsummersection.commonsummersection.com the purpose of a commonsummersection.com the purpose of a commonsummer</pre>	9	district for the purpose of financing, in part, the Three
loan to the East Bench gravity flow project to provide	10	Mile farm irrigation measure, involving conversion of the
financing to the project in accordance with subsection (ii)	11	irrigation system serving the area from pumped to gravity
or (iii) of this subsection (k) £61 <u>LK1</u> .	12	sprinkler irrigation.
(ii) If the application for federal aid for the East	13	(ii) This project is needed to alleviate present water
Bench gravity flow project is not approved by August 1.	14	shortages to reduce the cost of irrigation and to conserve
1983, bonds may be issued in an amount not to exceed	15	water.
\$3+230+000 to finance a loan to the East Bench gravity	16	(iii) The loam must be repaid at a 2% 2% interest rate.
company. This loan must be repaid at a 20 3% interest rate.	17	titini(II_EONDS_IOA_HASINUMOE\$122+900_MAYBE
(iii) If the application for federal aid for the East	18	ISSUED_ECR_A_LOAM_IO_IHE_NOKON_RUBAL_IMEDVEMENT_DISIBLET
Bench gravity flow project is approved by August 1, 1983,	19	EOR_INE_PURPOSE_DE_EINANCINGREMABILITATIONDEINE
bonds may be issued for the difference between a total	20	CONMUNITY'S HATER SYSTEM.
project cost of \$4,383,000 and the total amount of federal	21	(III_IMEPROJECIIS_NEEDED_BECAUSE_IHE_PRESENI_WOODEN
aid received by the project to finance a loan to the East	22	LINES_HAVE_LEAKAGE_PROBLEMS_AND_CONTABINATION_IS_BEING_ORANG
Bench gravity company. This loan must be repaid at a 2% 3%	Z3	INIQ_IUE_DISIRIBUTION_SYSTEM_CAUSING_A_HEALTH_UATARD_
interest rate.	24	LIII)_THE_LOAN_MUST_ DE_BEPAID_AT_A_SX_INTEREST_RATE.
(iv) This project is needed to alleviate low pressure	25	(3311)_89805_10_8_HAXINUM_AHOUNI_DE_\$1=235=000_HAY_BE
-15- HB 865		-16- #8 885

1	ISSUED_EDR_A_LOAN_ID_THE_CITY_OE_BELGRADE_EDR_THE_PURPOSE_DE
Z	EINANCING_IMPROVEMENTS_IN_IME_CITY'S_WATER_SYSTEM.
3	(II)_INEPROJECI4WHICHWILLREMABILITATEEXISTING
4	COMPONENTS_DE_IHE_CITY_WATER_SYSTEM*_CONSTRUCT_AN_ADDITIONAL
5	WELL_IO_SUPPLY_INE_WATER_SYSTEMAND_INSTALL_RESIDENCE
6	BETERS . IS NEEDED TO MEET THE DEMANDS DE THE CITY'S GROWING
7	POPULATION_AND_TO_CONSERVE_THE_AVAILABLE_WATER_FOR_EUTURE
9	USEA
9	(IIII_IHE_LDAN_HUSI_BE_REPAID_AI_A_67_INTEREST_BAIE.
10	(0)BONDS_TO_A_MAXIMUM_AMOUNI_QE_\$1+50Q+0QQ_HAY_BE
11	ISSUED_EOB_A_LOAN_TO_THE_WHITEEISH_COUNTYHAIE8ANDSEWER
12	DISTRICTEORTHEPURPOSEUEENGINEERINGDESIGNAND
13	CONSTRUCTION OF SEWAGE MAIN COLLECIORS AND INTERCEPIORS IN
14	THEWHITEEISHBASINOIHEDESIGNIQEQULOWEEASIBILITY
15	STUDIES_WHICH_ARE_PART_DE_A_WATEB_QUALITY_MANAGEMENT_PLAN_IN
16	PROGRESSOESIGN_AND_CONSTRUCTION_MAYSTART_BYJULY_1.
17	1984.
18	(II)_IHE_LOAN_MUSI_BE_REPAIQ_AI_A_6%_INTEREST_RATE.
19	(P)

 20
 ISSUED_EDB_A_LOAN_TO_THE_CITY_DE_COLUMBIA_FALLS_EDB_THE

 21
 PURPOSE_OE_PARTIALLY_FINANCING_IMPROVEMENTS_TO_CITY_MATEB

 22
 AND_SEMEB_LINES_

 23
 (III)_IHE_PROJECT_IS_NEEDED_IO__REPLACE__EXISTING__HATER

 24
 ANQ__SEMER__LINES__MITH__NEH_LARGER_LINES_AND_BECAUSE_OF_IHE

 25
 RECONSTRUCTION_OF_HIGHWAY_2_IN_THE_ABEA_HHERE_IHE_LINES__ARE

-17-

2	(111)_INE_LDAN_MUSI_BE_BEPAID_AI_A_6%_INIERESI_RAIE.
3	101_111_BONDSTOA_MAXIMUM_AMOUNT_OF_\$500+000_MAY_BE
4	ISSUED_FOR_A_LOAN_IO_IHE_CITY_OF_CONBAD_FOR_IHEPURPOSEOF
5	EINANCING_IMPROVEMENTS_IN_INE_CITYS_WATER_SYSTEM(III)_IHE
6	PROJECTWHICHWILLREPLACEA_TRANSMISSION_LINE_EROM_INE
7	EXISTING_TREATMENT_PLANTTOTHEDISTRIBUTIONSYSTEMIS
8	NEEDEDBECAUSEIHEEXISIINGSTEELPIPE_TRANSMISSION_HAS
9	NUMEROUS_BREAKS_AND_HAS_DETERIORATED_TO_THE_EXIENTIHATIT
10	CANNOT_PROVIDE_A_RELIABLE_SUPPLY_OF_HATER_TO_THE_CITY.
11	LIII)_THE_LOAN_HUST_BE_BEPAID_AT_A_62_INTEREST_RATE.
12	181_111_BONDSTOA_MAXIMUM_AMOUNI_DE_\$750.000_MAY_BE
13	ISSUED_EOR_A_LOAN_IO_INE_SAGE_CREEK_WAIER_DISTRICT+_IEINAT
14	DISTRICT_IS_EORMED_PRIDE_ID_IHE_SALE_DE_BONDS_PURSUANI_IO
15	IUIS_ACT+_EQB_INE_PURPOSE_OFEINANCINGCONSTRUCTIONOFA
16	RUBALHATERSUPPLY_SYSTEM_EORNOBTHERN_LIBERTY_AND_HILL
17	COUNTLES.
18	III1_THE_PROJECT_IS_NEEDED_BECAUSE_BESIDENTS_DE_THE
19	ABEANOWMUSIHAUL_DOMESTIC_WATER_BECAUSE_DE_THE_SCARCITY
20	ANQ_POOR_QUALITY_DE_GROWND_WATER&_AND_ITISPROBABLEIHAT
21	INEX_WILL_HAVE_ID_HAUL_SIDCK_WATEB_IN_INE_EVINBE.
22	11111_IHE_LUAN_HUST_BE_BEPAID_AT_A_6%_INTERESI_RAIE.
23	15)QONDSTOA_MAXIMUM_ABDUNI_CE_\$592+QOO_MAY_BE
24	ISSUED_FOR_A_LOAN_IO_THE_CITY_OF_SHELBY_FOK_THEPURPOSEOF
25	PARTIALLY_EINANCING_REHABILITATION_QE_IHE_CITY'S_SEWEB

