

HOUSE BILL NO. 938

INTRODUCED BY THOFT, BARDANOUE

BY REQUEST OF THE HOUSE APPROPRIATIONS COMMITTEE

IN THE HOUSE

March 16, 1985	Introduced and referred to Committee on Appropriations.
April 4, 1985	Committee recommend bill do pass as amended. Report adopted. Bill printed and placed on members' desks.
April 5, 1985	Second reading, do pass. On motion, rules suspended and bill placed on third reading this day. Third reading, passed. Transmitted to Senate.

IN THE SENATE

April 9, 1985	Introduced and referred to Committee on Finance and Claims.
April 17, 1985	On motion, rules temporarily suspended for the purpose of allowing all bills passed on second reading on the 88th Legislative Day to be advanced to third reading that same day.

April 19, 1985

Committee recommend bill be
concurrred in as amended.
Report adopted.

Statement of Intent attached.

April 22, 1985

Second reading, pass
consideration.

April 23, 1985

Second reading, concurrred in.

Third reading, concurrred in.
Ayes, 48; Noes, 0.

Returned to House with
amendments and Statement of
Intent.

IN THE HOUSE

April 23, 1985

Received from Senate.

April 24, 1985

Second reading, amendments
and Statement of Intent
concurrred in.

Third reading, amendments
and Statement of Intent
concurrred in.

Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 938
 2 INTRODUCED BY W. J. Barber
 3 BY REQUEST OF THE HOUSE APPROPRIATIONS COMMITTEE

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
 6 ADMINISTRATION OF THE CULTURAL AND AESTHETIC GRANTS PROGRAM
 7 BY THE MONTANA ARTS COUNCIL; PROVIDING FOR GRANT CONDITIONS
 8 AND EXPENDITURES; AMENDING SECTIONS 22-2-303 AND 22-2-306,
 9 MCA; APPROPRIATING MONEY FOR CERTAIN PROJECTS; AND PROVIDING
 10 AN EFFECTIVE DATE."
 11

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

13 NEW SECTION. Section 1. Application procedure --
 14 grant criteria. (1) As set forth in subsections (1)(a) and
 15 (1)(b), certain grants require local financial or in-kind
 16 support. The grant application form, which must be
 17 prescribed by the Montana arts council, must request
 18 specific information about the level of local support for
 19 the project. In the following circumstances, local support
 20 is required:

21 (a) To receive cultural and aesthetic grant funds,
 22 county or municipally owned facilities must obtain financial
 23 and in-kind support from their respective local governments.

24 (b) To receive grant funding for all grants except the
 25 first grant from the cultural and aesthetic grant program,

1 private museums, art centers, and cultural facilities must
 2 obtain county or municipal financial or in-kind support.

3 (2) An applicant for a historic preservation project
 4 must cooperate with the state historic preservation office.
 5 A letter from the state historic preservation office,
 6 stating any agreements reached with the applicant, must be
 7 received by the Montana arts council before the grant funds
 8 may be released.

9 NEW SECTION. Section 2. Grant categories. (1) The
 10 following categories are established for grant funds:

11 (a) special projects which are specific cultural and
 12 aesthetic activities, services, or events of limited
 13 duration;

14 (b) operational support for cultural institutions that
 15 have been in existence for at least 2 years;

16 (c) capital expenditures for acquisition,
 17 construction, or renovation of facilities; and

18 (d) challenge grants for permanent endowments to
 19 benefit cultural nonprofit grant recipients.

20 (2) Capital expenditures may not exceed 25% of the
 21 total grant funds appropriated. Capital expenditure grants
 22 require a match of at least \$3 in cash or donated goods and
 23 services, which goods and services must be donated
 24 specifically for the capital expenditure project, to receive
 25 each dollar of grant funds.



1 (3) Challenge grants require a match of at least \$3 in
2 cash or irrevocable planned or deferred gifts to receive
3 each dollar of grant funds. Challenge grants are available
4 upon meeting the specified match.

5 Section 3. Section 22-2-306, MCA, is amended to read:

6 "22-2-306. Grant conditions -- additional funds --
7 accounts and reports. (1) No grant may be awarded unless the
8 grantee accepts the Montana arts council's conditions of the
9 grant and signs a contract stipulating those conditions.

