

SENATE BILL NO. 186
INTRODUCED BY ELLIOTT
BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE

IN THE SENATE

January 18, 1983	Introduced and referred to Committee on Taxation.
January 19, 1983	Fiscal Note requested.
January 24, 1983	Fiscal Note returned.
February 2, 1983	Committee recommend bill do pass as amended. Report adopted.
February 3, 1983	Bill printed and placed on members' desks.
February 5, 1983	Second reading, do pass.
February 7, 1983	Correctly engrossed.
February 8, 1983	Third reading, passed. Ayes, 45; Noes, 5. Transmitted to House.

IN THE HOUSE

February 9, 1983	Introduced and referred to Committee on Taxation.
March 22, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 24, 1983	Second reading, concurred in as amended.
March 25, 1983	Third reading, concurred in.

IN THE SENATE

March 26, 1983	Returned to Senate with amendments.
April 7, 1983	Second reading, amendments not concurred in. Ayes, 36; Noes, 12.
April 8, 1983	On motion Free Conference Committee requested and appointed.
April 16, 1983	Free Conference Committee reported.
April 18, 1983	Second reading, report adopted.
April 19, 1983	Third reading, report adopted.
	Free Conference Committee report adopted by House.
	Sent to enrolling.
	Reported correctly enrolled.

1 *Arate* BILL NO. *186*
 2 INTRODUCED BY *Elbert*
 3 BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE COAL
 6 BOARD TO CONSIDER APPLICATIONS FOR LOANS FROM THE LOCAL
 7 IMPACT AND EDUCATION TRUST FUND ACCOUNT; AND PROVIDING
 8 LIMITATIONS; AMENDING SECTIONS 90-6-205, 90-6-206, AND
 9 90-6-208, MCA."

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

12 Section 1. Section 90-6-205, MCA, is amended to read:
 13 "90-6-205. Coal board -- general powers. The board
 14 may:

- 15 (1) retain professional consultants and advisors;
 16 (2) adopt rules governing its proceedings;
 17 (3) consider applications for grants from the local
 18 impact and education trust fund account; and
 19 (4) consider applications for loans from the local
 20 impact and education trust fund account for periods and
 21 interest rates to be determined by the board; and

22 ~~++(5)~~ award grants and loans, subject to 90-6-207,
 23 not to exceed in any one year seven-elevenths and after June
 24 30, 1979, seven-fifteenths of the revenue paid into the
 25 local impact and education trust fund account, to local

1 governmental units and state agencies to assist local
 2 governmental units in meeting the local impact of coal
 3 development by enabling them to adequately provide
 4 governmental services and facilities which are needed as a
 5 direct consequence of coal development. As used in the
 6 preceding sentence, "revenue paid" does not include interest
 7 income from the account reinvested in the account in trust
 8 for the public schools and the university system. Grants and
 9 loans may be from current allocations only, and no part of
 10 the principal or income of the trust referred to in 90-6-211
 11 may be used for this purpose. The money derived from loan
 12 repayments, including the interest thereon, must be
 13 deposited to the credit of the trust fund referred to in
 14 90-6-211a."

15 Section 2. Section 90-6-206, MCA, is amended to read:
 16 "90-6-206. Basis for awarding grants or loans. (1)
 17 ~~Such-grants~~ Grants and loans shall be awarded on the basis
 18 of:

- 19 (a) need;
 20 (b) degree of severity of impact from the coal
 21 development;
 22 (c) availability of funds; and
 23 (d) degree of local effort in meeting these needs.
 24 (2) In determining the degree of local effort, the
 25 board shall review the millage rates levied for the present

1 fiscal year in relation to the average millage rates levied
2 during the 3 years immediately preceding coal development in
3 that area or 1970, whichever is later, which impacts the
4 local government unit applying for assistance.

5 (3) Millage rates for the present fiscal year which
6 are lower than the average millage rate levied during the 3
7 years immediately preceding coal development in that area or
8 1970, whichever is later, shall be deemed by the board to
9 indicate the lack of local effort. The application under
10 such circumstances may be rejected.