HB 885

1	SYSTEM	1	(N)BONDS_ID_A_MAXIMUM_AMOUNI_DE_\$250±000MAYBE
2	1111_THE_DECLIES_NEEDED_IG_BEPLACE_PIPESTHAT HAVE	2	ISSUED_FOR_A_LOAN_TO_INE_CITY_OF_BIG_FORK_FOR_INE_PURPOSE_OF
3	QETERFORATEDBECAUSE.DE.AGE_AND_IUAT_ARE_INADEOUATE_IN_SIZE	3	PARTIALLY_EINANCING_BEHABILITATION_DE_THE_CITY'S SEWAGE
4	IQ_SEBYE_INE_POEMATION_OF_SHELBY.	4	IREAIMENI_PLANI.
5	(IIII) THE LOAN MUST BE BEPAID AL A 62 INTEREST BATE.	5	LILL_INEPROJECT_IS_NEEDED_BECAUSEIHEEXISIING
6 '	(I)II.6QNOS_IO_A_HAXINUM_AMOUNT_OF_S182x000MAYBE	6	IPEAIMENI_PLANI_IS_INADEQUATE_ID_MEET_IHE_NEEDS_DE_IHE_CLIX
7	ISSUED_EDE.A_LOAN_TO_THE_TOWN_DE_HOT_SERINGS_EDB_THE_PURPOSE	7	AND: AS A RESULT: 2008 QUALITY EEFLVENT IS BEING DISCHARGED
6	QE_SEVER_SYSTEM_IMOROVEMENTS_	8	BY_IHE_SYSIEM.
9	LILL_IHE_LOAN_MUST_BE_REPAID_AI_A_6%_INIEBESI_BAIE.	9	LIIII_IHE_LOAN_MUST_BE_REPAID_AI_A_6%_INIERESI_BALL*
10	LU1LI1_BONDSTOA_MAXIMUM_AMOUNI_DF_\$200+000_MAY_BF	10	(2) Loan repayments, both principal and interest, are
11	ISSUED_EORALOANIOIHEPOWER=IEIONWATERANDSEWER	11	pledged, dedicated, and appropriated to a special bond
12	DISTRICI_EDR_THE_PURPOSE_DE_PARTIALLY_EINANCING_IMPROVEMENTS	12	account in the sinking fund of the state treasury for the
13	IQ_IHE_IOWN_DE_POWER!S_SEVER_SYSTEM.	13	benefit of bonds approved for loans under this section. IHE
14	LIII.THEPROJECT_IS_NEEDED_ID_INSIALL_A_COLLECTION_AND	14	INTERESTRATESAPPLICABLE_TO_ANY_OF_THE_PROJECTS_LISTED_IN
15	IBEAIMENT EACILITY TO ADDRESS THE PRESENT HEALTH HAZABO AND	15	LINIS_SECTIONS_SHALL_BE_THE_LONER_OF_THE_SPECIELED_BALE
16	POLLUIION_PROBLEM	16	CLIED_EOR_EACH_PROJECT: DB_THE_RATE_THAT_BUST_BE_PAID_ON
17	LIIII.THE_LOAN_MUST_BE_REPAID_AI_A_2%_INTEREST_RATEA	17	BONDS_ISSUED_PURSUANI_ID_ESECTION_5].
18	1X1L11_BONDSIQA_MAXIMUN_AMOUNI_UE_\$590+500_MAX_BE	18	(3) In connection with the issuance of bonds, the
19	ISSUED_EOR_A_LOAN_IO_IHE_CITY_OE_LIBBY_EORIHEPURPOSEOF	19	board of examiners may pay the principal and interest on the
20	PARTIALLY_EINANCING_CONSTRUCTION_OF_A_SECONDARY_SEWAGE	20	bonds when due from the special bond account and in all
21	IREAIUENI_ELANI_EOR_IHE_CIIY.	21	other respects manage and use the funds within the special
22	(III)_IHE_PROJECT_IS_NEEDED_BECAUSE_IHE_CIIY*S_PRESENT	22	bond account for the benefit of the bonds. The board of
23	SENAGEIBEATHENISYSTEMISNOT_IN_COMPLIANCE_WITH_PUBLIC	23	examiners shall exercise its discretion to enhance the
24	HEALTH_SIANDAROS.	24	marketability of the bonds and to secure the most
25	(III)_THE_LOAN_HUST_BE_BERAIO_AT_A_63_INTEREST_BATE*	25	advantageous financial arrangements for the state.

H8 885

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-20-

1 (4) Earnings on bond proceeds prior to the completion 2 of any loan must be allocated to the special bond account to 3 pay interest on the bonds during this period. Earnings in 4 excess of bond interest. If any, must be allocated to the 5 water development earmarked account and may be used for the 6 purposes allowed under 85-1-604(3)(c).

• 17

7 (5) (a) The legislature's approval of loans for 8 projects listed in this section is subject to the 9 recipient's provision to the board of examiners of information and material necessary for the purposes of 10 11 completion of contractual agreements and for bond sale purposes. This information and material must be provided on 12 13 a schedule that will allow bond sale schedules to be met. PRIOR IS THE ISSUANCE OF THE BONDS. THE DEPARTMENT OF 14 NATURAL RESOURCES AND CONSERVATION SHALL REVIEW THE PROJECTS 15 16 TO DETERMINE THEIR TECHNICAL AND FINANCIAL FEASIBILITY AND 17 <u>REPORT_ID_THE_BOARD_OF_EXAMINERS.</u> The loans are conditioned upon compliance with the requirements of this subsection (5) 18 meeting the approval of the board of examiners and upon such 19 other conditions the board of examiners may impose that are 20 necessary for the completion of contractual agreements and 21 22 for bond sale purposes.

(b) Loans for projects listed in this section are subject to the approval of the governing body of the political subdivision. Section 7. Section 7-7-4433, MCA, is amended to read: "7-7-4433. Sale of bonds. (1) Bonds authorized to be issued under this part shall be sold at not less than par. (2) (a) Said bonds may be sold at private sale to the United States or the state of Montana or any agency. instrumentality, or corporation thereof.

7 (b) Unless sold to the United States or the state of
 8 Montana or an agency, instrumentality, or corporation
 9 thereof, said bonds shall be sold at public sale after
 10 notice of such sale."

11 NEW_SECTION: Section 8. Severability. If a part of 12 this act is invalid, all valid parts that are severable from 13 the invalid part remain in effect. If a part of this act is 14 invalid in one or more of its applications, the part remains 15 in effect in all valid applications that are severable from 16 the invalid applications. 17 NEW_SECTION: Section 9. Effective date. This act is

18 effective on passage and approval.

-End-

-21-

-22-

HB 885

HB 0885/05

FREE CONFERENCE COMMITTEE HOUSE BILL 885 (Report No. 1, April 21, 1983)

Mr. President:

We, your Free Conference Committee on House Bill 885, met on April 21, 1983 and considered:

House Bill 885, third reading copy (Blue); Senate Standing Committee (Finance and Claims) Report of April 14, 1983 amendment numbers 1 through 8; and

Senate Committee of the Whole Amendment of April 14, 1983.

We respectfully recommend as follows:

That the House accede to Senate Standing Committee amendment numbers 1, 2 and 8;

That the House accede to Senate Standing Committee amendment numbers 3, 4, 5, 6, and 7, as amended in Clerical Instructions 1, 2, 4-8, and 10-19;

That the House accede to Senate Committee of the whole amendment number 1;

That House Bill 885 be further amended as specified in the Clerical Instructions 3, 5, 9, 20 and 21; and

That this Free Conference Committee report be adopted.

CLERICAL INSTRUCTIONS FOR REFERENCE COPY (SALMON)

 Page 4, line 11 Strike: "(Q) WHITEFISH SEWER SYSTEM IMPROVEMENTS; Reletter subsequent subsections.

2) Page 5, line 15 Strike: \$12,982,281" Insert: \$17,044,735" 3) Page 6, line 23 Following: "COSTS" Insert: "for which the department is legally liable"

4) Page 9, line 24 Strike: "<u>\$18,981,781</u> Insert: "\$17,044,735"

5) Page 11, line 16 Strike: "<u>64 INTEREST RATE</u>" Insert: "78 interest rate for the first 5 years following loan issuance and at the full bond rate thereaffter" Following: "<u>RATE</u>." Insert: "A pro rata share, based on the amount of the loan, of the incurred administrative costs must be repaid."