10 (2) A grantee must agree in writing that:

11 (a) the grantee is the official and sole agency for
12 the administration of the project described in the grant
13 agreement; and

14 (b) no person will, on the grounds of race, color,
15 national origin, sex, or age, be excluded from participation
16 in, be denied the benefits of, or be subjected to
17 discrimination under any program or activity that results
18 from the expenditure of grant funds.

19 (3) The grantee must agree that the funds granted will
20 be expended solely for the purpose and activities described
21 in the approved proposal. ~~If the grant award proves to be~~
22 ~~inadequate for the administration of the project as~~
23 ~~originally submitted, the grantee may submit, prior to the~~
24 ~~beginning of the grant period, modifications to the proposal~~
25 ~~and an operational budget supporting the modifications. All~~

1 funds granted funds to be expended by the grantee must be
2 spent or encumbered during the grant period.

3 (4) ~~No project may receive more than 25% of the total~~
4 ~~grant award during any 6-month period, except that a grantee~~
5 ~~may accumulate grant payments. The second and each~~
6 ~~succeeding payment may be made only after an examination of~~
7 ~~the costs incurred and expenditures made to date by the~~
8 ~~grantee and a determination of any remaining balance from~~
9 ~~prior grant periods is made. Disbursements to grantees must~~
10 ~~be as follows, based upon the cash flow needs of the~~
11 ~~projects and the revenues available:~~

12 (a) Projects that are to receive more than \$10,000 may
13 receive an amount not exceeding 25% of the grant award in
14 the first 6 months of the biennium, 50% in the first year of
15 the biennium, 75% in the first 18 months of the biennium,
16 and the balance in the remainder of the biennium. Within
17 such limitations, the amount of each payment must be
18 determined by the Montana arts council in its discretion.
19 Each payment may be made only after an examination of the
20 costs incurred in the project and the amount, if any, of the
21 unencumbered or unexpended balance of prior grant payments
22 for the project.

23 (b) Projects that are to receive \$10,000 or less may
24 receive the total grant in any fiscal quarter if the Montana
25 arts council determines that the cultural and aesthetic

1 project account has funds available and that, after an
 2 examination of the costs incurred by the project, total
 3 payment is appropriate.

4 (5) The grantee must maintain accounts, records, and
 5 other pertinent material pertaining to the costs incurred
 6 and expenditures made under the grant. The system of
 7 accounting employed by the grantee must be in accordance
 8 with generally accepted accounting principles and be applied
 9 in a consistent manner so that project costs and
 10 expenditures can be clearly identified. Accounts, records,
 11 and other pertinent material must be maintained for 3 years
 12 from the official termination date of the grant period or
 13 until an audit, approved by the council, has been completed
 14 and any questions arising from the audit have been resolved
 15 to the satisfaction of the council.

16 (6) Grantees must submit to the council semiannual
 17 reports of expenditures during the course of the project and
 18 such other financial and descriptive reports as the council
 19 may require. The grantee must submit, within 30 days after
 20 completion of the project, a final financial report and a
 21 narrative report stating what was accomplished with the
 22 grant. Five percent of the total grant award must be held
 23 pending receipt of final reports by the council.

24 (7) The council may, at the principal place of
 25 business of the grantee and during regular business hours,

1 examine any directly pertinent records, accounts, and
 2 documents of the grantee involving transactions related to
 3 the grant."

4 Section 4. Section 22-2-303, MCA, is amended to read:

5 "22-2-303. Rulemaking authority. (1) The Montana
 6 historical society and the Montana arts council shall adopt
 7 rules that specify the criteria the advisory committee shall
 8 use when evaluating and making recommendations on cultural
 9 and aesthetic grant proposals submitted to the legislature.

10 (2) The Montana arts council shall adopt rules that
 11 implement the provisions of 22-2-306 and [sections 1 and 2],
 12 relating to local support, matching requirements,
 13 application procedures, and disbursements of grants."