11 (4) Further, in determining the degree of local
12 effort, the board shall consider the possibility of
13 requiring that local government unit to increase its bonded
14 indebtedness to provide all or part of the governmental
15 service or facility which is needed as a direct consequence
16 of coal development.

17 (5) To the extent funds are needed to evaluate and
18 plan for the impact needs caused by coal development,
19 consideration of bond issues and millage levies may be
20 waived.

21 (6) To the extent the applicant has no history of mill
22 levies, subsections (2) and (3) do not apply."

23 Section 3. Section 90-6-208, MCA, is amended to read:

24 "90-6-208. Applications for grants or loans. The
25 governing body of a city, town, county, or school district

1 or any other local or state governmental unit or agency may
2 apply for a grant or a loan to enable it to provide
3 governmental services which are needed as a direct
4 consequence of coal development. The coal board shall
5 prescribe the form for applications. Applicants shall
6 describe the nature of their proposed expenditures and the
7 time involved."

8 ~~NEW SECTION.~~ Section 4. Limitations on loans. (1) No
9 loan may be approved by the board if the source of money for
10 repayment would be derived directly or indirectly from
11 property taxes.

12 (2) The repayment period for loans approved by the
13 board may not exceed 40 years.

14 (3) The board shall hold all loan contracts within its
15 administrative offices. The board may not sell, reassign, or
16 pledge a loan contract to any other entity.

17 (4) A local government unit receiving a loan from the
18 board shall use or commit for use the loan money within 1
19 year of the date of the board's final approval of the loan.

20 (5) If a local government unit fails to comply with
21 subsection (4), the entire loan must be repaid within 30
22 days following expiration of the 1-year period.

23 ~~NEW SECTION.~~ Section 5. Codification instruction.
24 Section 4 is intended to be codified as an integral part of
25 Title 90, chapter 6, part 2, and the provisions of Title 90,

1 chapter 6, part 2, apply to section 4.

-End-

STATE OF MONTANA

REQUEST NO. 141-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, 1983, there is hereby submitted a Fiscal Note for Senate Bill 186 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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:

Senate Bill 186 authorizes the Coal Board to consider applications for loans from the Local Impact and Education Trust Fund Account; provides limitations; and amends sections 90-6-205, 90-6-206, and 90-6-208, MCA.

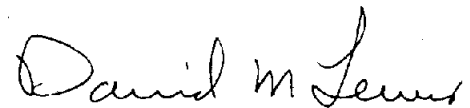
FISCAL IMPACT:

None Anticipated.

LOCAL IMPACT:

May provide a source of credit for some local governments which have had trouble marketing bonds.

FISCAL NOTE 5:FF/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-24-83

Approved by committee
on Taxation

SENATE BILL NO. 186

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BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE COAL BOARD TO CONSIDER APPLICATIONS FOR LOANS FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCOUNT; AND PROVIDING LIMITATIONS; AMENDING SECTIONS 90-6-205, 90-6-206, AND 90-6-208, MCA."

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

Section 1. Section 90-6-205, MCA, is amended to read:

"90-6-205. Coal board -- general powers. The board may:

(1) retain professional consultants and advisors;

(2) adopt rules governing its proceedings;

(3) consider applications for grants from the local impact and education trust fund account; and

~~(4) consider applications for loans from the local impact and education trust fund account for periods and interest rates to be determined by the board; and~~

~~(4)(5) award grants and loans, subject to 90-6-207, not to exceed in any one year seven-elevenths and after June 30, 1979, seven-fifteenths of the revenue paid into the local impact and education trust fund account, to local~~

governmental units and state agencies to assist local governmental units in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development. As used in the preceding sentence, "revenue paid" does not include interest income from the account reinvested in the account in trust for the public schools and the university system. Grants and loans may be from current allocations only, and no part of the principal or income of the trust referred to in 90-6-211 may be used for this purpose. The money derived from loan repayments, including the interest thereon, must be deposited to the credit of the trust LOCAL IMPACT fund referred to in 90-6-211, 90-6-202."

Section 2. Section 90-6-206, MCA, is amended to read:

"90-6-206. Basis for awarding grants or loans. (1)

~~Such grants~~ Grants and loans shall be awarded on the basis of:

(a) need;

(b) degree of severity of impact from the coal development;

(c) availability of funds; and

(d) degree of local effort in meeting these needs.