6) Page 11, line 24 Strike: "<u>64 INTEREST RATE</u>" Insert: "78 interest rate for the first 5 years following loan issuance and at the full bond rate thereafter" Following: "<u>RATE</u>." Insert: "A pro rata share, based on the amount of the loan, of the incurred administrative costs must be repaid.

7) Page 12, line 6 Strike: "<u>64 IMPREST RATE</u>" Insert: "7% interest rate for the first 5 years following loan issuance and at the full bond rate thereafter" Following: "<u>RATE</u>." Insert: "A pro rata share, based on the amount of the loan, of the incurred administrative costs must be repaid."

8) Page 15, line 8 Strike: "<u>6% INTEREST RATE</u>" Insert: "7% interest rate for the first 5 years following loan issuance and at the full bond rate thereafter" Following: "<u>RATE</u>." Insert: "A pro rata share, based on the amount of the loan, of the incurred administrative costs must be repaid."

2

9) Page 15, lines 16 and 17 Following: "Bench" Strike: "gravity company" Insert: "Irrigation District"

10) Page 17, line 9
Strike: "fa INTEREST RATE"
Insert: "7% interest rate for the first 5 years following loan
issuance and at the full bond rate thereafter"
Following: "RATE."
Insert: "A pro rata share, based on the amount of the loan, of
the incurred administrative costs must be repaid."

11) Page 17, lines 10 through 18 Strike: subsection "(0)" in its entirety. Reletter subsequent subsections.

12) Page 18, line 2
Strike: "<u>65 IMPERST RATE</u>"
Insert: "7% interest rate for the first 5 years following loan
issuance and at the full bond rate thereafter"
Following: "<u>RATE</u>."
Insert: "A pro rata share, based on the amount of the loan, of
the incurred administrative costs must be repaid."

13) Page 18, line 11 Strike: "<u>64 INTEREST RATE</u>" Insert: "74 interest rate for the first 5 years following loan issuance and at the full bond rate thereafter" Following: "<u>RATE</u>." Insert: "A pro rata share, based on the amount of the loan, of the incurred administrative costs must be repaid."

14) Page 18, line 22 Strike: "64 INTEREST PATE" Insert: "78 interest rate for the first 5 years following loan issuance and at the full bond rate thereafter" Following: "RATE." Insert: "A pro rata share, based on the amount of the loan, of

the incurred administrative costs must be repaid,"

15) Page 19, line 5 Strike: "fa INTEREST RATE" Insert: "7% interest rate for the first 5 years following loan issuance and at the full bond rate thereafter" Following: "RATE." Insert: "A pro rate share, based on the amount of the loan, of the incurred administrative costs must be repaid."
16) Page 19, line 9 Strike: "fa INTEREST RATE" Insert: "7% interest rate for the first 5 years following loan issuance and at the full bond rate thereafter"

Following: "Arra," Insert: "A pro rata share, based on the amount of the Ioan, of the incurred administrative costs must be repaid."

17) Page 19, line 17 Strike: "21" Insert: "73 Following: "<u>PATE</u>" Insert: "A pro rata share, based on the amount of the loan, of the incurred administrative costs must be repaid."

18) Page 19, line 25 Strike: "<u>64 INTEREST RATE</u>" Insert: "78 interest rate for the first 5 years following loan issuance and at the full bond rate thereafter" Following: "<u>BATE</u>." Insert: "A pro rate share, based on the amount of the loan, of the incurred administrative costs must be repaid."

19) Page 20, line 9 Strike: "6A INTEREST BATE" Insert: "7& interest rate for the first 5 years following loan issuance and at the full bond rate thereafter" Following: "RATE." Insert: "A pro rate share, based on the amount of the loan, of the incurred administrative costs must be repaid."

.3

20) Page 20, line 10 Following: "both" Insert: "loan" Following: "principal" Insert: ", fixed bond sale costs,"

21) Page 20, line 13 Pollowing: "section." Insert: "Repayment, both principal and interest, of incurred administrative cost must be made to the water development earmarked account created in 85-1-604 to be reused for the administration of the water development loan and grant program.

5

POR THE HOUSE

FOR THE SENATE

SPAETH, CHAIR

LORY

JACOBSEN



KOLSTAD

n LANE

48th Legislature

HB 0885/06

1	HOUSE BILL NO. 885
2	INTRODUCED by JACOBSEN, THOFT, BENGTSON, UNDERDAL,
3	SHAW, KULSTAD, SPAETH, BACHINI, AKLESTAD, KEYSER, DEVLIN,
4	LANE, E. SMITH, LEE, TVEIT, HAGER, STEPHENS, DOVER,
5	OCHSNER, STIMATZ, ABRAMS, HARP, C. SMITH, KOEHNKE,
6	PECK, PISTORIA, O JONNELL, BLISS, MUELLER, SALES,
7	SWIFT, MANUEL, SAUNDERS, SCHYE, J. HAMMOND
8	
9	A BILL FOR AN ACT ENTITLED: MAN ACT TO APPROVE THE ISSUANCE
10	OF STATE OF MONTANA COAL SEVERANCE TAX BONDS TO FINANCE. THE
11	DEVELOPMENT OF CERTAIN STATE HYDROELECTRIC PROJECTS. THE
12	REHABILITATION AND REPAIR OF CERTAIN STATE PROJECTS, AND
13	LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR
14	CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO APPROPRIATE
15	COAL SEVERANCE TAX TRUST PROCEEDS FOR DEBT SERVICE; TO
16	AUTHORIZE THE CREATION OF A STATE DEBT; TO ALLOW THE PRIVATE
17	SALE OF MUNICIPAL REVENUE BONDS TO THE STATE OF MONTANA;
18	AMENDING SECTION 7-7-4433, MCA; AND PRUVIDING AN IMMEDIATE
19	EFFECTIVE DATE."

20

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 21

22 NEW SECTION. Section 1. Purpose and policy. (1) The legislature recognizes that it is the policy of the state of 23 24 Montana to promote the conservation, development, and 25 beneficial use of the state's water resources to secure

2 (2) The legislature recognizes that the development and use of water resources and the efficient, economic 3 distribution thereof are vital to protect existing uses and 4 to assure adequate future supplies for domestic, industrial, 5 agricultural, and other beneficial uses. 6

maximum economic and social prosperity for its citizens.

7 (3) The legislature reaffirms its previous declaration that the public interest requires the construction. 8 9 operation, and maintenance of a system of works for the 10 conservation, development, storage, distribution, and use of 11 water, which construction, operation, and maintenance is a 12 single objective which is in all respects for the welfare and benefit of the people of this state. 13

14 (4) The legislature finds that the 1981 legislature, 15 in Chapter 505, Laws of 1981, established a state water development program to provide financial and administrative 16 17 assistance to private, local, and state entities for water resources development projects and activities. 18

12 (5) The legislature finds that 85-1-601 declares that ٥2 the water development program is an integral part of the implementation and development of the comprehensive, 21 27 coordinated, multiple-use water resources blan known as the state water plan and that Title 17, chapter 5, part 7, 23 provides for the issuance of coal severance tax bonds for 24 financing specific approved water resource development 25 REFERENCE BILL: Includes Free Joint Conference Committee Report

~2~

Dated 4-21-13

1

projects and activities as part of the state water 1 2 development program. (o) The legislature finds that the following water 3 development projects approved in [sections 3, 4, and 5] will 4 implement the state's policy of full use, conservation, and 5 6 protection of its water resources: 7 (a) Department of natural resources and conservation 8 hydroelectric development at Painted Rocks Dam, Broadwater 9 Damy and Cooney Dam: 10 (b) Department of natural resources and conservation 11 repair and rehabilitation at Yellow Water Dam, Cottonwood 12 Dam, and Martinsdale Dam and Reservoir; 13 te)--Three-Forks-water-system-improvement; 14 (d)--Hanhattan-wastewater-treatment-system-improvement; 15 te;--Hanhattan-water-system-capital-improvements; 16 101___THREE_FORKS_WATER_SYSTEM_THEROVEMENT: 17 101_MANHAITAN WASTEWATER TREATMENT SYSTEM IMPROVEMENT: 18 1E) MANHATTAN WATER SYSTEM CAPITAL IMPROVEMENTS: 19 tfttEttEl Roosevelt County rural water system construction; 20 21 (g)<u>t</u><u>0)(G)</u> Culbertson water supply and treatment 22 facility construction; 23 fhttEltHl Geraldine rural water system construction; 24 fittetLll South Kremlin-Gildford rural water system