14 NEW SECTION. Section 5. Appropriation of cultural and
 15 aesthetic grant funds. Except as otherwise provided in
 16 subsection (2)(b) of this section and notwithstanding any
 17 provision of 22-2-305 to the contrary, the Montana Arts
 18 Council shall allocate and disburse cultural and aesthetic
 19 project account funds as appropriated in this section as
 20 follows, with priority given to subsection (1), followed by
 21 subsections (2) through (4), respectively:

22 (1) If the funds in the cultural and aesthetic
 23 projects account were insufficient in the biennium ending
 24 June 30, 1985, to fund projects in the amount for which they
 25 were appropriated, the funds appropriated for such projects

1 are reappropriated from such account until funds have been
2 disbursed to fully cover such appropriations or until
3 January 1, 1986, whichever occurs first.

4 (2) (a) The following projects are approved and
5 amounts appropriated to the Montana Arts Council for the
6 biennium ending June 30, 1987, from the cultural and
7 aesthetic projects account:

8	<u>Project</u>	<u>Amount</u>
9	Ad Hoc for MT Writer Anthology	\$33,920
10	Archie Bray Foundation	8,000
11	Beall Park Art Center	15,000
12	Bozeman Women's History Group	15,773
13	Broadway 215, Incorporated	42,000
14	Butte-Silver Bow Arts Chateau	10,000
15	Carbon County Arts Guild	6,000
16	Carbon County Historical Society	7,690
17	Center for Public Vision	40,000
18	Copper Village Museum/Art Center	42,000
19	Culbertson Library Board	3,747
20	Custer County Art Center	13,620
21	Eastern Montana College Barstow Collection	14,770
22	Fort Peck Tribal Archives	24,680
23	Fort Peck Tribes	5,000
24	Fox Theater Corporation	50,000
25	Garfield County Museum	5,000

1	Garnet Preservation Association	20,000
2	Growth Thru Art	10,800
3	H. Earl Clack Museum	30,000
4	Havre-Hill County Library	42,000
5	Helena Civic Center	25,000
6	Helena Film Society	25,000
7	Hockaday Center for the Arts	42,000
8	Huntley Project Museum	5,000
9	Huntley Project Schools	1,000
10	KGLT-FM Corps of Discovery	8,968
11	KUFM Montana Gallery	21,965
12	Laurie Hill Library	3,000
13	Mineral County Museum	3,900
14	Montana Art Gallery Directors Association	35,000
15	Montana Arts Council Folklife	49,222
16	Montana Association of Symphony Orchestras	7,000
17	Montana Historical Society Oral History	79,294
18	Montana Performing Arts Consortium	20,930
19	Montana School of Creative Arts	13,300
20	Montana State University Fine Arts Gallery	30,000
21	Montana State University Play Creation	10,000
22	Paris Gibson Square	17,000
23	Polson City Library	1,000
24	Rattlesnake Productions	33,960
25	Renne Library	10,000

1	Reservation-Wide Education Committee	10,000
2	Rocky Boy Tribal High School	20,000
3	Shakespeare in the Parks	40,000
4	St. Mary's Mission Preservation Trust	7,500
5	Stacey Historical, Cultural, and Memorial	15,000
6	Hall	
7	University of Montana Magic Movers	7,500
8	University of Montana Permanent Art	30,000
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10	University of Montana Repertory Theatre	82,400
11	Upper Musselshell Historical Society	2,000
12	Very Special Arts Montana	10,000
13	Vigilante Players	25,600
14	Watershed Foundation	25,000
15	Western Heritage Center	8,172
16	Yellowstone Art Center	42,000
17	Yellowstone Chamber Players	3,500
18	Young Audiences of Western Montana	15,000
19	Operating Expenses	33,300

20 (b) There is appropriated to the Department of
 21 Administration from the cultural and aesthetic projects
 22 account \$35,000 for the purpose of acquiring a building in
 23 Fort Benton to lease to the city of Fort Benton for an
 24 agricultural museum. This appropriation is contingent upon a
 25 match of \$35,000 by the city of Fort Benton.