(2) In determining the degree of local effort, the board shall review the millage rates levied for the present

1 fiscal year in relation to the average millage rates levied
2 during the 3 years immediately preceding coal development in
3 that area or 1970, whichever is later, which impacts the
4 local government unit applying for assistance.

5 (3) Millage rates for the present fiscal year which
6 are lower than the average millage rate levied during the 3
7 years immediately preceding coal development in that area or
8 1970, whichever is later, shall be deemed by the board to
9 indicate the lack of local effort. The application under
10 such circumstances may be rejected.

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13 requiring that local government unit to increase its bonded
14 indebtedness to provide all or part of the governmental
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18 plan for the impact needs caused by coal development,
19 consideration of bond issues and millage levies may be
20 waived.

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22 levies, subsections (2) and (3) do not apply."

23 Section 3. Section 90-6-208, MCA, is amended to read:

24 "90-6-208. Applications for grants or loans. The
25 governing body of a city, town, county, or school district

1 or any other local or state governmental unit or agency may
2 apply for a grant or a loan to enable it to provide
3 governmental services which are needed as a direct
4 consequence of coal development. The coal board shall
5 prescribe the form for applications. Applicants shall
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7 time involved."

8 ~~NEW SECTION.~~ Section 4. Limitations on loans. (1) No
9 loan may be approved by the board if the source of money for
10 repayment would be derived ~~directly--or--indirectly~~ from
11 property taxes.

12 (2) The repayment period for loans approved by the
13 board may not exceed 40 20 years.

14 (3) The board shall hold all loan contracts within its
15 administrative offices. The board may not sell, ~~reassign~~
16 ~~ASSIGN~~, or pledge a loan contract to any other entity.

17 (4) A local government unit receiving a loan from the
18 board shall use or commit for use the loan money within 1
19 year of the date of the board's final approval of the loan.

20 (5) If a local government unit fails to comply with
21 subsection (4), the entire loan must be repaid within 30
22 days following expiration of the 1-year period.

23 ~~NEW SECTION.~~ Section 5. Codification instruction.
24 Section 4 is intended to be codified as an integral part of
25 Title 90, chapter 6, part 2, and the provisions of Title 90,

SB 0186/02

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18 impact and education trust fund account; and19 ~~(4) consider applications for loans from the local~~
20 ~~impact and education trust fund account for periods and~~
21 ~~interest rates to be determined by the board; and~~22 ~~†††(5) award grants and loans, subject to 90-6-207,~~
23 ~~not to exceed in any one year seven-elevenths and after June~~
24 ~~30, 1979, seven-fifteenths of the revenue paid into the~~
25 ~~local impact and education trust fund account, to local~~

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9 loans may be from current allocations only, and no part of
10 the principal or income of the trust referred to in 90-6-211
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22 (c) availability of funds; and

23 (d) degree of local effort in meeting these needs.

24 (2) In determining the degree of local effort, the
25 board shall review the millage rates levied for the present

fiscal year in relation to the average millage rates levied during the 3 years immediately preceding coal development in that area or 1970, whichever is later, which impacts the local government unit applying for assistance.

(3) Millage rates for the present fiscal year which are lower than the average millage rate levied during the 3 years immediately preceding coal development in that area or 1970, whichever is later, shall be deemed by the board to indicate the lack of local effort. The application under such circumstances may be rejected.

(4) Further, in determining the degree of local effort, the board shall consider the possibility of requiring that local government unit to increase its bonded indebtedness to provide all or part of the governmental service or facility which is needed as a direct consequence of coal development.

(5) To the extent funds are needed to evaluate and plan for the impact needs caused by coal development, consideration of bond issues and millage levies may be waived.

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Section 3. Section 90-6-208, MCA, is amended to read:

"90-6-208. Applications for grants or loans. The governing body of a city, town, county, or school district

or any other local or state governmental unit or agency may apply for a grant or loan to enable it to provide governmental services which are needed as a direct consequence of coal development. The coal board shall prescribe the form for applications. Applicants shall describe the nature of their proposed expenditures and the time involved."