25 construction;

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HB 865

1	(j)<u>(G1(J)</u> Huntley project irrigation aistrict
2	rehabilitation;
3	<pre>fk)fH1(K) Lower Birch Creek watershed plan;</pre>
4	tit
5	(L1ENNIS_SEWAGE_IREATHENI_CONSTRUCTION:
6	<pre>fmftIl(H) East Bench gravity flow irrigation project;</pre>
7	<pre>fnftdl(N) Bitterroot irrigation district Three Hile</pre>
8	farm irrigation measure:
9	tt;(0)NOXON_RURAL_WATER_SYSTEM_IMPROVEMENT:
10	1P)BELGRADE_WATER_SYSTEM_IMPROVEMENTS:
11	191HHITEEISH_SEWER_SYSTEM_IHPROVEMENTS1
12	TRTIQ COLUMBIA FALLS MATER AND SEWER SYSTEM
13	IMPROVEMENTS:
14	197181 CONRAD WATER SYSTEM INPROVEMENTS:
15	###(S)SAGE_CREEK_WATER_DISTRICT:
16	twi(T)SHELBY_SEWER_SYSTEM_IMPROVEMENTS:
17	<u>ty)[U]_HOI_SPRINGS_SENER_SYSTEM_IMPROVEMENTS:</u>
18	<u> +++++++ POWER-TETON_COUNTY_SEWER_SYSTEM_INPROVEMENTS:</u>
19	<u> **+(W)LIBBY_SEWEB_SYSTEM_IMPROVEMENTS:</u>
20	<u> ++++x) BIG FORK SENER SYSTEM IMPROVEMENTS</u> .
21	NEW_SECTION: Section 2. Appropriation and creation of
22	debt for coal severance tax bonds. (1) The legislature,
23	through the enactment of this section by a vote of
24	three-fourths of the members of each house of the
25	legislature as required by Article IX, section 5, of the

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Montana constitution, pledges, dedicates, and appropriates from the coal severance tax bond subfund all money necessary for the payment of principal and interest not otherwise provided for on the state of Montana coal severance tax bonds authorized by this act to be issued pursuant to Title 17, chapter 5, par 7, and pursuant to the further provisions of [this act].

(2) The legisliture, hrough the enactment of this 8 9 section, in accordance with Article VIII, section 8, of the 10 Montana constitution authorizes the creation of a state debt 11 in an amount not to exceed \$45,35 million for the 12 development of the state hydroelectric projects approved in 13 [section 3], in an amount not to exceed \$551,900 for the rehabilitation of state water projects approved in [section 14 4], and in an amount not to exceed #1279827281 \$17:044:735 15 for loans to local government entities for water development 16 17 projects approved in [section 5], all for the issuance of 18 state of Montana coal severance tax bonds authorized by [this ucl]+ 19

20 <u>NEW_SECTION</u>. Section 3. Approval of coal severance 21 tax bonds for state hydroelectric projects -- repayment 22 provisions. (1) The board of examiners may issue state of 23 Montana coal severance tax bonds:

24 (a) to a maximum amount of \$12.9 million for the
 25 development of the hydropower potential at the department of

natural resources and conservation's Painted Rocks Dam under
 the authorization granted by the federal energy regulatory
 commission for project number 4657;

4 (b) to a maximum amount of \$28.6 million for the 5 development of the hydropower potential at the department of 6 natural resources and conservation's Broadwater Dam under 7 authorization pending before the federal energy regulatory 8 commission for project number 2035 2853; and

9 (c) to a maximum amount of \$3.85 million for the 10 development of the hydropower potential at the department of 11 natural resources and conservation's Cooney Dam under an 12 authorization from the federal energy regulatory commission 13 to be applied for pursuant to the preliminary permit issued 14 for project number 4700.

15 (2) Bonds approved in this section may not be issued 16 by the board of examiners until the board of natural 17 resources and conservation has determined that a project is 18 feasible and has otherwise complied with the requirements of 19 Title 85, chapter 1, part 5, for the development of 10 hydropower at water projects under the control of the 21 department.

 22
 131_IHE_MAXIMUM_AMOUNT_OF_BOND_REVENUE_EOR_EACH

 23
 PROJECT_APPROVED_IN_THIS_SECTION_SHALL_ALSO_INCLUDE_ALL_AND

 24
 ANY_RELOCATION_RECONSTRUCTION_REMUNERATION_OR_OTHER_COSTS

 25
 EOR_MHICH_IHE_DEPARIMENT_IS_LEGALLY_LIABLE_IMAT_AFFECT

88 885

1 EXISTING IRRIGATION SYSTEMS, PRIVATE LANDS, UTILITY LINES, 2 MINES, ROADS, HIGHWAYS, AND RAILROADS THAT ARE SUBSEQUENTLY 3 AFEECTED BY THE DEVELOPMENT OF A RESPECTIVE HYDROELECTRIC 4 PROJECT.

(3)(4) The hydropower revenues from each project are 5 6 pledged; dedicated, and appropriated to a special bond 7 account created for that specific project in the sinking 8 fund of the state treasury for the benefit of the bonds 9 approved for that specific project. The board of examiners 10 may allocate a portion of the bond proceeds for a specific 11 project from the bond proceeds and insurance clearance fund 12 account to the special sinking account for that specific 13 project for the payment of interest on the bonds during construction, for the establishment of necessary reserves, 14 15 and for the operation and maintenance of the hydropower facilities. 16

17 (4)(5) In connection with the issuance of bonds, the 18 board of examiners may provide for the operation and 19 maintenance of the hydropower facilities, pay the principal 20 and interest on the bonds when due from each special bond 21 account, create and maintain necessary reserves within each special bond account, and in all other respects manage and 22 23 use the funds within each special bond account for the benefit of the bonds for the particular hydropower project. 24 25 +5)(6) The board of examiners shall exercise its

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discretion to enhance the marketability of the bonds, to
 secure the most advantageous financial arrangements for the
 state, and to provide to the extent possible that all costs,
 including operation and maintenance and debt service, are
 paid out of project revenues and bond proceeds.

6 (6)(17) Excess funds in any special sinking account as
7 determined by the board of examiners must be allocated to
8 the water development earmarked account to be used for the
9 purposes set forth in 85-1-604(3)(b).

<u>NEW_SECTION_</u> Section 4. Approval of coal severance
 tax bonds for rehabilitation and repair of state water
 projects -- repayment provisions. (1) The board of examiners
 may issue state of Montana coal severance tax bonds:

14 (a) to a maximum amount of \$92,000 for repair and
15 rehabilitation of the department of natural resources and
16 conservation's Yellow Water Dam in Petroleum County;

(b) a maximum amount of \$201,000 for the repair of the
department of natural resources and conservation's
Cottonwood Dam in Park County; and

20 (c) to a maximum amount of \$257,000 for the repair and 21 rehabilitation of the department of natural resources and 22 conservation's Martinsdale Dam and Reservoir in Meagher and 23 Wheatland Counties.

24 (2) Bonds may be issued by the board of examiners
 25 after the water users for each project have entered into

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1 contractual agreements providing for the repayment of the 2 cost of repair and rehabilitation at a 2%-interest-rate BAIE 3 <u>JE INTEREST FOUAL TO THAT WHICH HUST BE PAID ON BONDS ISSUED</u> 4 <u>PURSUANT TO [THIS SECTION]</u>. The repayment money from each 5 project is pledged, or dicated, and appropriated to a special 6 bond account in the inking fund of the state treasury for 7 the benefit of the bonds approved for such project.