1 (3) The Montana Arts Council is appropriated an amount
 2 not to exceed \$10,000 for project evaluations from any funds
 3 that revert from the projects subject to the appropriations
 4 in subsection (2). The evaluations must be done after July
 5 1, 1986, for the purpose of preparing a report on such
 6 projects for the 50th Legislature.

7 (4) There is appropriated \$16,643 to the oral history
 8 project of the Montana Historical Society and \$9,778 to the
 9 folklife project of the Montana Arts Council from any funds
 10 that revert to the cultural and aesthetic projects account
 11 after the appropriations in subsections (2) and (3) have
 12 been fully funded. Sixty-three percent of the reverted funds
 13 must be disbursed to the oral history project, and 37% must
 14 be disbursed to the folklife project until both projects are
 15 fully funded.

16 NEW SECTION. Section 6. Reversion of granted funds.
 17 (1) On January 1, 1986, all project funds reappropriated
 18 from the 1985 biennium, but not disbursed, shall revert to
 19 the cultural and aesthetic projects account provided for in
 20 15-35-108.

21 (2) On July 1, 1987, any unencumbered balance of the
 22 1987 biennium grants shall revert to the cultural and
 23 aesthetic projects account provided for in 15-35-108.

24 NEW SECTION. Section 7. Codification instruction.
 25 Sections 1 and 2 are intended to be codified as an integral

LC 1924/01

1 part of Title 22, chapter 2, part 3, and the provisions of
2 Title 22, chapter 2, part 3, apply to sections 1 and 2.
3 NEW SECTION. Section 8. Effective date. This act is
4 effective July 1, 1985.

-End-

APPROVED BY COMMITTEE ON APPROPRIATIONS

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19	Operating Expenses	33,300

20 (b) There is appropriated to the Department of
 21 Administration FISH, WILDLIFE, AND PARKS from the cultural
 22 and aesthetic projects account \$35,000 for the purpose of
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22 require a match of at least \$3 in cash or donated goods and
23 services, which goods and services must be donated
24 specifically for the capital expenditure project, to receive
25 each dollar of grant funds.

1 (3) Challenge grants require a match of at least \$3 in
2 cash or irrevocable planned or deferred gifts to receive
3 each dollar of grant funds. Challenge grants are available
4 upon meeting the specified match.

5 Section 3. Section 22-2-306, MCA, is amended to read:

6 "22-2-306. Grant conditions -- additional funds --
7 accounts and reports. (1) No grant may be awarded unless the
8 grantee accepts the Montana arts council's conditions of the
9 grant and signs a contract stipulating those conditions.

10 (2) A grantee must agree in writing that:

11 (a) the grantee is the official and sole agency for
12 the administration of the project described in the grant
13 agreement; and

14 (b) no person will, on the grounds of race, color,
15 national origin, sex, or age, be excluded from participation
16 in, be denied the benefits of, or be subjected to
17 discrimination under any program or activity that results
18 from the expenditure of grant funds.

19 (3) The grantee must agree that the funds granted will
20 be expended solely for the purpose and activities described
21 in the approved proposal. ~~If the grant award proves to be~~
22 ~~inadequate for the administration of the project as~~
23 ~~originally submitted, the grantee may submit, prior to the~~
24 ~~beginning of the grant period, modifications to the proposal~~
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10 ~~be as follows, based upon the cash flow needs of the~~
11 ~~projects and the revenues available:~~

12 (a) Projects that are to receive more than \$10,000 may
13 receive an amount not exceeding 25% of the grant award in
14 the first 6 months of the biennium, 50% in the first year of
15 the biennium, 75% in the first 18 months of the biennium,
16 and the balance in the remainder of the biennium. Within
17 such limitations, the amount of each payment must be
18 determined by the Montana arts council in its discretion.
19 Each payment may be made only after an examination of the
20 costs incurred in the project and the amount, if any, of the
21 unencumbered or unexpended balance of prior grant payments
22 for the project.

23 (b) Projects that are to receive \$10,000 or less may
24 receive the total grant in any fiscal quarter if the Montana
25 arts council determines that the cultural and aesthetic

1 project account has funds available and that, after an
 2 examination of the costs incurred by the project, total
 3 payment is appropriate.