~~NEW SECTION.~~ Section 4. Limitations on loans. (1) No loan may be approved by the board if the source of money for repayment would be derived ~~directly--or--indirectly~~ from property taxes.

(2) The repayment period for loans approved by the board may not exceed 40 20 years.

(3) The board shall hold all loan contracts within its administrative offices. The board may not sell, ~~reassign~~ ~~ASSIGN~~, or pledge a loan contract to any other entity.

(4) A local government unit receiving a loan from the board shall use or commit for use the loan money within 1 year of the date of the board's final approval of the loan.

(5) If a local government unit fails to comply with subsection (4), the entire loan must be repaid within 30 days following expiration of the 1-year period.

~~NEW SECTION.~~ Section 5. Codification instruction. Section 4 is intended to be codified as an integral part of Title 90, chapter 6, part 2, and the provisions of Title 90,

SB 0186/02

1 chapter 6, part 2, apply to section 4.

-End-

1. Title, line 7.

Following: "ACCOUNT"

Insert: "AND TO AWARD GRANTS AND LOANS TO FEDERALLY RECOGNIZED
TRIBES AND UNITS OF TRIBAL GOVERNMENT"

2. Page 4, line 4.

Following: "development."

Insert: "For purposes of this part the term local government
unit includes a federally recognized tribe and governmental
units thereof."

AND AS AMENDED
BE CONCURRED IN

March 24, 1983

HOUSE COMMITTEE OF THE WHOLE AMENDMENTS TO SENATE BILL 186,
THIRD READING COPY (BLUE)

1) Title, line 9
Following: "90-6-208,"
Insert: "90-6-209,"

2) Page 4
Following: line 7
Insert: "Section 4. Section 90-6-209, MCA, is amended to read:
"90-6-209. Limitations on grants. The board may commit itself
to the expenditure of funds for more than 1 year for a single project,
as long as the grant or loan does not extend over more than 10 years and
does not exceed reasonable revenue expectations. ~~No-state-agency-may
receive-grants-which-exceed-5%-of-the-money-allocated-to-the-board~~ The
total amount of grants and loans to state agencies and Indian tribes
may not exceed 7% of the total money allocated to the board during
each fiscal year."

Renumber: subsequent sections

3) Page 4, line 24
Strike: "4"
Insert: "5"

4) Page 5, line 1
Strike: "4"
Insert: "5"

ADOPT

FREE CONFERENCE COMMITTEE
SENATE BILL NO. 186
(Report No. 1, April 15, 1983)

MR. PRESIDENT:

We, your Free Conference Committee on Senate Bill 186, met and considered:

Senate Bill 186;
House Committee of the Whole Amendments to Senate Bill 186 of March 24, 1983; and
House Standing Committee on Taxation Amendments to Senate Bill 186 of March 22, 1983.

We respectfully recommend:

That the Senate accede to House Taxation Committee amendment number 1;

That the Senate accede to House Committee of the Whole amendment numbers 1 through 4;

That the House recede from House Taxation Committee amendment number 2;

That Senate Bill 186 be further amended as specified in CLERICAL INSTRUCTIONS; and

That this Free Conference Committee Report be adopted.

.....
CLERICAL INSTRUCTIONS FOR REFERENCE COPY (SALMON)

1. Title, line 8.

Following: "TO"

Insert: "GOVERNING BODIES OF"

Following: "RECOGNIZED"

Insert: "INDIAN"

Following: "TRIBES"

Strike: "AND UNITS OF TRIBAL GOVERNMENT"

2. Page 2, line 2.

Following: "units"

Strike: "and"

Insert: ", "

Following: "agencies"

Insert: "and governing bodies of federally recognized Indian tribes"

3. Page 2, line 3.

Following: "units"

Insert: "and federally recognized Indian tribes"

4. Page 4, line 1.
Following: "county,"
Strike: "or"
Following: "district"
Insert: ", "

5. Page 4, line 2.
Following: line 1
Strike: "or"
Following: "agency"
Insert: ", or the governing body of a federally recognized Indian tribe"

6. Page 4, lines 5 through 7.
Following: "development" on line 5
Strike: the remainder of line 5 through "THEREOF," on line 7