8 (3) In connection with the issuance of bonds, the 9 board of examiners may p_{ω} , the principal and interest on the 10 bonds when due from the special bond account and in all 11 other respects manage and use the funds within each special 12 bond account for the benefit of the bonds. The board of 13 examiners shall exercise its discretion to enhance the 14 marketability of the bonds and to secure the most 15 advantageous financial arrangements for the state.

16 (4) Earnings on bond proceeds prior to the completion 17 of any loan shall be allocated to the special bond account 18 to pay interest on the bonds during this period. Earnings 19 in excess of bond interest, if any, shall be allocated to 20 the water development earmarked account and may be used for 21 the purposes allowed under 85-1-604(3)(b).

<u>NEH SECIION</u> Section 5. Authorization of coal
 severance tax bond loans to government entities. The board
 of examiners may issue state of Montana coal severance tax
 bonds in an amount not to exceed #12+942+201 \$11x524+201

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1	<u>#18x981x781 \$17+044+735</u> orthe-total-cost-of-the-projects
z	described-in-[section-6] for the purpose of making the loans
3	set forth in [section 6] from the bond proceeds to political
4	subdivisions and local government entities and for the
5	purpose of paying the cost of issuance of the bonds.
6	NEW SECTION. Section 6. Political subdivision
۲	projects. (1) The bonds authorized under [section 5] may be
8	issued as follows:
9	{a}t∔}-⊍onds-to-a-maximum-amount-of-\$iy±00+000-may-be
10	issued-for-a-loan-to-the-eity-of-Three-forks-for-the-purpose
11	of-financing-improvements-in-the-city*s-water-system=
12	{ii}~Theprojectywhichwillrehabilitateexisting
13	components-of-the-city-water-system-and-change-the-source-of
14	the-water-supply-from-theMadisonKiverdrainagetothe
15	jeffersonRiverdrain ag eyis-ne eded-to-resoive-the-health
16	horardinthecity=sexistingwatersupplycausedby
17	excessive-levels-of-arsenics
18	{ iii} -The-loon-must-be-repoid-at-a-2%-interest-retex
19	tb}tt}-wondstus-maximus-amount-of-fl30y000 -may-be
20	issued-for-a-loan-to-the-city-of-Nanhattan-forthepurpose
21	of-financing-improvements-in-the-city*s-wastewater-treatment
22	system.
23	{ii}-Theprojectisneeded-because-the-existing -city
24	wastewater-stabilization-ponds-provide-insdequatetreatment
25	to-meet-future-effluent-limitations.

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1	ţiiij-The-loan-must-be-repaid- at-a-2%-interest-rotew
z	{e}{+}-Bondsto- a-mex+mum-amount-of-\$170 ,000 -may-be
3	used-for-a-logn-to-the-city-of-Monhattan-for-the-purposeof
4	findneingcapitalimprovements-in-the-city1s-water-systemw
5	fii)-Theprojecti3neededforpromotionof
6	conservation-of-water-by-encouraging-eity-water-customers-to
7	uselesswater-and-for-rehabilitation-of-the-water-system=
8	{iii}}~?he~}oan-must-be-repaid-at-a-2%~interest-ratev
9	1A1111_BONDS_TO_A_MAXIMUM_AMOUNT_OF_\$1+100+000_MAY_BE
10	ISSUED FOR A LOAN TO THE CITY OF THREE FORKS FOR THE PURPOSE
11	DE_EINANCING_INPROVEMENTS_IN_THE_CITY'S_WATER_SYSTEM.
12	<u>LIII_IHE_PROJECT,HHICHHILL_REHABILITATEEXISTING</u>
13	COMPONENTS OF THE CITY WATER SYSTEM AND CHANGE THE SOURCE OF
14	THE HATER SUPPLY FROM THE MADISON RIVER DRAINAGE TO THE
15	JEEEERSON_BIVER_DRAINAGE+_IS_NEEDED_IDRESOLVEIHEHEALTH
16	HAZARD_IN_IHE_CITY'S_EXISTING_WATER_SUPPLY_CAUSED_BY
17	EXCESSIVE_LEVELS_DE_ARSENIC.
18	(III)_THE_LOAN_MUST_BE_REPAID_AT_A 6%=INTEREST=RATE 73
19	INTEREST_RATE_FOR_THE_FIRST_5_YEARS_FOLLOWING_LOAN_ISSUANCE
20	AND AT THE FULL BOND RATE THEREAFTERA A PRO BATA SHARE
21	BASEDONTHEAMOUNT_OF_THE_LOANOF_THE_INCURRED
22	ADMINISTRATIVE COSTS MUST BE REPAID.
23	LEL_LIL BUNDS TO A MAXIMUM AMOUNI OF \$130.000 MAY BE
24	ISSUED FOR A LOAN TO THE CITY OF MANHATIAN FOR THE PURPOSE
25	QE_EINANCING_IMPROVEMENTS_IN_THE_CITY'S_WASTEWATER_TREATMENT

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1 SYSTEM.

2 (III) THE PROJECT IS NEEDED BECAUSE. THE EXISTING CITY HASTEWATER STABILIZATION PONDS PROVIDE INADEQUATE TREATMENT 3 ID_NEET_EUTURE_SEELVENT_LIMITATIONS. 4 5 (III) THE LOAN MUST BE REPAID AT & GE-INTEREST-RATE 73 6 INTEREST RATE FOR THE FIRST 5 YEARS FOLLOWING LOAN ISSUANCE 7 AND AT THE FULL BOND BATE THEREAFIER. A PRO RATA SHARES 8 BASED ON THE ANOUNT OF THE LOANS OF THE INCURRED 9 ADMINISTRATIVE COSTS MUST BE REPAID. 10 ICI_ (II JONDS TO A MAXIMUM AMOUNT OF \$170.000 HAY BE 11 USED FOR A LOAN TO THE CITY OF MANHATTAN FOR THE PURPOSE OF 12 EINANCING_CAPITAL IMPROVEMENTS IN THE CITY'S WATER SYSTEM. 13 111) THE PROJECT IS NEEDED FOR PROMOTION OF 14 CONSERVATION DE WATER BY ENCOURAGING CITY WATER CUSTOMERS TO 15 USE LESS WATER AND FOR REMABILITATION OF THE WATER SYSTEM. 16 (III) THE LOAN MUST BE REPAID AT A 63-INFEREST-RATE 13 17 INTEREST RATE FOR THE FIRST 5 YEARS FOLLOWING LOAN ISSUANCE 18 AND AT THE FULL BOND RATE THEREAFTER. A PRO RATA SHASE. 19 BASED ON THE AMOUNT OF THE LOAN. OF THE INCURRED 20 ADMINISTRATIVE COSTS MUST BE REPAID. 21 telfAt(D1 (i) Bonds to a maximum amount of \$1,790,000 may be issued for a loan to the Roosevelt County rural water 22 district for the purpose of financing construction of a 23 proposed water distribution system for domestic and stock 24 use for eastern Roosevelt County. 25

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1 (ii) The priect is needed to supply water to those 2 residents of the county who must haul water because of poor 3 quality ground water and to prevent health problems caused 4 by consumption of poor quality water.

5 (iii) The loan mist be repaid at a $\frac{2\pi}{2}$ $\frac{6.1/23}{5}$ interest 6 rate.

7 te)tBitEl (i) Londs to a maximum amount of \$704,000 8 may be issued for a loan o the town of Culbertson for the 9 purpose of financing the construction of a water supply and 10 treatment facility for the town.

(ii) The project is needed to prevent health problems associated with poor water quality through the use of more sophisticated water treatment methods and to increase the town's capacity to service present and future users with safe, potable water.