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 5 other pertinent material pertaining to the costs incurred
 6 and expenditures made under the grant. The system of
 7 accounting employed by the grantee must be in accordance
 8 with generally accepted accounting principles and be applied
 9 in a consistent manner so that project costs and
 10 expenditures can be clearly identified. Accounts, records,
 11 and other pertinent material must be maintained for 3 years
 12 from the official termination date of the grant period or
 13 until an audit, approved by the council, has been completed
 14 and any questions arising from the audit have been resolved
 15 to the satisfaction of the council.

16 (6) Grantees must submit to the council semiannual
 17 reports of expenditures during the course of the project and
 18 such other financial and descriptive reports as the council
 19 may require. The grantee must submit, within 30 days after
 20 completion of the project, a final financial report and a
 21 narrative report stating what was accomplished with the
 22 grant. Five percent of the total grant award must be held
 23 pending receipt of final reports by the council.

24 (7) The council may, at the principal place of
 25 business of the grantee and during regular business hours,

1 examine any directly pertinent records, accounts, and
 2 documents of the grantee involving transactions related to
 3 the grant."

4 Section 4. Section 22-2-303, MCA, is amended to read:
 5 "22-2-303. Rulemaking authority. (1) The Montana
 6 historical society and the Montana arts council shall adopt
 7 rules that specify the criteria the advisory committee shall
 8 use when evaluating and making recommendations on cultural
 9 and aesthetic grant proposals submitted to the legislature.

10 (2) The Montana arts council shall adopt rules that
 11 implement the provisions of 22-2-306 and [sections 1 and 2],
 12 relating to local support, matching requirements,
 13 application procedures, and disbursements of grants."

14 NEW SECTION. Section 5. Appropriation of cultural and
 15 aesthetic grant funds. Except as otherwise provided in
 16 subsection (2)(b) of this section and notwithstanding any
 17 provision of 22-2-305 to the contrary, the Montana Arts
 18 Council shall allocate and disburse cultural and aesthetic
 19 project account funds as appropriated in this section as
 20 follows, with priority given to subsection (1), followed by
 21 subsections (2) through (4), respectively:

22 (1) If the funds in the cultural and aesthetic
 23 projects account were insufficient in the biennium ending
 24 June 30, 1985, to fund projects in the amount for which they
 25 were appropriated, the funds appropriated for such projects

1 are reappropriated from such account until funds have been
 2 disbursed to fully cover such appropriations or until
 3 January 1, 1986, whichever occurs first.

4 (2) (a) The following projects are approved and
 5 amounts appropriated to the Montana Arts Council for the
 6 biennium ending June 30, 1987, from the cultural and
 7 aesthetic projects account:

8	<u>Project</u>	<u>Amount</u>
9	Ad Hoc for MT Writer Anthology	\$33,920
10	Archie Bray Foundation	8,000
11	Beall Park Art Center	15,000
12	Bozeman Women's History Group	15,773
13	Broadway 215, Incorporated	42,000
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18	Young Audiences of Western Montana	15,000
19	Operating Expenses	33,300
20	(b) There is appropriated to the Department of	
21	Administration <u>FISH, WILDLIFE, AND PARKS</u> from the cultural	
22	and aesthetic projects account \$35,000 for the purpose of	
23	acquiring a building in Fort Benton to lease to the city of	
24	Fort Benton for an agricultural museum. This appropriation	
25	is contingent upon a match of \$35,000 by the city of Fort	

1 Benton.

2 (3) The Montana Arts Council is appropriated an amount

3 not to exceed \$10,000 for project evaluations from any funds

4 that revert from the projects subject to the appropriations

5 in subsection (2). The evaluations must be done after July

6 1, 1986, for the purpose of preparing a report on such

7 projects for the 50th Legislature.

8 (4) There is appropriated \$16,643 to the oral history

9 project of the Montana Historical Society and \$9,778 to the

10 folklife project of the Montana Arts Council from any funds

11 that revert to the cultural and aesthetic projects account

12 after the appropriations in subsections (2) and (3) have

13 been fully funded. Sixty-three percent of the reverted funds

14 must be disbursed to the oral history project, and 37% must

15 be disbursed to the folklife project until both projects are

16 fully funded.