7. Page 5, line 5.
Following: "unit"
Insert: "or the governing body of a federally recognized Indian tribe"

8. Page 5, line 8.
Following: "unit"
Insert: "or the governing body of a federally recognized Indian tribe"

9. Page 5, line 11.
Following: line 10
Insert: "NEW SECTION. Section 6. Limitation on loans and grants to Indian tribes. (1) No loan or grant to an Indian tribe under 90-6-205 may be approved by the board unless, with respect to that loan or grant:
(a) the governing body of the tribe has agreed:
(i) to waive its immunity from suit on any issue specifically arising from the transaction of a loan or grant obtained under this part; and
(ii) to the adjudication of any dispute arising out of the loan or grant transaction in the district court of the first judicial district of the state of Montana; and
(b) approval of the transaction has been obtained from the secretary of the United States department of the interior whenever such approval is necessary."
Renummer: subsequent section

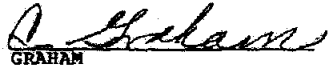
10. Page 5, line 12.
Following: line 11
Strike: "Section"
Insert: "Sections"
Following: "5"
Strike: "is"
Insert: "and 6 are"

11. Page 5, line 14
Following: "to"
Strike: "section"
Insert: "sections"
Following: "5"
Insert: "and 6"

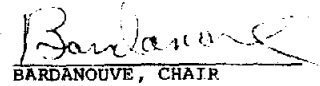
FOR THE SENATE

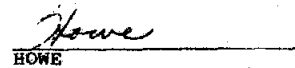

KEATING, CHAIR

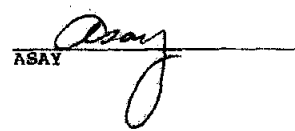

MCCAULEY


GRAHAM

FOR THE HOUSE


BARDANOUE, CHAIR


HOWE


ASAY

2

SENATE BILL NO. 186

INTRODUCED BY ELLIOTT

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A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE COAL BOARD TO CONSIDER APPLICATIONS FOR LOANS FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCOUNT ~~AND TO AWARD GRANTS AND LOANS TO FEDERALLY RECOGNIZED TRIBES AND UNITS OF TRIBAL GOVERNMENT~~; AND PROVIDING LIMITATIONS; AMENDING SECTIONS 90-6-205, 90-6-206, AND 90-6-208, ~~AND 90-6-209~~, MCA."

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- (1) retain professional consultants and advisors;
- (2) adopt rules governing its proceedings;
- (3) consider applications for grants from the local impact and education trust fund account; and
- ~~(4) consider applications for loans from the local impact and education trust fund account for periods and interest rates to be determined by the board; and~~

~~(4)(5)~~ award grants ~~and loans~~, subject to 90-6-207, not to exceed in any one year seven-elevenths and after June 30, 1979, seven-fifteenths of the revenue paid into the

local impact and education trust fund account, to local governmental units and state agencies to assist local governmental units in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development. As used in the preceding sentence, "revenue paid" does not include interest income from the account reinvested in the account in trust for the public schools and the university system. ~~Grants and loans may be from current allocations only, and no part of the principal or income of the trust referred to in 90-6-211 may be used for this purpose. The money derived from loan repayments, including the interest thereon, must be deposited to the credit of the trust LOCAL IMPACT fund referred to in 90-6-211 90-6-202.~~"

Section 2. Section 90-6-206, MCA, is amended to read:

"90-6-206. Basis for awarding grants ~~or loans~~. (1) Such grants ~~grants and loans~~ shall be awarded on the basis of:

- (a) need;
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- (2) In determining the degree of local effort, the

board shall review the millage rates levied for the present fiscal year in relation to the average millage rates levied during the 3 years immediately preceding coal development in that area or 1970, whichever is later, which impacts the local government unit applying for assistance.

(3) Millage rates for the present fiscal year which are lower than the average millage rate levied during the 3 years immediately preceding coal development in that area or 1970, whichever is later, shall be deemed by the board to indicate the lack of local effort. The application under such circumstances may be rejected.

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(6) To the extent the applicant has no history of mill levies, subsections (2) and (3) do not apply."