(iii) The loan must be repaid at a 2% 5% interest rate.
(iii) The loan must be repaid at a 2% 5% interest rate.
(i) Bonds to a maximum amount of \$1,733,200
may be issued for a loan to the Geraldine rural county water
aistrict for the purpose of the development of a rural water
system in the Geraldine area.

(ii) The project is needed to alleviate the situation caused by poor quality ground water in the area. The majority of the area's residents must haul both domestic and stock water.

25 (iii) The loan must be repaid at a 28 6_1/23 interest

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l rate.

2 tgtttt[G1 (i) Bonds to a maximum amount of \$336,035
3 may be issued for a loan to the South Kremlin-Gildford water
4 district for the purpose of the development of a rural water
5 system in an area where ground water is of insufficient
6 quantity and quality.

7 (ii) The project is needed to alleviate the health and
8 economic problems caused by the lack of potable ground
9 water. At present most residents must haul both domestic
10 and stock water.

11 (iii) The loan must be repaid at a 2% <u>6.1/2%</u> interest 12 rate.

13 (h)fff(H) (i) Bonds to a maximum amount of \$162,000
14 may be issued for a loan to the Huntley project irrigation
15 district for the purpose of rehabilitation of the project.
16 (ii) The project is needed to improve the performance
17 of the water supply system and to ensure the availability of
18 sufficient water for irrigation.

19 (iii) The loan must be repaid at a 2% <u>6%</u> interest rate.
20 <u>(i)tEt(1)</u> (i) Bonds to a maximum amount of \$555,000
21 may be issued for a loan to the Pondera soil conservation
22 district for the purpose of partial financing of the Lower
23 Birch Creek watershed plan.

(ii) The watershed plan is needed to solve the area'sirrigation water shortage problem by stabilizing and

1	improving the major supply features of the system and to
2	ensure an adequate water supply to the nearby city of
3	Conr ad.
4	(iii) The loan must be repaid at a 2% 6% interest rate.
5	{j}{+}-80nds-to-a-max+mum-amount-af-\$±80y800maybe
6	iss ued for a loan-ta-the-city-of -E nnis-for-the -p urpose -of
7	finencingy-in-party-sewage-treatment-constructions
8	{ii}-The-projectisneededtabuildanaddition al
9	sewagesett]ingce]]inthecityofEnnis-because-the
10	present-sewage-treatment-system-is-inadequatetomeetthe
11	demandsofthecity*srisingpopulationandis-not-in
12	compliance-with-federal-standards.
13	{iii]~The-loan-must-be-repaid-at-o-2%-interest-rate
14	(JI(I) BONDS TO A HAXIMUM AMOUNI OF \$180,000 MAY BE
15	ISSUED_EOR_A_LOAN_TO_THE_CITY_OF_ENNIS_FOR_THE_PURPOSE_DE
16	EINANCING+_IN_PART+_SEWAGE_IREAIMENI_CONSIBUCTION+
17	(III_IHE_PROJECT_IS_NEEDED_IO_BUILD_AN_ADDITIONAL
18	SENAGE SETTLING CELL IN THE CITY DE ENNIS BECAUSE THE
19	PRESENT SEMAGE TREATMENT SYSTEM IS INADEQUATE TO MEET THE
20	DEMANDS DE THE CITY'S BISING POPULATION AND IS NOT IN
21	COMPLIANCE HITH FEDERAL STANDARDS.
22	(111) THE LOAN MUST BE REPAID AT A 6%-INTEREST-RATE 12
23	INTEREST_RATE_FOR_THE_FIRST_S_YEARS_FOLLOWING_LOAN_ISSUANCE
24	AND_AT_IHE_EULL_BOND_RATETHEREAFIERAPRORATASHARE .
25	BASED ON THE AMOUNT DE THE LOAN+ OF THE INCURSED

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1 ADMINISTRATIVE COSTS MUST BE REPAID.

2 <u>fk)fGt(K1</u> (i) Bonds may be issued for the purpose of a
3 loan to the East Bench gravity flow project to provide
4 financing to the project in accordance with subsection (ii)
5 or (iii) of this subsection (k) <u>fGt (K1</u>.

6 (ii) If the application for federal aid for the East 7 Bench gravity flow project is not approved by August 1, 8 1963, bonds may be issued in an amount not to exceed 9 \$3,230,000 to finance a loan to the East Bench gravity 10 company IRBIGATION DISTRICI. This loan must be repaid at a 11 24 3% interest rate.

12 (iii) If the application for federal aid for the East 13 Bench gravity flow project is approved by August 1, 1983, 14 bonds may be issued for the difference between a total 15 project cost of \$4,383,000 and the total amount of federal 16 aid received by the project to finance a loan to the East 17 Bench gravity company. This loan must be repaid at a 2% 3% 18 interest rate.

(iv) This project is needed to alleviate low pressure
problems at the lower end of the project and to eliminate
pumping costs.

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7 (ii) This project is needed to alleviate present water
8 shortages to reduce the coll of irrigation and to conserve
9 water.

10 (iii) The loan must be repaid at a 2% 3% interest rate. 11 111 BONDS IO A MAXIMUM OF \$122,000 MAY BE 12 ISSUED FOR A LOAN TO THE NOXON RURAL IMPROVEMENT DISTRICT 13 EDR. THE PURPOSE OF EINANCING REHABILITATION OF THE 14 COMMUNITY'S HATER SYSTEM. 15 (II) THE PROJECT IS NEEDED BECAUSE THE PRESENT WOODEN 16 LINES HAVE LEAKAGE PROBLEMS AND CONTAMINATION IS BEING DRAWN 17 INTO THE DISTRIBUTION SYSTEM CAUSING A HEALTH BAZARD. 18 (III) THE LOAN MUST BE REPAID AT A 5% INTEREST BALE. 19 INT TIT BONDS TO A MAXIMUM AMOUNT OF \$1,235,000 MAY BE 20 ISSUED FOR A LOAN. TO THE CITY OF BELGRADE FOR THE PURPOSE OF EINANCING IMPROVEMENTS IN THE CITY'S WATER SYSTEM. 21 22 (11) THE PROJECT. WHICH WILL BEHABILITATE EXISTING COMPONENTS OF THE CITY WATER SYSTEM, CONSTRUCT AN ADDITIONAL 23

- 24 HELL TO SUPPLY THE MATER SYSTEM, AND INSTALL RESIDENCE
- 25 MEIERSA IS NEEDED TO MEET THE DEMANDS DE THE CITY'S GROWING