17 NEW SECTION. Section 6. Reversion of granted funds.

18 (1) On January 1, 1986, all project funds reappropriated

19 from the 1985 biennium, but not disbursed, shall revert to

20 the cultural and aesthetic projects account provided for in

21 15-35-108.

22 (2) On July 1, 1987, any unencumbered balance of the

23 1987 biennium grants shall revert to the cultural and

24 aesthetic projects account provided for in 15-35-108.

25 NEW SECTION. Section 7. Codification instruction.

1 Sections 1 and 2 are intended to be codified as an integral
2 part of Title 22, chapter 2, part 3, and the provisions of
3 Title 22, chapter 2, part 3, apply to sections 1 and 2.

4 NEW SECTION. Section 8. Effective date. This act is
5 effective July 1, 1985.

-End-

STANDING COMMITTEE REPORT

APRIL 19, 1985

SENATE

April 19, 1985

MR. PRESIDENT

We, your committee on Finance and Claims

having had under consideration House Bill No. 938

third reading copy (blue color)

CULTURAL AND AESTHETIC GRANTS APPROPRIATION

THOFT (Fuller)

Respectfully report as follows: That House Bill No. 938 be amended as follows:

- 1. Page 8. Following: line 23 Insert: "Powell County Museum and Arts Foundation 32,000"

AND AS AMENDED BE CONCURRED IN

STATEMENT OF INTENT ATTACHED AND ADOPTED

OKKAS6

OKKAS6

Signature of Senator Pat Regan, Chairman

MR. PRESIDENT:

WE, YOUR COMMITTEE ON FINANCE AND CLAIMS HAVING HAD UNDER CONSIDERATION HOUSE BILL 938, ATTACH THE FOLLOWING STATEMENT OF INTENT:

STATEMENT OF INTENT HOUSE BILL 938

A statement of intent is required for this bill because section 22-2-303, MCA, is amended to include rulemaking by the Montana arts council to implement sections 1 and 2 of the bill.

The rules should address specific criteria that the Montana arts council intends to employ in determining whether local support is being given to public and private facilities and, if so, how much support is involved.

The rules must also address the requirements for matching funds, for both capital grants and challenge grants. Involved in these rules should be a method for an applicant to determine what constitutes donated goods and services, and what time periods for the receipt of gifts are involved to qualify for matching funds.

The rules should address the incremental disbursements of grants. Grantees must be able to conform their cash flow upon reliance of receipt of regular grant disbursements, and to this end the Montana arts council should in the rules provide explanations of proper allowable costs and proper unexpended prior grant balances it will examine prior to making further disbursements.

Signature of Senator Pat Regan

1 STATEMENT OF INTENT

2 HOUSE BILL 938

3 House Finance and Claims Committee
4

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25 making further disbursements.



REFERENCE BILL

HB 938

1 HOUSE BILL NO. 938

2 INTRODUCED BY THOFT, BARDANOUE

3 BY REQUEST OF THE HOUSE APPROPRIATIONS COMMITTEE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
6 ADMINISTRATION OF THE CULTURAL AND AESTHETIC GRANTS PROGRAM
7 BY THE MONTANA ARTS COUNCIL; PROVIDING FOR GRANT CONDITIONS
8 AND EXPENDITURES; AMENDING SECTIONS 22-2-303 AND 22-2-306,
9 MCA; APPROPRIATING MONEY FOR CERTAIN PROJECTS; AND PROVIDING
10 AN EFFECTIVE DATE."

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

13 NEW SECTION. Section 1. Application procedure --
14 grant criteria. (1) As set forth in subsections (1)(a) and
15 (1)(b), certain grants require local financial or in-kind
16 support. The grant application form, which must be
17 prescribed by the Montana arts council, must request
18 specific information about the level of local support for
19 the project. In the following circumstances, local support
20 is required:

21 (a) To receive cultural and aesthetic grant funds,
22 county or municipally owned facilities must obtain financial
23 and in-kind support from their respective local governments.

24 (b) To receive grant funding for all grants except the
25 first grant from the cultural and aesthetic grant program,

1 private museums, art centers, and cultural facilities must
2 obtain county or municipal financial or in-kind support.