Section 3. Section 90-6-208, MCA, is amended to read:

"90-6-208. Applications for grants or loans. The

governing body of a city, town, county, or school district or any other local or state governmental unit or agency may apply for a grant or a loan to enable it to provide governmental services which are needed as a direct consequence of coal development. ~~FOR PURPOSES OF THIS PART THE TERM LOCAL GOVERNMENT UNIT INCLUDES A FEDERALLY RECOGNIZED TRIBE AND GOVERNMENTAL UNITS THEREOF.~~ The coal board shall prescribe the form for applications. Applicants shall describe the nature of their proposed expenditures and the time involved."

SECTION 4. SECTION 90-6-209, MCA, IS AMENDED TO READ:

"90-6-209. Limitations on grants. The board may commit itself to the expenditure of funds for more than 1 year for a single project, as long as the grant or loan does not extend over more than 10 years and does not exceed reasonable revenue expectations. ~~No state agency may receive grants which exceed 5% of the money allocated to the board. The total amount of grants and loans to state agencies and Indian tribes may not exceed 7% of the total money allocated to the board during each fiscal year.~~"

NEW SECTION. Section 5. Limitations on loans. (1) No loan may be approved by the board if the source of money for repayment would be derived ~~directly or indirectly~~ from property taxes.

(2) The repayment period for loans approved by the

1 board may not exceed 40 20 years.

2 (3) The board shall hold all loan contracts within its
3 administrative offices. The board may not sell, reassign
4 ASSIGN, or pledge a loan contract to any other entity.

5 (4) A local government unit receiving a loan from the
6 board shall use or commit for use the loan money within 1
7 year of the date of the board's final approval of the loan.

8 (5) If a local government unit fails to comply with
9 subsection (4), the entire loan must be repaid within 30
10 days following expiration of the 1-year period.

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12 Section 4 5 is intended to be codified as an integral part
13 of Title 90, chapter 6, part 2, and the provisions of Title
14 90, chapter 6, part 2, apply to section 4 5.

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BY REQUEST OF THE COAL TAX OVERSIGHT SUBCOMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE COAL BOARD TO CONSIDER APPLICATIONS FOR LOANS FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCOUNT ~~AND TO AWARD GRANTS AND LOANS TO GOVERNING BODIES OF FEDERALLY RECOGNIZED INDIAN TRIBES AND UNITS OF TRIBAL GOVERNMENT~~; AND PROVIDING LIMITATIONS; AMENDING SECTIONS 90-6-205, 90-6-206, AND 90-6-208, ~~AND 90-6-209, MCA.~~"

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

Section 1. Section 90-6-205, MCA, is amended to read:

"90-6-205. Coal board -- general powers. The board may:

(1) retain professional consultants and advisors;

(2) adopt rules governing its proceedings;

(3) consider applications for grants from the local impact and education trust fund account; and

~~(4) consider applications for loans from the local impact and education trust fund account for periods and interest rates to be determined by the board; and~~

~~(4)(5) award grants and loans, subject to 90-6-207, not to exceed in any one year seven-elevenths and after June~~

30, 1979, seven-fifteenths of the revenue paid into the local impact and education trust fund account, to local governmental units, and state agencies, ~~AND GOVERNING BODIES OF FEDERALLY RECOGNIZED INDIAN TRIBES~~ to assist local governmental units ~~AND FEDERALLY RECOGNIZED INDIAN TRIBES~~ in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development. As used in the preceding sentence, "revenue paid" does not include interest income from the account reinvested in the account in trust for the public schools and the university system. ~~Grants and loans may be from current allocations only, and no part of the principal or income of the trust referred to in 90-6-211 may be used for this purpose. The money derived from loan repayments, including the interest thereon, must be deposited to the credit of the trust. LOCAL IMPACT fund referred to in 90-6-211, 90-6-202.~~"

Section 2. Section 90-6-206, MCA, is amended to read:

"90-6-206. Basis for awarding grants ~~or loans~~. (1) Such grants ~~Grants and loans~~ shall be awarded on the basis of:

(a) need;

(b) degree of severity of impact from the coal development;

(c) availability of funds; and

(d) degree of local effort in meeting these needs.