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1	POPULATION AND TO CONSERVE THE AVAILABLE WATER FOR EVIURE
2	USE.
3	(111)_THELOAN_MUST_BE_REPAID_AI_A 5%-INTEREST-RATE 7%
4	INTEREST RATE FOR THE FIRST 5 YEARS FOLLOWING LOAN ISSUANCE
5	AND_AT_THE_EULL_BOND_RATE_THEREAFTER. A_PRO_RATA_SHABE.
6	BASED ON THE AMOUNT OF THE LOANS DE THE INCURRED
7	ADMINISTRATIVE COSTS MUST BE REPAID.
8	<u>£8}</u>
9	± <u>ssucoeogatoan-to-</u> th <u>e-whiteeish-couviy-water-and-seuc</u> g
10	DISIRIGI
11	<u>±8NSTRUCTION==0E==\$ENAGE=MAIN=CBLLECTORS=AND=INTERCEPTORS=IN</u>
12	<u> </u>
13	<u>STUBIES-WHICH-ARE-PART-DE-A-WAIER-QUALIIY-MANAGEHENI-PLAN-IN</u>
14	@RGGRESS#===DESI<u>CN==AND==</u>CONSIRUCIION=_MAY==STABI=DY=JULY=1 #
14 15	@R9GRE\$5#===0E\$1<u>6</u>4_=AND==60N\$TRVETION=_MAY==\$TABI=8Y=JVEY=}* 1281#
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15	12011
15 16	1201x tiitt=THE=t0an=8VSI=8E=REPaid=a=da=iNIEdE5I=RATEx
15 16 17	1985# 1111-THE-LOAN-MUST-BE-REPAIR:AI-A-68-INIERESI:RATE# 181101-111_BONDS_TU_A_MAXIMUM_AMBUNI_QE\$200:000MAY
15 16 17 18	12851 1111-THE: LOAN-HUSI-BE: REPAID: AI: A: 43: INIEGEST: RATE: 12:10)11BONDS_TO_A_MAXIMUM_AMBUNI_DE\$200.000MAY BEISSUED_EOR_ALDAN_TO_THE.CITY_DE_COLUMBIA_EALLS_FOR_THE
15 16 17 18 19	1285x 1111-THE-LOAN_HUST-BE-REPAID:AT-A-68-INTEREST-BATEx 101_11)_BONDS_TU_A_MAXIMUM_AMBUNI_QE\$200:000MAY BEISSUED_ECR_ALDAN_TO_THE_CITY_OE_COLUMBIA_EALLS_EQR_THE BURPOSE_DE_PABIIALLY_EINANCING_IMPROVEMENTS_IQCITYWATER
15 16 17 18 19 20	1285 1111-THE-LOAN-HUST-BE-REPAID:AT-A-65-INTEREST-RATE: 12110-111 BONDS_TO_A_MAXIMUM_AMOUNI_DE5200.000MAY BEISSUED_EOR_A_LOAN_TO_THE.CITY_DE_COLUMBIA_FALLS_FOR_THE PURPOSE_OF_PARTIALLY_EINANCING_IMPROVEMENTSIOCITYWAIER AND_SEVER_LINES.
15 16 17 18 19 20 21	1285x 1111-THE-LOAN_HUST-BE_REPAID:AT-A-68-INTEREST:RATEx 10:10)_010 BONDS_TU_A_MAXIMUM_AMBUNI_QE\$200:000_MAY BEISSUED_ECR_ALDAN_TO_THE_CITY_OF_COLUMBIA_FALLS_FOR_THE PURPOSE_OF_PARTIALLY_EINANCING_IMPROVEMENTS_TOCITYWATER AND_SEVER_LIMES. 1111_THEPROJECTISNEEDED_TO_REPLACE_EXISTING_WATER
15 16 17 18 19 20 21 22	1285* 1113-THE-LOAN-HUST-BE-REPAID:AT-A-68-INTEREST-RATE* 101-113_BONDS_TO_A_MAXIMUM_AMOUNT_QE\$200.000MAY BEISSUED_ECR_ALDAN_TO_THE.CITY_OF_COLUMBIA_EALLS_FOR_THE PURPOSE_OF_PARTIALLY_EINANCING_IMPROVEMENTS_IOCITYNATER AND_SEVER_LINES. 1113_THEPROJECT_ISNEEDED_TO_REPLACE_EXISTING_WATER AND_SEWER_LINES_WITH_NEM_LARGER_LINES_AND_BECAUSE_OFTHE
15 16 17 18 19 20 21 22 23	1285* 1111-THE-LOAN_HUST-BE_REPAID:AT_A-68-INTEREST:RATE* 10:10:11:00:00:TU_A_MAXIMUM_AMOUNI_QE\$200.000.MAY BEISSUED_ECR_ALDAN_TO_THE_GITY_OE_COLUMBIA_FALLS_FOR_THE PURPOSE_OF_PABIIALLY_EINANCING_IMPROVEMENTSIOCITYWATER AND_SEVER_LIMES. 111:00:THEPROJECTISNEEDED_TO_REPLACE_EXISTING_WATER AND_SEVER_LIMES_WITH_NEM_LARGER_LIMESAND_BECAUSEOETHE RECONSTRUCTIONQE_HIGHWAY_2_IN_THE_AREA_MHERE_THE_LIMES_ARE