3 (2) An applicant for a historic preservation project
4 must cooperate with the state historic preservation office.
5 A letter from the state historic preservation office,
6 stating any agreements reached with the applicant, must be
7 received by the Montana arts council before the grant funds
8 may be released.

9 NEW SECTION. Section 2. Grant categories. (1) The
10 following categories are established for grant funds:

11 (a) special projects which are specific cultural and
12 aesthetic activities, services, or events of limited
13 duration;

14 (b) operational support for cultural institutions that
15 have been in existence for at least 2 years;

16 (c) capital expenditures for acquisition,
17 construction, or renovation of facilities; and

18 (d) challenge grants for permanent endowments to
19 benefit cultural nonprofit grant recipients.

20 (2) Capital expenditures may not exceed 25% of the
21 total grant funds appropriated. Capital expenditure grants
22 require a match of at least \$3 in cash or donated goods and
23 services, which goods and services must be donated
24 specifically for the capital expenditure project, to receive
25 each dollar of grant funds.

1 (3) Challenge grants require a match of at least \$3 in
2 cash or irrevocable planned or deferred gifts to receive
3 each dollar of grant funds. Challenge grants are available
4 upon meeting the specified match.

5 Section 3. Section 22-2-306, MCA, is amended to read:

6 "22-2-306. Grant conditions -- additional funds --
7 accounts and reports. (1) No grant may be awarded unless the
8 grantee accepts the Montana arts council's conditions of the
9 grant and signs a contract stipulating those conditions.

10 (2) A grantee must agree in writing that:

11 (a) the grantee is the official and sole agency for
12 the administration of the project described in the grant
13 agreement; and

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15 national origin, sex, or age, be excluded from participation
16 in, be denied the benefits of, or be subjected to
17 discrimination under any program or activity that results
18 from the expenditure of grant funds.

19 (3) The grantee must agree that the funds granted will
20 be expended solely for the purpose and activities described
21 in the approved proposal. ~~If the grant award proves to be~~
22 ~~inadequate for the administration of the project as~~
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12 (a) Projects that are to receive more than \$10,000 may
13 receive an amount not exceeding 25% of the grant award in
14 the first 6 months of the biennium, 50% in the first year of
15 the biennium, 75% in the first 18 months of the biennium,
16 and the balance in the remainder of the biennium. Within
17 such limitations, the amount of each payment must be
18 determined by the Montana arts council in its discretion.
19 Each payment may be made only after an examination of the
20 costs incurred in the project and the amount, if any, of the
21 unencumbered or unexpended balance of prior grant payments
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25 arts council determines that the cultural and aesthetic

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 3 payment is appropriate.

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 5 other pertinent material pertaining to the costs incurred
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 7 accounting employed by the grantee must be in accordance
 8 with generally accepted accounting principles and be applied
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 10 expenditures can be clearly identified. Accounts, records,
 11 and other pertinent material must be maintained for 3 years
 12 from the official termination date of the grant period or
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 20 completion of the project, a final financial report and a
 21 narrative report stating what was accomplished with the
 22 grant. Five percent of the total grant award must be held
 23 pending receipt of final reports by the council.

24 (7) The council may, at the principal place of
 25 business of the grantee and during regular business hours,

1 examine any directly pertinent records, accounts, and
 2 documents of the grantee involving transactions related to
 3 the grant."

4 Section 4. Section 22-2-303, MCA, is amended to read:

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 6 historical society and the Montana arts council shall adopt
 7 rules that specify the criteria the advisory committee shall
 8 use when evaluating and making recommendations on cultural
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 18 Council shall allocate and disburse cultural and aesthetic
 19 project account funds as appropriated in this section as
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 23 projects account were insufficient in the biennium ending
 24 June 30, 1985, to fund projects in the amount for which they
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1 are reappropriated from such account until funds have been
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 22 Administration FISH, WILDLIFE, AND PARKS from the cultural
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 24 acquiring a building in Fort Benton to lease to the city of
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5 NEW SECTION. Section 8. Effective date. This act is
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-End-