(2) In determining the degree of local effort, the board shall review the millage rates levied for the present fiscal year in relation to the average millage rates levied during the 3 years immediately preceding coal development in that area or 1970, whichever is later, which impacts the local government unit applying for assistance.

(3) Millage rates for the present fiscal year which are lower than the average millage rate levied during the 3 years immediately preceding coal development in that area or 1970, whichever is later, shall be deemed by the board to indicate the lack of local effort. The application under such circumstances may be rejected.

(4) Further, in determining the degree of local effort, the board shall consider the possibility of requiring that local government unit to increase its bonded indebtedness to provide all or part of the governmental service or facility which is needed as a direct consequence of coal development.

(5) To the extent funds are needed to evaluate and plan for the impact needs caused by coal development, consideration of bond issues and millage levies may be waived.

(6) To the extent the applicant has no history of mill

levies, subsections (2) and (3) do not apply."

Section 3. Section 90-6-208, MCA, is amended to read:

"90-6-208. Applications for grants or loans. The governing body of a city, town, county, or school district, or any other local or state governmental unit or agency, ~~OR THE GOVERNING BODY OF A FEDERALLY RECOGNIZED INDIAN TRIBE~~ may apply for a grant or a loan to enable it to provide governmental services which are needed as a direct consequence of coal development. ~~FOR PURPOSES OF THIS PART THE TERM LOCAL GOVERNMENT UNIT INCLUDES A FEDERALLY RECOGNIZED TRIBE AND GOVERNMENTAL UNITS THEREOF.~~ The coal board shall prescribe the form for applications. Applicants shall describe the nature of their proposed expenditures and the time involved."

SECTION 4. SECTION 90-6-209, MCA, IS AMENDED TO READ:

"90-6-209. Limitations on grants. The board may commit itself to the expenditure of funds for more than 1 year for a single project, as long as the grant or loan does not extend over more than 10 years and does not exceed reasonable revenue expectations. ~~No state agency may receive grants which exceed 5% of the money allocated to the board~~ The total amount of grants and loans to state agencies and Indian tribes may not exceed 1% of the total money allocated to the board during each fiscal year."

NEW SECTION. Section 5. Limitations on loans. (1) No

1 loan may be approved by the board if the source of money for
2 repayment would be derived ~~directly--or--indirectly~~ from
3 property taxes.

4 (2) The repayment period for loans approved by the
5 board may not exceed ~~40~~ 20 years.

6 (3) The board shall hold all loan contracts within its
7 administrative offices. The board may not sell, reassign
8 ASSIGN, or pledge a loan contract to any other entity.

9 (4) A local government unit ~~OR THE GOVERNING BODY OF A~~
10 ~~FEDERALLY RECOGNIZED INDIAN TRIBE~~ receiving a loan from the
11 board shall use or commit for use the loan money within 1
12 year of the date of the board's final approval of the loan.

13 (5) If a local government unit ~~OR THE GOVERNING BODY~~
14 ~~OF A FEDERALLY RECOGNIZED INDIAN TRIBE~~ fails to comply with
15 subsection (4), the entire loan must be repaid within 30
16 days following expiration of the 1-year period.

17 ~~THERE IS A NEW MCA SECTION THAT READS:~~

18 Section 6. Limitations on loans and grants to Indian
19 tribes. No loan or grant to an Indian tribe under 90-6-205
20 may be approved by the board unless, with respect to that
21 loan or grant:

22 (1) the governing body of the tribe has agreed:

23 (a) to waive its immunity from suit on any issue
24 specifically arising from the transaction of a loan or grant
25 obtained under this part; and

1 (b) to the adjudication of any dispute arising out of
2 the loan or grant transaction in the district court of the
3 first judicial district of the state of Montana; and

4 (2) approval of the transaction has been obtained from
5 the secretary of the United States department of the
6 interior whenever such approval is necessary.

7 ~~NEW SECTION.~~ Section 7. Codification instruction.
8 Section ~~SECTIONS 4 5 +s AND 6 ARE~~ intended to be codified as
9 an integral part of Title 90, chapter 6, part 2, and the
10 provisions of Title 90, chapter 6, part 2, apply to ~~section~~
11 ~~SECTIONS 4 5 AND 6.~~

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