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L	INTEREST RATE FOR THE FIRST 5 YEARS FOLLOWING LOAN ISSUANCE	1	AREA NOW MUSI HAUL DOMESTIC WATER BECAUSE OF THE SCARCILY
z	AND AT THE FULL BOND RATE THEBEAFTER. A PRO RATA SHARE.	2	AND POOR QUALITY OF GROUND HATER, AND IT IS PROBABLE IMAI
3	BASED ON THE AMOUNT DE THE LOANS DE THE INCURRED	3	THEY_WILL_HAVE_ID_HAUL_SIDCK_WATER_IN_THE_EUTURE.
4	ADMINISTRATIVE COSIS MUST HE REPAID.	4	<u>IIII)_THE_LOAN_HUST_BE_REPAID_AI_A 6%-ENTEREST-RATE</u> 7%
5	tettel cit bonds to a maximum amount de \$500.000 May	5	INTEREST_BATE_FOR_THE_FIRST_5_YEARS_EDULOWING_LOAN_ISSUANCE
6	BE ISSUED FOR A LOAN TO THE CITY OF CONRAD FOR THE PUBPOSE	6	AND AT THE FULL BOND BATE THEREAFTER. A PRO BATA SHARES
7	<u>DE EINANCING IMPROVEMENTS IN THE CITY'S MATER SYSTEM</u> .	7	BASED ON THE AMOUNT OF THE LOANS OF THE INCURRED
8	(II) THE PROJECT, WHICH WILL BEPLACE A TRANSMISSION	8	ADMINISTRATIVE COSTS_MUST_BE_REPAID.
9	LINEERDMIHE_EXISTING_TREATMENT_PLANT_TO_THE_DISTRIBUTION	. 9	tettel111_bong_lo_a_maximum_anguni_g122.000May
10	SYSTEM. IS NEEDED BECAUSE THE EXISTING STEEL PIPE	10	BE ISSUED FOR A LOAN TO THE CITY OF SHELBY FOR THE PURPOSE
11	TRANSMISSION HAS NUMEROUS BREAKS AND HAS DETERIORATED IN THE	11	QE PARIIALLY EINANCING REHABILITATION OF THE CITY'S SENCE
12	EXIENT_IMALII_CANNOT_PROVIDE_A_RELIABLE_SUPPLY_OF_WAIER_TO	12	SYSTEM.
13	IHE_CIIY.	13	(III)_THEPROJECTIS_NEEDED_ID_BEPLACE_PIPES_THAT_HAVE
14	LIII)_THE_LOAN_MUST_BE_REPAID_AT_A GN-INTEREST-RATE Z2	14	DETERIORATED BECAUSE OF AGE AND THAT ARE INADEQUATE IN SIZE
15	INTEREST_RATE_FOR_THE_EIRST_5_YEARS_FOLLOWING_LOAN_ISSUANCE	15	IO_SERVE_THE_POPULATION_DE_SHELBY.
16	AND AT THE EVIL BOND RATE THEREAFTER. A PRO BATA SHARE	16	(III)_THELOAN_HUSI_BE_REPAID_AI_A 48=INTERESTERATE 73
17	BASEDONTHEAMOUNTDETHELOAN+DETHEINCURRED	17	INTEREST RATE FOR THE FIRST 5 YEARS FOLLOWING LOAN _ ISSUANCE
18	ADMINISTRATIVE COSTS_MUST_BE_BEPAID.	18	AND AT THE FULL BOND RATE THEREAFTER. A PRO RATA SHARES
19	tetcol (1) BONDS TO A MAXIMUM AMOUNT DE \$750:000 MAY	19	BASED ON THE AMOUNT OF THE LOAN. OF THE INCURBED
20	BE ISSUED FOR A LOAN TO THE SAGE CREEK WATER DISTRICT. IF	20	ADMINISTRATIVE_COSTS_BUST_BE_REPAID.
21	THAT_DISTRICT_IS_FORMED_PRIOR_TO_THE_SALE_OF_BONDSPURSUANT	21	###(S)_(I)_BONDS_TO_A_MAXIMUM_AMDUNI_DE_\$142,000_MAY
22	10_IHIS_ACT. FOR THE PUBPOSE OF FINANCING CONSTRUCTION OF A	22	BE ISSUED FOR A LOAN TO THE TOWN OF HOI SPRINGS FOR THE
23	RURAL WATER SUPPLY SYSTEM FOR NOBTHERN LIBERTY AND HILL	23	PURPOSE_OF_SENER_SYSTEM_IMPROVEMENTS.
24	COUNTIES	24	(II)_THE_LOAN_MUST BE REPAID_AT A SA-INTEREST-RATE 73
25	(11)_INEPROJECTISNEEDEDBECAUSE_RESIDENTS_OF_INE	25	INTEREST RATE FOR THE FIRST 5 YEARS FOLLOWING LOAN ISSUANCE
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1	AND_AT_THE_EULA_BOND_BAIE_THEREAFTER+_A_PRO_BATA_SHABE+	1	<u> 1911, 11 BONDS TO A MAXIMUM AMOUNT DE \$250.000 MAY</u>
2	BASED_ON_THE_AMOUNT_DE_THE_LOANS_OE_THE_INCURRED	2	BELISSUED FOR A LUAN TO THE CITY OF BIG FORK FOR THE PURPOSE
3	ADMINISTRATIVE COSTS NUST BE REPAID.	.3	DEPARIIALLYEINANCING_REHABILITATION_DE_THE_CITY'S_SEWAGE
4	tut(1)_(1)_BONDS1DA_MAXIMUH_AMBUNI_DE_\$200+000_MAY	- 4	IREAIMENI_PLANI.
5	BE ISSUED FOR A LOAN IS THE POWER-TEION WATER AND SEWER	5	[11] THE PROJECT IS NEEDED BECAUSE THE EXISTING
6	DISTRICT_EOR_THE_PURPORE_DE_PARTIALLY_EINANCING_IMPROVEMENTS	6	IREAIMENT PLANT IS INADEQUATE TO MEET THE NEEDS OF THE CITY
7	ID_IHE_IQWN_DE_PIWER'S_SEWESYSTEM.	7	AND: AS A RESULT: POOR QUALITY EFELVENT IS BEING DISCHARGED
8	(11) THE PROJECT IS & EDED TO INSTALL & COLLECTION AND	8	BY_IHE_SYSIEM.
9	IREAIMENT FACILITY 10 ADDRESS THE PRESENT HEALTH HAZARD AND	9	LIII)_THELOAN_MUST_BE_REPAID_AI_A_ \$%_INTEREST_RATE _73
10	POLLUTION_PROBLEM.	10	INTEREST_BATE_EOR_THE_FIRST_5_YEARS_EOLLOWING_LOANISSUANCE
11	(III) THE LOAN MUST BE REPAID ALLA 23 72 INTEREST RAIL.	11	AND_AI_IHE_EULL_BOND_RATE_IHEBEAETER. A_PRO_RATA_SHARE.
12	APKORATASHARE1_BASED_DN_THE_AMOUNT_DE_THE_LQAN1_DE_THE	12	BASED_ON_THE_AMOUNT_DE_THE_LOAN+_DE_THE_INCURRED
13	INCURGED ADMINISTRATIVE COSIS MUSI BE REPAID.	13	ADMINISIRATIVE_COSIS_MUSI_BE_BEPAID.
14	<u> </u>	14	(2) Loan repayments, both LOAN principal <u>, FIXED BOND</u>
15	JE ISSUED FOR A LOAN TO THE CITY OF LIBBY FOR THE PURPOSE OF	15	<u>SALS_COSTS</u> , and interest, are pledged, dedicated, and
16	PARIALLY_EINANCING_CONSTRUCTION_DE_A_SECONDARY_SEWAGE	16	appropriated to a special bond account in the sinking fund
17	IBLAIMENI_PLANI_FOR_IME_CIIY.	17	of the state treasury for the benefit of bonds approved for
14	111) THE PROJECT IS NEEDED BECAUSE THE CITY'S PRESENT	18	Yoans under this section. <u>REPAYMENT. HOIH PRINCIPAL AND</u>
19	SEMAGE_IREALMENT_SYSTEM_IS_NOT_IN_COMPLIANCE_WITH_PUBLIC	19	INTEREST. OF INCURRED ADMINISTRATIVE COST MUST BE MADE TO
20	HEALIH_SIANQARDS.	20	IMEMAIAR_REVELURMENT_EARMARKED_ACCOUNT_CREATED_IN_85-1-604
21	LIII)_IHE_LOAN_HUSI_BE_REPAID_AI_A =%_INIERESI-RATE 73	21	IO_DE_REUSED_FUR_THE_AUDINISTRATION_DE_THE_HATER_DEVELOPMENT
22	INIEREST RATE FOR THE FIRST 5 YEARS FOLLOWING LOAN ISSUANCE	2?	LOANLAND_GRANT_BRUGRAMA_THE_INTEREST_BATES_APPLICABLE_TO_ANY
23	AND AT THE FULL COND_RATE_IMEREAFIER. A PRO BATA SHARE.	23	DE THE PROJECTS LISTED IN (THIS SECTION) SHALL BE THE LONGE
24	GASEDONAIHEAMOUNI_DEIHE_LQAN*_DEIHEINCURSED	24	DEIHESPECIFIED_BATECITED_EDR_EACH_PROJECT_OR_INE_RATE
25	AUMINISIRATIVE_COSIS_MUST_BE_REPAID.	25	IMAI_MUSI_ME_PAID_ON_PONDS_ISSUED_PURSUANI_ID[SECIION5].

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1 (3) In connection with the issuance of bonds, the 2 board of examiners may pay the principal and interest on the 3 bonds when due from the special bond account and in all 4 other respects manage and use the funds within the special 5 bond account for the benefit of the bonds. The board of 6 examiners shall exercise its discretion to enhance the 7 marketability of the bonds and to secure the most 8 advantageous financial arrangements for the state.

9 (4) Earnings on bond proceeds prior to the completion 10 of any loan must be allocated to the special bond account to 11 pay interest on the bonds during this period. Earnings in 12 excess of bond interest, if any, must be allocated to the 13 water development earmarked account and may be used for the 14 purposes allowed under 85-1-604(3)(c).

15 (5) (a) The legislature's approval of loans for projects listed in this section is subject to the 16 17 recipient's provision to the board of examiners of 18 information and material necessary for the purposes of completion of contractual agreements and for bond sale 19 20 purposes. This information and material must be provided on 21 a schedule that will allow bond sale schedules to be met. 22 PRIOR TO THE ISSUANCE OF THE BONDS. THE DEPARTMENT OF 23 NATURAL RESOURCES AND CONSERVATION SHALL REVIEW THE PROJECTS 24 ID_DETERMINE THEIR TECHNICAL AND FINANCIAL FEASIBILITY AND 25 <u>REPORT_IO_IME_BOARD_OF_EXAMINERS.</u> The loans are conditioned

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upon compliance with the requirements of this subsection (5)
 meeting the approval of the board of examiners and upon such
 other conditions the board of examiners may impose that are
 necessary for the completion of contractual agreements and
 for bond sale purposes.

6 (b) Loans for projects listed in this section are
7 subject to the approval of the governing body of the
8 political subdivision.

9 Section 7. Section 7-7-4433, MCA, is amended to read:
10 "7-7-4433. Sale of bonds. (1) donds authorized to pe
11 issued under this part shall be sold at not less than par.
12 (2) (a) Said bonds may be sold at private sale to the
13 United States or the state of Montana or any agency,
14 instrumentality, or corporation thereof.

(b) Unless sold to the United States or the state of
bontana or an agency, instrumentality, or corporation
thereof, said bonds shall be sold at public sale after
notice of such sale."

19 <u>NEW SECTION</u>. Section 8. Severability. If a part of 20 this act is invalid, all valid parts that are severable from 21 the invalid part remain in effect. If a part of this act is 22 invalid in one or more of its applications, the part remains 23 in effect in all valid applications that are severable from 24 the invalid applications.

<u>NEK_SECTION</u> Section 9. Effective date. This act is

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1 effective on pass ge and approval.

-End-

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